

Nurturing Talent

A research report

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I'm really excited about the findings contained within this research report from Cranfield School of Management and **learndirect** Business. As the Chief Executive of Ufi/**learndirect** I see on a daily basis how transforming the skills and employability of the working population has a direct impact on productivity. By investigating one of the perennial resourcing issues – whether to “buy” or “make” talent – I hope this report provides you with useful insights to help you enhance the success of your organisation.



This report finds that successful organisations are typified by those that have long-term focus on employee development. There are lessons to be drawn from those firms that clearly set out to nurture their talent by strategically planning their training provision and implementing policies to develop skills internally. The benefits include excellent staff retention, increased employee motivation and less resource spent on recruitment.

It is evident from this report that as business leaders we need to nurture talent - whatever the economic situation - but in tougher times it can become a challenge as other business demands take priority. However, as this research highlights, organisations do not just stop hiring during an economic downturn - they simply work harder to ensure their available resources are allocated more effectively. By focusing resources on nurturing existing talent, organisations can ensure they reap the biggest rewards.

Employing 450 people across the UK, we recognise the importance of developing and enhancing talent. In addition to being a Skills Pledge signatory, we also have a structured process of evaluation and assessment to help ensure employees realise their full potential. As a result of our strategic training policy, each member of staff has a structured development plan, which is aligned to specific business and individual needs.

Successful organisations are those that identify, develop and maximise the effectiveness of their employees

I hope this report will help you identify the importance of the role that nurturing talent has in your organisation. The findings are clear – successful organisations are those that identify, develop and maximise the effectiveness of their employees.

Whatever the economic future holds, can your organisation afford not to focus on your internal assets?

A handwritten signature in black ink, which appears to be 'Sarah Jones'.

Sarah Jones, Chief Executive, Ufi/**learndirect**

Executive summary

Should organisations ‘make’ or ‘buy’ talent? Over 1,000 employers have been surveyed, companies interviewed and existing research examined to provide an insight into the benefits of staff development versus recruitment.

‘Making’ or ‘buying’ talent are both valid strategies according to the employers surveyed for this report. External recruitment brings new skills and attitudes into the business. Whilst nurturing talent has the benefits of improved motivation, lower staff turnover and being more cost effective.

The vast majority of employers (78%) believe that internal development of employees has greater benefit to the organisation than external recruitment (22%)

The report finds that internal development of employees is believed to have greater benefit to the organisation than external recruitment (78% and 22% respectively). However, more than half fill vacancies via external recruitment.

Whilst many employers acknowledge the benefits of a nurturing talent approach, many are still not taking full advantage of the rewards on offer. The report finds it is those organisations that make strategic, rather than operational employee development decisions, that are best placed to see gains.

What do we mean by nurturing talent?

For employers the nurturing talent concept means managing and developing employees to achieve business goals. This could include training; employee coaching; staff mentoring; and job enrichment to stretch employees with new responsibilities and tasks.

Nurturing talent focuses on every employee as they all have a bearing on business performance, rather than talent management, which focuses on the development of select individuals.

Cost benefit of nurturing talent

One of the main advantages of nurturing talent is cost effectiveness. Employers find it is an efficient way to solve skills gaps, which is important, particularly in a tough economic climate. Almost half of respondents (44%) agreed that they had saved money by growing their own talent. Developing staff internally, rather than recruiting externally is generally perceived as being more cost effective (38% for development compared to 13% for external recruitment).

The cost benefits of staff development can also be seen from a variety of other studies on talent management. Research from Cranfield School of Management revealed almost all respondents (94%) saw talent management as being important or very important to the bottom line of the organisation¹. This strengthens the view that staff development can save money as well as benefiting the balance sheet.

Ultimately, staff development is used more often by companies that need to focus on cost effective human resource (HR) strategies. Arguably, this will apply to a significant number of organisations if economic conditions worsen and training and recruitment budgets are squeezed.

Motivation, knowledge and retention

According to employers, developing employees is seen as an effective way to increase staff motivation and improve staff retention. More than half felt using internal development helped them to retain talent (52%). Indeed, internal recruitment was most commonly used by employers to improve retention and motivation of staff (35% and 33% respectively). This finding is compounded by research conducted into staff retention which shows individuals tend to stay longer when experiencing personal and professional growth².

The results show that training and development is perceived to have a variety of advantages for different sizes of organisations.

For instance, HR directors within large organisations often adopt a strategy of focusing on internal staff in order to improve employee retention (45%) and motivation (42%), while those in small or medium enterprises (SMEs), find that training provides a means to raise their skill levels in a cost effective manner (40%).

Additional benefits highlighted by the Chartered Institute of Personnel and Development (CIPD) suggests developing existing employees is a key tool to avoid the loss of organisational knowledge and experience from employees retiring³. Arguably, this highlights the intrinsic value of developing and retaining the existing workforce.

Developing employees is also seen as a method to increase skills in a bid to sidestep recruitment issues. Research shows that employers have reported increasing difficulties in recruiting the talent that they need^{4,5}. This means much of the focus in talent management is now on an “explicit commitment to grow and develop talented people as part of the organisation’s long term strategy and as an integral part of the vision and mission for the business”¹.

The role of external recruitment

External recruitment also has an important part to play, not least when business success requires firms to hire in order to increase capacity.

Organisations typically filled about half of their vacancies externally (57%) and the other half through internal recruitment (43%). When it comes to human resourcing in different sized firms, large organisations fill a higher proportion of vacancies externally (61%). Hiring in this way means employers can fill vacancies, introduce new skills and abilities to the organisation (44%) and address skills shortages that cannot be filled internally (35%).

However, a vast majority of employers (78%) believe that internal development of employees has greater benefit to the

organisation than external recruitment (22%). Moreover, the results suggest external recruitment is the more expensive option.

Formula for successful organisations

An interesting comparison in the report is made between firms with falling revenues and those with increasing revenues. There are useful lessons to be drawn from how successful organisations implement their own staff development strategies.

Successful organisations are typified by those that have long-term focus on employee development. For instance, those with increasing gross revenue are more likely to have a formal training policy (45%), while those with falling revenue are more likely to train staff on an *ad hoc* basis (46%).

Although just under half (45%) of employers agreed they had a policy to develop skills internally to expand their business, only a third of organisations (34%) actually have a formal policy. Many organisations rely on dealing with issues at an operational level, firefighting any skills gaps rather than taking a long-term strategic view.

It is evident that large organisations grasp the benefits of strategic staff development, as a significant proportion have training policies. In this respect, SMEs could learn an important lesson from larger organisations. For instance, aligning their training needs to their business objectives and introducing a formal review and development policy.

Potential barriers

As so many organisations do not have a formal training policy in place, it is useful to look at the barriers to staff development, training and talent management.

Organisations that make strategic, rather than operational employee development decisions, are best placed to see gains

The Learning and Skills Council (LSC) found overwhelmingly that employer attitudes are the main barrier to them providing staff training, with 64% claiming they already have a fully proficient workforce⁶. In addition employer research from **learndirect** Business found training is often a lower priority in smaller firms, as they often do not have dedicated HR or development functions⁷. In addition, employees often rely on their manager to source training, who often don't know where to go and have little knowledge of the training options available to them.

More than half of the respondents (52%) felt using internal development helped them to retain talent

When measures are implemented they are usually for operational rather than strategic reasons. Moving away from this knee-jerk reaction to training and development may provide SMEs with the business benefits enjoyed by larger organisations.

A strategy to address falling performance and economic pressures

Organisations operating under financial constraints, such as those with falling revenue, public sector organisations and SMEs, are more likely to adopt internal development as a way of obtaining the right workforce skills. This finding may have particular relevance given the current economic situation in the UK.

Organisations suffering falling revenues may find internal development is a particularly effective way of ensuring they have the skills they need without incurring external recruitment expenses.

Of those respondents who predicted a change in the way they would recruit in the future, over half predicted this change would be because they needed to reduce costs. This may be linked to the credit crunch and the potential risk of recession as many companies will expect to be operating under increased financial constraints.

Looking ahead, organisations whose gross revenue had suffered over the past year were more likely to agree that the credit crunch would mean that they would have to develop internal staff more frequently.

Successful staff development in action

The report focuses on several real life examples where employee development has had a positive impact on the business. Mines Rescue, a Health and Safety consultancy, used training in order to develop new skills in their employees. As a result of this it expanded its customer base from five to more than 1,400 and boosted turnover to over £8 million a year.

In North America, Southwest Airlines trained its way out of a recession. It reduced recruitment but at the same time actually increased its training budget to maintain morale. This move ensured it had the skills that it needed to survive the 2001 recession and even turn a profit⁹.

In the UK, book publisher Bertram Group focuses on employee development to help retain and motivate existing staff. An additional knock-on benefit is that the organisation is seen as attractive to potential employees – helping it compete for talent within the labour market.

Focusing on strategic development

This report shows that developing and implementing a long-term strategy focused on nurturing talent provides real business benefits. Staff costs are often the single biggest outlay for organisations. Therefore, it is logical that this investment is managed effectively to ensure employees are retained and developed in a way that helps improve business performance.

The Mines Rescue Service was originally founded nearly 100 years ago to provide and manage the effective rescue and escape of mine workers from underground coal mines. The present company was formed as a private limited company in 1996 following the privatisation of British Coal. At this time, the organisation's only customers were from the coal mining industry. Given the subsequent decline in this industry Mines Rescue undertook to seek an alternative funding structure in order to survive.

Mines Rescue has a history of providing specialist training to the underground mining industry so decided to develop this line of business. Its employees' qualifications had been restricted by the legal requirement for workers to have at least two years underground experience. The company identified a need to up-skill their workforce of brigadesmen to act as qualified instructors, trainers, teachers and assessors. This, in turn, led to a requirement for middle management to develop their business skills. Most employees had gone into mining straight from school and, though highly skilled, had never studied before. During 2007, a number of rescue workers, admin staff and management from Mines Rescue embarked on **learnirect's** Learning through Work university level programme, delivered through the University of Derby, to further develop their knowledge and skills.

By branching out into wider business areas including health and safety training and consultancy, Mines Rescue has improved its performance, growth, and now subsidises the cost of the provision of a Mines Rescue Service to the coal industry. In addition, communication skills and morale have all improved as a result. The size of the organisation itself has risen from 90 full-time employees to 128 today. It is now recruiting further

staff in order to meet the future needs of the business. In the past it had lost a small number of staff to competitors but as a result of the internal development and revised focus on training, retention has improved.

The nature of Mines Rescue's business has changed substantially. Training for industry in general now provides 80% of their business compared to the 20% that

Its customer base has grown from just five customers in 1997 to more than 1,400 customers in 2008.

remains as the mine rescue workload for the underground coal industry. This is a dramatic turnaround for a business that relied completely on income from coal mines twelve years ago. Its customer base has grown from just five customers in 1997 to more than 1,400 customers in 2008. The company continues to up-skill its workforce and now offers a comprehensive range of health and safety related products, training and contractual levels of service anywhere in the UK, and has a turnover in excess of some £8 million.



Mines Rescue

Company interview

– Bertram Group

Bertram Group, the UK's leading book wholesaler which is based in Norwich and employs 415 people, has a long established policy of developing staff to meet its business needs.

With the help of **learndirect** Business, the company has adopted a flexible approach to its training and learning strategy to ensure it meets the different learning styles whilst balancing the work and home life of its employees.

“Nurturing our employees in this way has benefited our business but it has also given individuals the confidence to continue learning outside of work.”

All staff within the company receive biannual appraisals which include discussions on individual training and development needs. Courses are then selected based on these individual requirements and the business objectives.

To help deliver the training, the firm works closely with Pitman Training through **learndirect** Business and has signed up to the government's Train to Gain scheme. As a result, the firm has devised a programme, which gives employees the opportunity to learn a variety of new skills.

This approach, integrated with its existing succession plan, has delivered tangible results such as high levels of employee motivation, excellent staff retention and a reputation for being a good employer locally.

Caroline Wilson, Head of Human Resources for Bertram Group, said: “We have a variety of training needs to fulfil within our organisation as our employees work in different parts of the business. For example, we have employees from the distribution warehouse to the main offices that are on courses.

“It is essential to select a training programme that is suitable for the individual as people have different levels of experience and different learning styles.

“Several employees have undertaken the NVQ in information technology (ITQ) which covers a wide range of IT applications, some widely used in the office environment and some more specific to our business. One of the key benefits of NVQs is that we can tailor the course content to the needs of our organisation.

“We are also using Train to Gain to develop the general skills of some of our employees, giving them the opportunity to further develop their literacy, numeracy and basic computer skills which will be useful both at work and in their personal lives. Our aim is to develop our employees and provide them with as many opportunities as possible.

“Nurturing our employees in this way has benefited our business but it has also given individuals the confidence to continue learning outside of work.”



The report has been constructed based upon prior literature in this area and on discussions between members of the research team (p18). A survey amongst training and recruitment decision makers was conducted online using an external research company (p10).

Company interviews were conducted with two organisations that were identified as having achieved success through a policy of internal development of their employees (p7/8).

Demographics of survey respondents:

1,189 responses to the survey were received in total. The breakdown of these respondents demographically was as follows:

Industry sector

Of the total respondents, 367 (31%) were from public sector organisations, 697 (59%) were from private sector organisations and 125 (10%) were from not-for-profit organisations. This is roughly representative of the UK population of organisations.

Industry	No.	%
Hospitality	51	4.3
Health and Social Care	107	9.0
Retail	163	13.7
Construction	70	5.9
Logistics	28	2.4
Agriculture/Fishing/ Mining	9	0.8
Manufacturing	89	7.5
Finance	79	6.6
Property	39	3.3
Public Administration	62	5.2
Education	118	9.9
Other social and personal services	70	5.9
Other	304	25.6

Only those industries that included over 30 responses were included in the industry breakdowns. Therefore logistics and agriculture were excluded from these figures. In addition, those responses from “other” industries were excluded from these breakdowns for ease of interpretation.

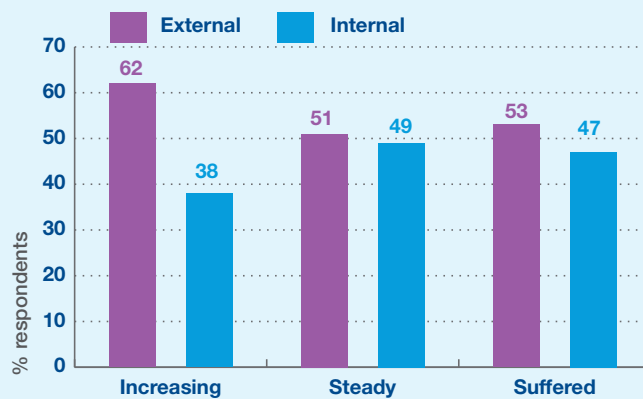
Organisation size

493 (42%) of the responding organisations had 50 or less employees, 217 (18%) had between 51 and 250 employees and 479 (40%) had over 250 employees. For the purpose of the analysis, these were split into large organisations (more than 250 employees) and SMEs (250 or less).

Survey results

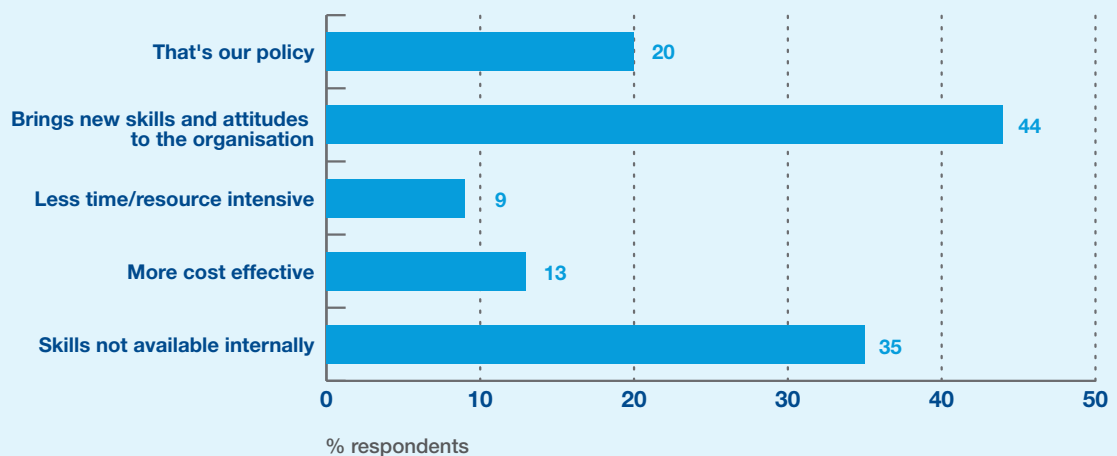
The results of the survey are outlined below and are presented by overall result, organisation size, performance or a combination of the three.

Chart 1: Average proportion of vacancies filled externally and internally (by gross revenue over past year)



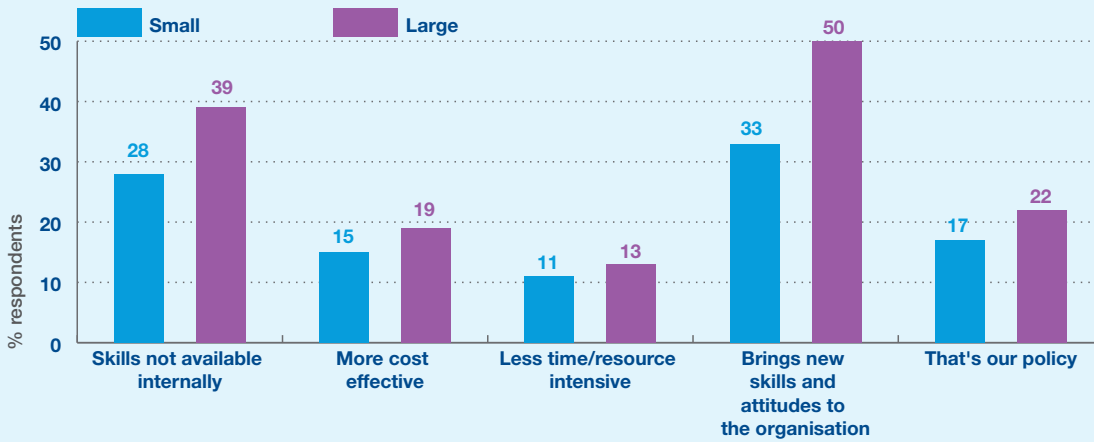
Organisations whose gross revenue had increased over the past year were more likely to use external recruitment compared to other organisations. This may simply reflect the fact that organisations with increasing revenue are expanding and therefore need to recruit employees with new skills and abilities. Alternatively it may be because organisations with increasing revenue are able to afford to recruit externally. It should be noted that Mines Rescue (see company interview) successfully expanded their organisation using a strategy of internal development.

Chart 2: Reasons for recruiting externally



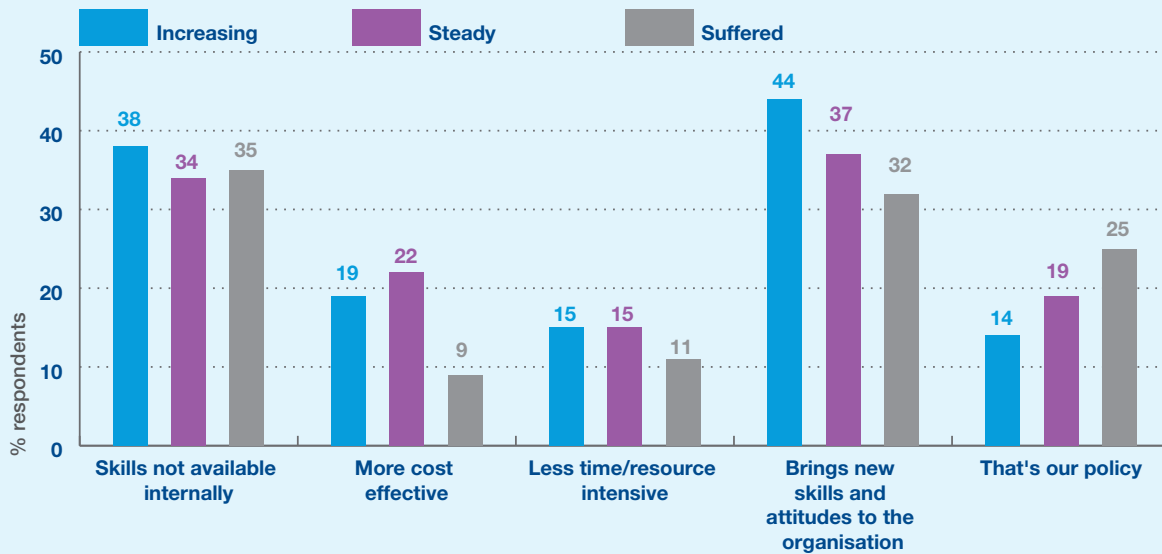
Organisations most commonly recruited externally in order to bring new skills and attitudes into the organisation or because the skills needed were not available internally. It is interesting to note that only a small minority of respondents saw external recruitment as being more cost effective or less time or resource intensive, indicating that employers recruit externally in order to address perceived organisational needs rather than because it is easier and cheaper.

Chart 3: Reasons for recruiting externally (by organisation size)



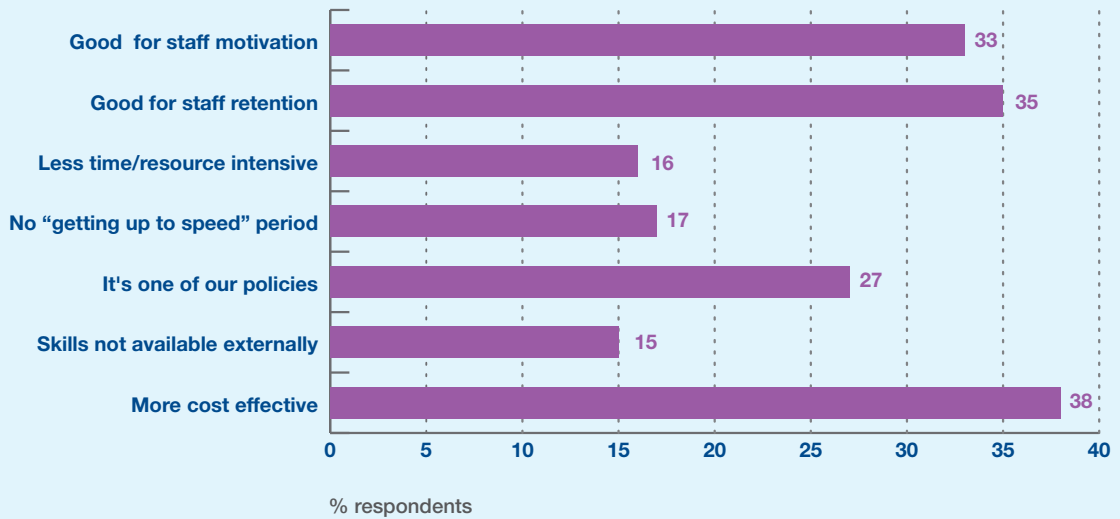
Large organisations were more likely to recruit externally generally, but particularly in order to bring new skills and attitudes into the organisation and because the necessary skills were not available internally.

Chart 4: Reasons for recruiting externally (by gross revenue over past year)



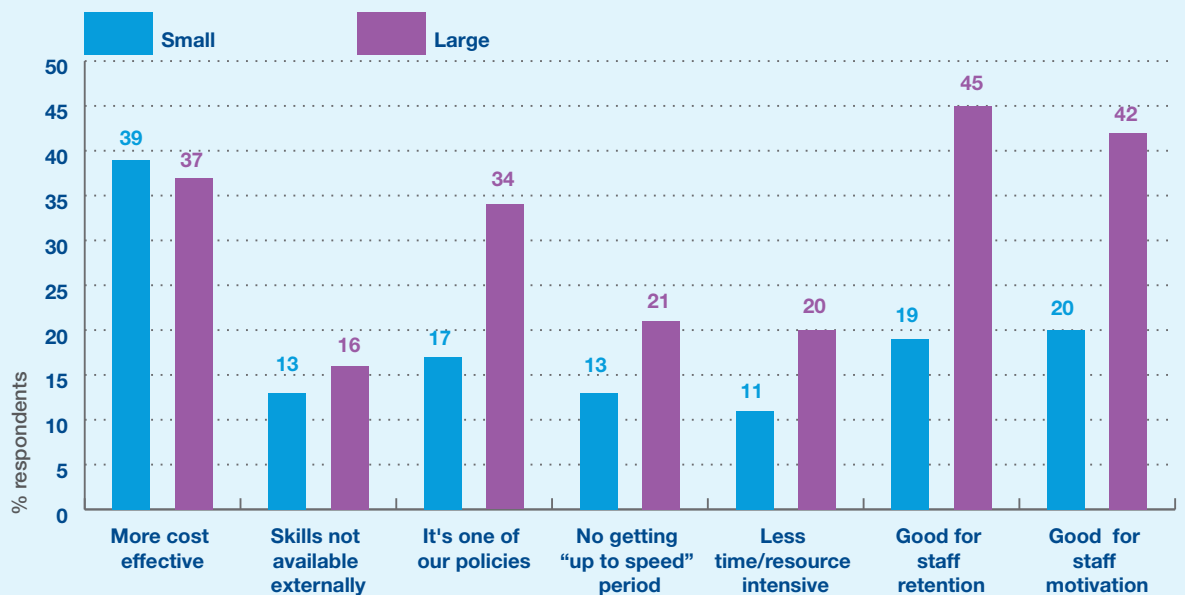
Organisations with increasing gross revenue were more likely to recruit externally in order to benefit from new skills and attitudes. Again, this may reflect the fact that these organisations are expanding so need employees with new skills, abilities or to fill gaps created by promotions within the organisation.

Chart 5: Reasons for recruiting internally



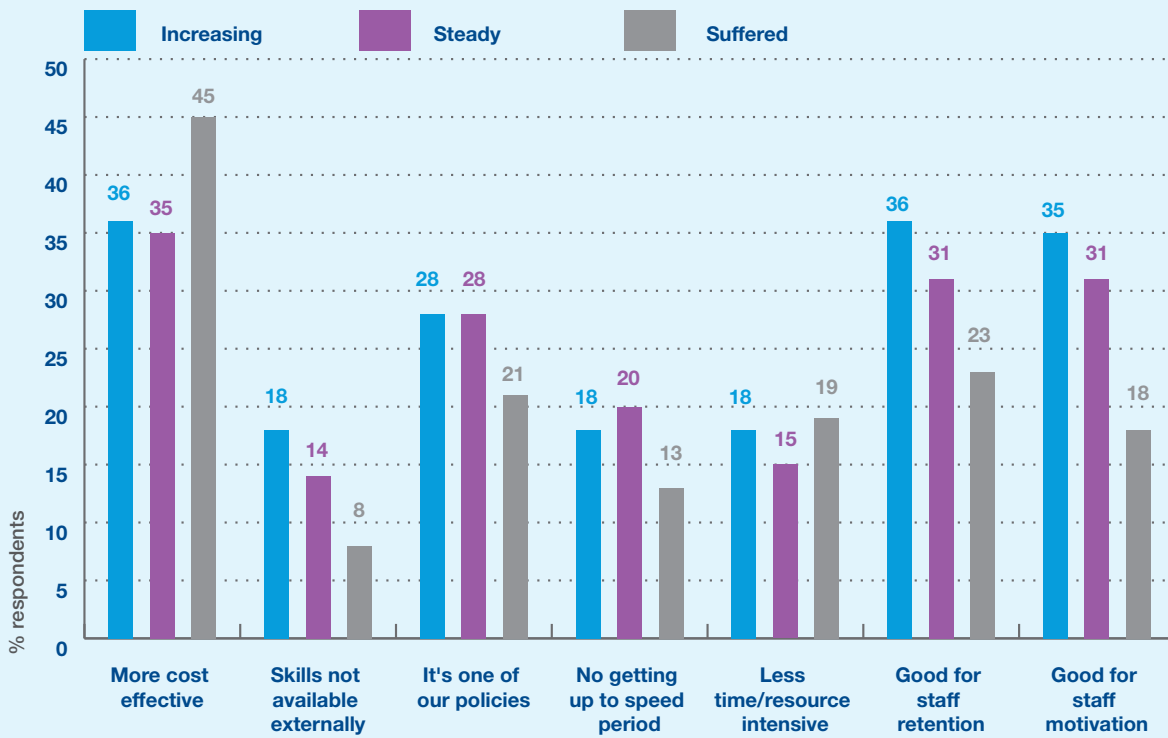
Internal recruitment was most commonly used as it was more cost effective plus respondents felt it was good for staff retention and staff motivation, as also reflected by both Mines Rescue and Bertram Group company interviews.

Chart 6: Reasons for recruiting internally (by organisation size)



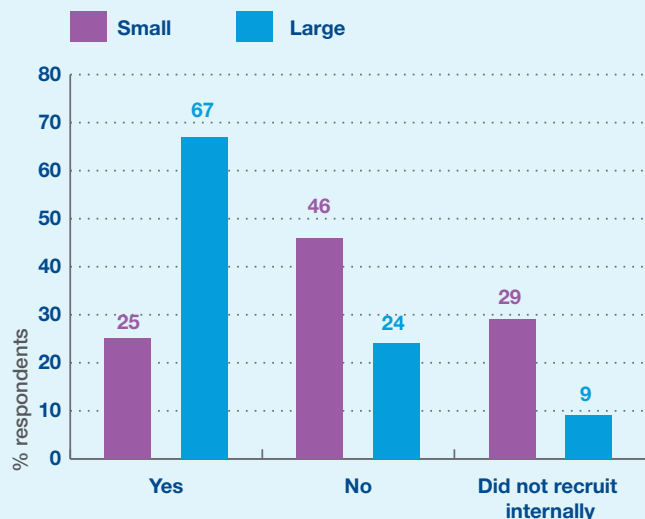
SMEs were slightly more likely to recruit internally in order to be cost effective compared to large organisations that were much more likely to recruit internally in order to promote staff retention or motivation.

Chart 7: Reasons for recruiting internally (by gross revenue over past year)



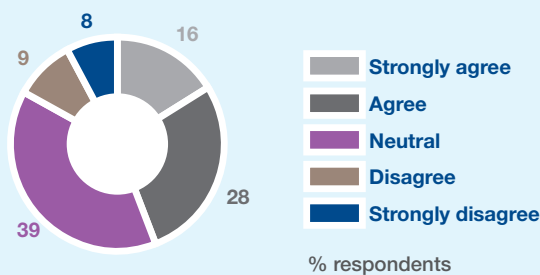
Organisations whose gross revenue had suffered over the past year were more likely to use internal recruitment in order to be more cost effective than other organisations. This is likely to be because these companies operate under considerable financial constraints so it is extremely important for them to be cost effective. Staff retention and motivation were also important factors to organisations with increasing or steady revenue.

Chart 8: Provision of additional training for internal recruits (by organisation size)



Large organisations and those with increasing gross revenues were more likely to provide additional training for internal recruits, compared to SMEs. This reflects the fact that large organisations are more likely to have a formal training plan that ensures training takes place, or the fact that they probably have a designated training budget.

Chart 9: My organisation has saved money through growing our own talent rather than recruiting it

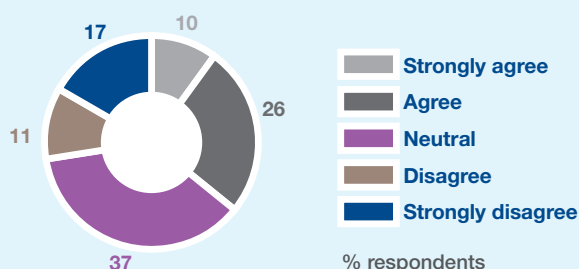


Almost half of respondents (44%) agreed or strongly agreed that they had saved money through growing their own talent. Less than a fifth (17%) disagreed with this statement.

The survey also highlighted that large organisations were more likely to agree or strongly agree (48%) that they had saved money through using internal recruitment than SMEs (40%). This may be because these organisations have a more strategic approach to training and are therefore more likely to evaluate cost savings of this type.

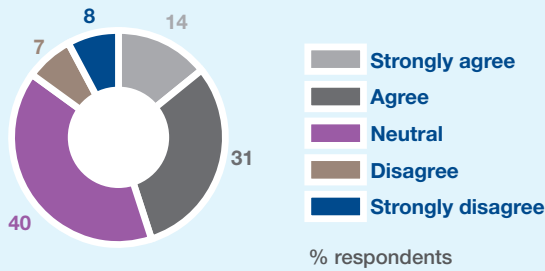
Organisations whose gross revenue had suffered over the past year were more likely to agree that the credit crunch would mean that they would have to develop internally more frequently (39%) compared to organisations with increasing revenue (30%).

Chart 10: We are forced to develop employees internally by the current state of the labour market



Organisations whose gross revenue had suffered over the past year were more likely to agree or strongly agree that they were forced to develop employees internally by the state of the labour market than other organisations. This is probably because these organisations do not have the financial power to compete in the labour market based on salary or benefits compared to those organisations that are not under such financial constraints. Bertram Group (see company interview) is a good example of an organisation that have used internal development of staff for this reason. Bertram Group has also used employee development as a means to improve their employer brand and make the company more attractive to job seekers.

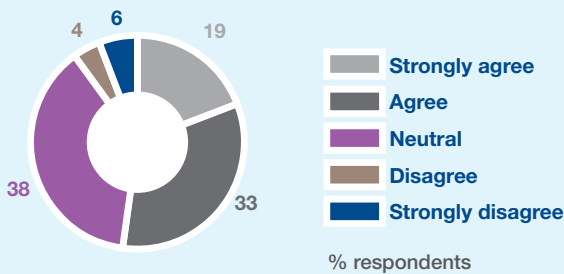
Chart 11: We have a policy to develop skills internally, wherever possible, to enable us to expand our business



Just under half (45%) of organisations agreed or strongly agreed that they had a policy to develop skills internally to expand their business. Only 15% of organisations disagreed or strongly disagreed with this statement indicating that most employers agree with the importance of internal development for this purpose.

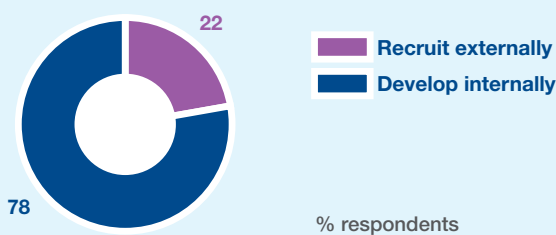
The survey also highlighted that large organisations (49%) were more likely to have a policy to develop skills internally to expand their business than SMEs (38%).

Chart 12: Developing staff internally helps us to retain talent



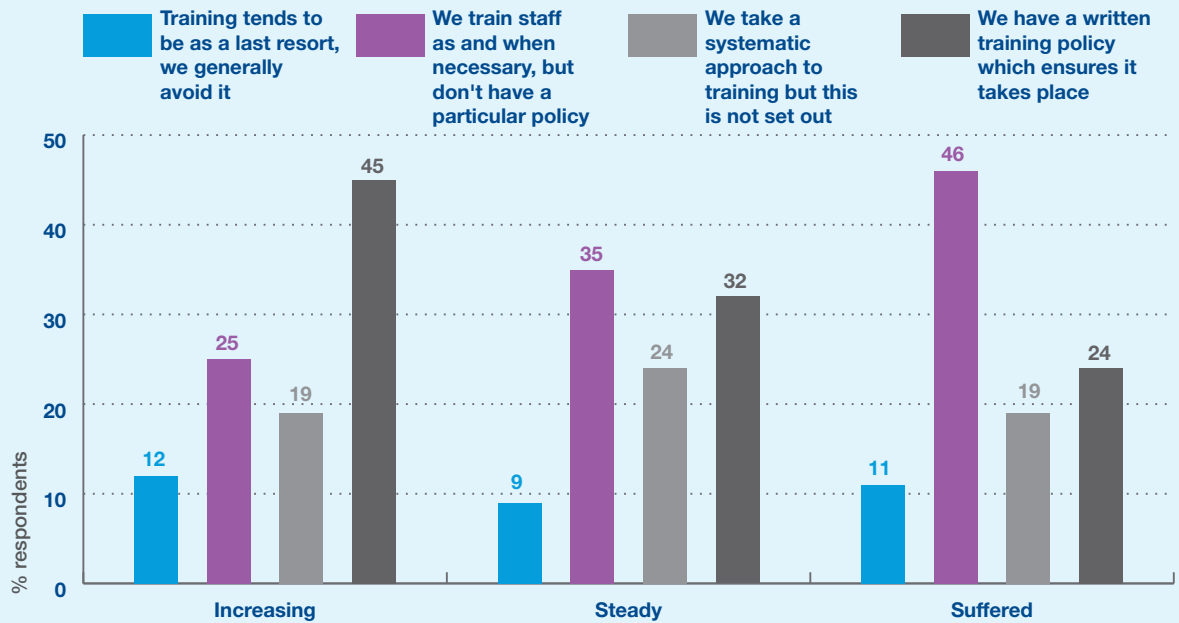
Over half of respondents (52%) agreed or strongly agreed that developing staff internally helped them retain talent. This was true regardless of the type of organisation.

Chart 13: Perception of whether it is more beneficial to the organisation to recruit externally or develop employees internally



More than three quarters (78%) of respondents felt that it was more beneficial to their organisation to develop employees internally rather than to recruit externally. Based on our other results, this is probably due to the cost effectiveness of internal development of staff and the benefits of training for the retention and motivation of employees.

Chart 14: Overall policy of business to training and learning (by gross revenue over last year)



Organisations with increasing revenue were more likely to have a formal training policy, whereas those that had suffered were more likely to train staff on an *ad hoc* basis. This may indicate that those companies with a strategic approach to staff development tend to perform better. Also better performing organisations may be able to afford to develop a more strategic approach to training.

The survey also highlighted that around a third of organisations overall (34%) had a written training policy that ensured that training took place and a similar proportion trained staff as and when necessary but didn't have a particular policy (35%). 12% of respondents stated that training tends to be as a last resort. Many organisations do not currently treat staff development as a strategic priority within their organisation, preferring to provide it on a case by case basis.

A comparison of responses by organisation size showed that SMEs were more likely to have an *ad hoc* approach to staff development and train staff as and when necessary whereas larger organisations (46%) were more likely to have a written training policy. Many smaller organisations can draw important lessons from the more strategic approach to training that is adopted by many large organisations, such as introducing a formal training policy linked to business objectives, analysing training needs and allocating a specific training budget. Implementing such measures may help support growth and survival, irrespective of the economic situation.

Over recent years the importance of human capital – the skills and abilities of employees – has grown, meaning that employers must find ways of ensuring that they have the talent that they need within their organisations. One way of ensuring that an organisation does have employees with the necessary skills and abilities is to develop them internally. In fact, the training and development of staff goes hand in hand with a successful talent management programme. A recent survey found that almost all respondents (94%) saw talent management as being important or very important to the bottom line of the organisation¹.

The internal development of employees was “the norm” in the 1950s but was replaced by external hiring which worked “like a charm” in the 1990s because organisations were drawing on a large pool of laid off talent. However, as the economy continued to grow, the recruitment market became more competitive and companies began to poach staff from competitors causing retention issues¹⁰. The internal development of staff may provide a means for organisations to deal with the competitive labour market and may also prove more cost effective in increasingly difficult economic conditions.

Changing focus

While recruitment is still an important part of the talent management process, the emphasis has changed somewhat to the development of talent from within the organisation. A survey by CIPD found that a large proportion of managers saw the main objectives of talent management as being to develop high potential individuals (67%) or to grow future senior managers (62%), while only 36% saw attracting and recruiting key staff as talent management’s main objective⁸. This change has been driven by the increasing competition for skilled workers, due to a shrinking pipeline of talent coupled with a burgeoning knowledge economy. It has also been suggested that employers should not only seek new talent, but should develop current employees to avoid the loss of organisational knowledge and experience from those retiring³. Certainly, employers have reported increasing difficulties in recruiting the talent that they need meaning that much of the focus in talent management is now on an “explicit commitment to grow and develop talented people as part of the organisation’s long term strategy and as an integral part of the vision and mission for the business”^{1,4,5}.



A strategic tool

Employee training is nothing new and has a “long history of ensuring an organisation has a skilled, motivated and competent workforce”¹¹. In the 1990s learning was repositioned as a key strategic element in an organisation’s success and a learning organisation was described as one “where people continually expand their capacity to create the results they truly desire, where new and expansive patterns of thinking are nurtured....and where people are continually learning to see the whole together”¹².

Training is often a lower priority in smaller firms, especially as they often do not have dedicated HR functions

Despite the espoused importance of talent management and development, little research has been conducted to examine the benefits associated with “growing your own” talent internally as opposed to

recruiting externally for key skills and experience. There is therefore a need to examine organisations’ use of internal development of talent more closely to establish the benefits that this may bring.

In the above mentioned CIPD survey almost all the respondents agreed that well-designed talent management activities (including development) could have a positive impact on the organisation’s bottom line (94%) but this survey did not focus on development in particular⁸. It was suggested that “although few organisations measure the return on investment (ROI) of employee development programmes, of those that do, almost all show a positive ROI. Despite this organisations do not invest in formal practices, programs or methods meant to address employee development”³.

Barriers to employee development

There is very little research on barriers to implementing a nurturing talent strategy. Therefore, analysing research on barriers to training and talent management – both strands of employee development – points the way to potential nurturing talent hurdles.

The LSC found overwhelmingly that employer attitudes are the main barrier to providing adequate training⁶. Nearly three quarters (72%) of employers said training is not necessary, claiming they already have a fully proficient workforce (64%), 6% said staff are learning by experience and 5% claimed the small size of the establishment means training is not needed.

In addition to this attitudinal barrier, **learndirect** Business research found training is often a lower priority in smaller firms, especially as they often do not have dedicated HR functions⁷. Moreover, employees rely on their manager to source training, even though they don’t know where to go and have little knowledge of the training options available to them.

Research by the CIPD found SMEs come up against numerous barriers when trying to implement talent management initiatives⁸. For instance, applying HR initiatives without a dedicated HR function is often difficult. Similarly, a lack of finances to identify and use appropriate resources, such as training and development, can impede talent management strategies. However, the report suggests the main barrier could be that strategy-making in areas of HR are limited generally, usually being done for operational not strategic reasons.

Lessons for all

A study that focused on the higher levels of the organisation found that, despite the fact that CEOs see having the right talent as critical to their companies' success, less than half had succession plans for vice presidents (VPs) and above and only a quarter had talent pipelines that extended three levels below them¹³. The study found that “companies whose boards and senior executives fail to prioritise succession planning and leadership development end up either experiencing a steady attrition in talent, or retaining people with out-dated skills”. This suggested that employee development is not only important for organisational performance but also for the retention of key employees. This is true in relation to employees across all levels within the organisation, not just at the top levels. In fact retention research has shown that individuals tend to stay longer where they are experiencing personal and professional growth².

There are several reasons why an organisation should develop its staff – to increase profits through appropriate leadership, to allow for staff promotions by nurturing new talent and to motivate staff by encouraging personal development⁹. Some organisations have managed to survive the recession using training. For example, Southwest Airlines reduced recruitment but increased its training budget in order to maintain morale and ensure it had the skills that it needed to survive the recession and even turn a profit¹⁴. Highlighting the benefit of training employees, this example provides useful lessons for organisations whatever their size irrespective of the economic situation. Recession – or predictions of a recession – may make it more challenging for the organisations concerned but as has been illustrated the rewards can be greater as a result.

Individuals tend to stay longer where they are experiencing personal and professional growth



Concluding remarks

The findings clearly show that ‘making’ and ‘buying’ talent are both valid strategies for organisations. The majority of employers believe that internal development brings

The majority of employers believe that internal development brings greater benefit to the organisation than external recruitment.

greater benefit to the organisation than external recruitment. Cost effectiveness, better staff retention and increased employee motivation have all been cited as key advantages.

However, for those requiring additional skills – perhaps to help support expansion – external recruitment can also play an important role in ensuring the future success of the organisation.

Ensuring a clear link to organisational objectives has been shown to be key to business performance. Whether to address new market needs or counter the impact of an economic downturn, aligning a nurturing talent approach with the business strategy has been proven to reap rewards for organisations of all sizes. Employers should therefore take a close look at how it can best help them meet the needs of their business – both in the short and long-term.

As we face a period of financial instability increasing pressure will be placed on budgets and resources. Taking a strategic approach to the development of internal talent could be a cost effective way to boost business performance. Is it an approach you can afford to ignore?



About learndirect Business and Cranfield School of Management

About learndirect Business

As a leading provider of online and work-based learning, **learndirect Business** provides thousands of organisations with the tools they need to nurture their employees and move their business forward. The courses we provide help organisations to increase productivity and motivation, improve staff retention and boost efficiencies. We have found that effective training combined with the other elements that make up talent development is the key to securing a vital competitive edge.

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Cranfield School of Management is one of Europe's leading university management schools renowned for its strong links with industry and business. It is committed to providing practical management solutions through a range of activities including postgraduate degree programmes, management development, research and consultancy. Cranfield's specialisms include HR practices and the impact that training and development has on business performance. To find out more please visit: www.som.cranfield.ac.uk



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Emma has conducted a wide range of research projects in both the public and private sector, including a large-scale human resources and training needs survey for the UK National Health Service, several human resources projects for the Ministry of Defence and a number of CIPD commissioned projects regarding 'HR and technology' and 'Total Rewards for an Ageing Workforce'. Emma also manages Cranet, an international network of business schools that conducts a survey of HRM policies and practices in around 40 countries worldwide.

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