DIGITALIZATION AND TALENT MANAGEMENT PRACTICES: AN OVERVIEW

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"HR needs to become digital to attract, retain and engage talent in a digital world"

- Jan Brouwer

ABSTRACT

Human capital is a precious and scarce resource and management of it is a crucial job for Human Resource Personnel and the technological innovations toughened it even more. Globally an organization's competitiveness will depend on its talent readiness, skill-sets and how it will bring in diversity of thought and perspectives for organizational excellence. The digital revolution and its fundamental transformation of business needs a future proofing talent management that plans ahead, not only possesses the skills that organizations need, but embodies the culture of innovation, creativity and adaptability that are so critical for success in the digital age. On the above backdrop, the present study is undertaken to overview the trends of talent management practices for the best of the organizations in particular and the nation as a whole.

Keywords: Talent Management, Digitalization, Human Resource, Human Capital & On-boarding

1. INTRODUCTION

"Talent management is the additional management processes and opportunities that are made available to people in the organization who are considered to be 'talent'."

The concept of talent management first emerged in 1998. Talent is defined as natural or innate aptitudes or characteristics which are separate from learned knowledge or skills. Talent Management is a continuous process that involves sourcing, hiring, developing, retaining and promoting them while meeting the organization's requirements simultaneously.

One of the most critical challenges for any organization is finding, recruiting, and retaining talented individuals. Global business strategy needs alignment of people and talent management strategies. Hence every organization has its own tailor-made system that suits their organization and environment. The digital age is reshaping the way in which organization recruit, select and develop skills for a new generation of employees. At present, for improving organizational performance, HR is offering digitized solutions for business and employees, solutions that generate engagement and new experiences to employees.

Organizations are using innovative strategies to win the battle for top talents. One such strategy is sourcing creativity by using online recruitment methods which is cost effective. Finding a "Talent" in a digital world is not a big deal for any recruiter but finding a right candidate with key skills is a big task. The spurt in technology has not only enhanced in simplifying the role of a recruiter at the same time it has also made them accountable of his association with the company for a longer duration of time.

Currently, talent management has entered into a new stage of development: thus, HR has evolved from the traditional function of recruitment and selection to a strategic function of recruiting high potential youngsters via social networks and developing digital skills. Companies such as LinkedIn, Facebook, Twitter or Google etc. are investing in the development of online talent communities for attracting new employees.

1.1. Digital Transformation in Organizations

There are five pillars for a successful digital transformation. All five areas must be carefully considered to maximize success in the new digital era. The five pillars for a successful digital transformation are;

Figure 1: 5 Pillars of Digital Transformation

P 1	• **Establishing a Mindset**
P 2	• **Defining a Digital Destiny**
P 3	• **Investing in Digital Technology**
P 4	• **Managing Skills and Talent**
P 5	• **Evolving the organization for Continuous Innovation**

- *Embrace the digital mindset:* Openly embrace digital in all interactions. Spread the digital mindset across all levels of the organization. Everyone in the organisation needs to embrace it in all interactions, from the C level to the shop floor. Accept that disruption may be uncontrollable.

- *Define your digital destiny:* Understand the leadership paradox. Leaders must remain open-minded and determined. Success in the new world of digitalisation requires a new set of leadership skills.

- *Invest in digital technology capabilities:* Digital products are quickly becoming a commodity. Understand the different purposes of technology. Focus on innovation and on core current business - technology will establish all interactions among people, processes, and things. It is the new norm.

- *Skills and talent management:* The new age of digitalization is impacting entire enterprises far beyond IT departments. Digital is becoming the core business, and any organization not acting on it risks losing revenue, market share, and eventually business relevance. Companies and project teams are becoming a mix of internal and external talent, of both temporary and permanent nature.

  - Embrace universal skills: Digital will soon be integrated with all processes of life, so everyone will need to be digitally literate.

  - Specialize skills: Very specific and focused technical and business digital skills, which can take a long time to develop, will be increasingly sought after.

- Digitalize talent management: Organizations must provide their current workforce the foundation of digital skills, learn how to source specialized skills, and work with leadership to maintain a digitalization outlook that is open to new business options and models.

- Evolve the organization: Build projectization and agility. Organizations need to be quicker to adapt and adopt new technology. Newer, speedier methods must be integrated into the organization, and a new mindset will need to emerge.

  - Externalize and servitise: Companies will be able to reduce investments in assets and instead use flexible, external service providers.

  - Digitize the organization: Current job roles and functions will change as business leaders prepare people for agility and fast adoption.

  - Become data-driven: The value of future organizations will revolve about extracting, monetizing, and secure their data.

  - Be human and machine-driven: Humans and machines will blend to provide greater value; each will depend on the other and processes will be seamless to the receiver.

The main purpose of technology is to serve people both inside and outside our organisations and hence accordingly organizations need to ensure that they use advanced technology to the overall advantage of society. Doing so will keep them on the right path for positive disruption.

2. LITERATURE REVIEW

Analysis of the Talent Management Practices in the digital era has attracted many of the researchers around the globe. The literature review has been based on various studies focused on the Talent management Practices.

Talent Management according to Lewis and Heckman's (2006) comprises of three different conceptions such as; a) a collection of typical human resource department practices, b) the flow of human resources throughout the organization, and c) sourcing, developing and rewarding employee talent. Campbell and Roland Smith (2010) define talent management as 'an organization's efforts to attract, develop, and retain skilled and valuable employees'. The goal of talent management is to develop or recruit people with the requisite 'capabilities and commitment needed for current and future organizational success. Athey (2008) finds that despite millions of unemployed workers, there is an acute shortage of talent globally. Murty (2008) finds that the current challenge for industries is to match its supply and demand

position, and retaining the experienced persons in the organizations depends upon a number of factors in addition to pay and perquisites.

McCauley & Wakefield (2006) says that businesses must have the ability to identify the most talented individuals, provide them with the necessary training and experience, and retain valuable employees on a long term basis. Heinen & O'Neill (2004) views that managing talent is a continuous process, involves integrated planning. Gakovic & Yardley (2007) opine that global business strategy needs alignment of people and talent management strategies.

In the context of digitization, information about organizational culture, leadership, and remuneration policy and career opportunities influences directly the desirable image of the company. The concept of employee engagement refers to the degree of attachment to the company, the internalization of organizational culture, the roles and the relationship with the colleagues and employer (KPMG, 2012). Nicholas Born and Seoung Kang (2015) identify that talent management programs should be communicated to all stakeholders, including current employees and Social networks such as LinkedIn, Facebook or YouTube are very effective tools of such communication. Companies such as Ford or General Motors have created blogs in order to attract fans of the auto industry or engineers that would like to work for them (Deloitte, 2014). Garr, Atamanik, and Mallon (2015) defines a new approach to talent management building focusing on critical talent capabilities at lower levels of maturity, and transitions to building a systemic and inclusive relationship with talent at the highest levels of maturity.

3. OBJECTIVES AND METODOLOGY

Growing competition for the right talent and at a lower cost within the market has been stocking the evolution of talent management across the globe. On this backdrop, the present study titled, *"DIGITALIZATION AND TALENT MANAGEMENT PRACTICES: AN OVERVIEW"* has been undertaken with the following objectives:

 1. To study the meaning and need of Talent Management

 2. To analyze the impact of Digitalization on Talent Management Practices

 3. To assess the essential digital tools of Talent management Practices

 4. To overview the HR strategies in managing talent

 5. To overview the strategies and guidelines of Talent Management Practices

 6. Finally to analyze the trends of talent management Practices in digital era and its impact on the overall progress of the organizations.

The present study was based on two sources of data viz., primary data and secondary data. The primary data was collected from the employees of various organizations through direct interview method to know the importance of this concept and the secondary data from various periodicals, magazines and websites etc.

4. ANALYSIS

A new wave of digital tools can help companies to focus not only on hiring but also on managing, retaining, and developing employees. Digital labor platforms can pull these tools into an integrated whole as companies widen their labor pools, refine their recruiting and screening methods, and deploy their employees more effectively. Such tools, and the platforms that include them, can put the right person in the right job, identify gaps in skills, help employees as they gain new capabilities, chart career paths, and nurture the development of the next generation of leaders.

Companies can capture substantial value by applying digital innovations to some of the most critical organizational challenges: matching the supply of and demand for labor, boosting productivity, and getting the most out of people. McKinsey Global Institute research suggests that businesses deploying digital labor platforms to their full potential could increase output by up to 9 percent, reduce employee-related costs by up to 7 percent, and add an average of 275 basis points to profit margins.

In the Digital Era, organizations transforming the HR function to deliver employee experiences that are human-centered, leveraging the latest technologies to deliver personalized, compelling, and engaging experiences. HR must act as a catalyst to leverage and deploy technology to enhance the overall employee experience. HR professionals will also have to focus on reducing costs, increase the quality and accuracy of HR services and provide talent insights for business impact by deploying analytical platforms to discover new workforce insights. Another key area is to focus on developing leadership skills that can succeed in the new cognitive era. Lastly, it is essential that HR professionals build more effective listening skills and pay heed to their employees on a continuous basis and keep taking corrective action as and when necessary.

The new age of digitalization is impacting entire enterprises far beyond IT departments. Digital is becoming the core business, and any organization not acting on it risks losing revenue, market share, and eventually business relevance. Agile collaboration will be paramount when it comes to defining successful teams.

Digitalization must have a strong focus on skills and talent, with the backing of top management that can be summed up in four building blocks such as: Awareness, Capacity, Expertise, and Leadership.

Figure 2: Building Blocks of Digitalization

- *Digitalization Awareness:* Provides the basic knowledge and skills provided to every individual of an enterprise and their knowledge regarding new technologies and innovation.

- *Digitalization Capacity:* Additional skills acquired by a significant part of the workforce in order to involve them in digital projects and to increase the organization's capacity

- *Digitalization Expertise:* Key specialized skills that employees must have to typically work on several initiatives to scale the ability to deliver on niche areas.

- *Digitalization Leadership:* Last but not least, leaders who are digitally savvy and have the capability to be trained or skilled for end-to-end digital business across the enterprise's value chain. These leaders will act as evangelists with a clear ownership of promoting faster adoption of new technologies across the enterprise.

Driving the change of digitalization with regard to skills and talent must be seen as a strategic priority for top management and treated as business as usual. The ultimate goal is creating an organization that self-evolves through continuous transformation.

Digitalization explores four steps and solutions to the companies such as; *identifying and recruiting top talent, on- boarding new hires, implementing mobile-enabled social tools and setting performance-based goals*. By following these four steps, organizations can create a culture that champions greater transparency, mentoring, diversity, innovation and a consumer-grade digital experience.

4.1. Digital Transformation and Talent Management Practices

The constantly changing digital landscape is forcing HR departments to rethink the way they operate. The traditional recruitment or retention methods are becoming obsolete, and it's more challenging to find talent with the technical skills necessary for a company to advance in the digital economy. Transforming talent management requires digitization that involves leveraging social and digital technologies in ways that promote and enhance communication, collaboration, and engagement - between an employee and the organization and among employees themselves.

Redesign Talent Acquisition Model

- Establish processes to target the talent needed to differentiate a company in the rapidly changing digital economy.
- Develop creative marketing techniques to attract a new generation of employees with unique or rare skills.
- Build flexibility into the plan via partnerships with third-party providers that offer distinctive skills.

Re-imagine the Employee Experience

- Understand that the employee experience is changing in the digital era.
- Focus on the employee experience
- Use analytics to understand employee segments and their concerns.
- Invest in training and other areas that have an impact on engagement and productivity.
- Test and modify new ways of delivering employee experiences.
- Assess how technology can enhance the HR strategy and improve its' operational efficiency.

Organizations need intelligent, flexible tools and processes in order to recruit the best talent, get the best contributions from that talent, and manage and retain key performers. By leveraging the power of digital transformation, a talent management software system can populate and empower this digital connectivity and transparency, while encouraging employee self-development and collaboration. There are 9 steps that will help a company embrace digital transformation which are as below:

1. Digitalization: Digitalization enables social and professional networking, talent community building, partnering, personalization, and collaboration etc. and physical world interaction, people-to-people "meeting of minds."

2. Community Networking: Both social and professional networking helps to build vast talent communities to personalize, distribute, partner and collaborate with.

3. Engagement: It enables outward-thinking philosophy that emphasizes customers, clients, partners, candidates or existing employees. Utilize Artificial Intelligence (AI) in order to personalize the experience.

4. Adoption: For digital transformation to be effective, it requires some centralization and an integrated, user-friendly interface with dataflow foundations to reduce the number of usernames and passwords.

5. Personalize: AI has been designed to be better at understanding our interests than the intuition of humans attempting to read between the lines.

6. Learning and Development (L&D): Take advantage of the technology available in order to make learning content, training and other important information available to the employees.

7. Reporting: Data related to community, adoption, engagement, experience, contribution, and performance should (and can) be collected and used in decision making.

8. Compensation: The idea of fluid performance management empowers an organization to continuously engage and interact with your workforce from top to bottom.

9. Succession Management: By creating dialogue through corporate transparency, centralized and community-oriented collaboration, and self-direction, one can get a feel for who the next class of top producers, innovators and leaders will be in an organization.

4.2. Trends of Talent Management Practices

❖ *Talent Acquisition:* Social networking sites and search engines are now used for candidate searching and sourcing, particularly for hard-to-fill roles with unique skill sets. Social media has actually transformed every stage of the recruiting process in significant ways like social advertising, social sourcing, social referrals and social screening.

❖ *On boarding:* Helping new employees make the transition into their roles and responsibilities, as well as learning the culture of the organization. The social and digital technologies can enhance processes and improve the employment experience for individuals.

❖ *Learning:* Learning management is probably the second most advanced area when it comes to adopting and adapting to new technologies. One of the obvious digital impacts is the increased use of e-learning and online learning platforms with self-paced study.

❖ *Performance Management:* Performance management is also being transformed by social and digital technologies.

❖ *Career Development:* New social technologies allow employees to create and maintain their own organizational profiles, can enhance an organization's efforts at helping employees develop themselves as professionals and manage their careers.

❖ *Leadership Development:* There are also several ways in which the implementation of social technologies can enhance an organization's leadership development efforts. Leadership blogs can help more junior leaders learn from the philosophies, styles and experiences of more senior leaders. Leaders can also form cross-generational and cross-functional mentoring groups.

In a digital world, with a connected, unconstrained, Omni-channel, cognitive workforce, the HR practitioner's role will shift to enabling the workforce to adapt to the growing pace, volume and complexity of change, leading enterprise wide-transformations and adoption of robotics and AI as important sources of talent.

3E Talent Management Approach: The increasing importance of social media and the Internet by the younger generation may have to see companies changing their ways to manage and retain talents in their organization. Asian Institute of Finance's (AIF) recent report suggests a new approach of managing and retaining talen*ts* that explores the 3Es of talent management: *Engagement, Enrichment and Empowerment*. The 3E talent management approach is a part of a broader talent management strategy that helps organizations understand how best to enhance employee productivity and optimize organizational performance.

4.3. Guidelines for Talent Management

- Developing employees
- Redeploying employees
- Retaining the best talent

HR executives need to:

• Create a multi-channel sourcing strategy that taps a variety of channels, from LinkedIn to employee referral portals.

• Empower new hires with their self-service capabilities in the form of corporate intranet sites and social collaboration portals.

• Create social networks that facilitate real-time communication among new hires, peers and mentoring groups.

• Support a flexible workforce with a cloud platform capable of providing 24/7 access to HR information, integrating data silos and delivering a consumer-grade experience.

5. CONCLUSIONS

Organizations will transform the HR function to deliver employee experiences that are human-centred, leveraging the latest technologies to deliver personalized, compelling, and engaging experiences. HR is also starting to take advantage of human resources management software built on technologies such as analytics, big data, and the Internet of Things for functions ranging from understanding why employees are stressed to predicting which potential future employees might be ready to leave their current employers. Along with the digital age come opportunities, challenges and trends for the HR function around the globe. Rapidly changing requirements for novel skill-sets in fields such as data science, AI, cloud, block chain, security etc. signal a need for flexible recruiting practices that allow organizations to reach out to these fresh talent pools.

In addition to transforming talent management, social and digital technologies are changing the nature of work itself. Those changes have extensive human capital management implications, ranging from human capital strategy, organizational structure, and staffing – to job design, training and development, performance management, and compensation. The digital revolution and its fundamental transformation of business needs a future proofing talent management that plans ahead, not only possesses the skills that organizations need, but embodies the culture of innovation, creativity and adaptability that are so critical for success in the digital age.

The study enunciated that the factors driving the popularity of talent management today are: *Scarcity of talent, increasing complexity of the role of leadership and increased demands in technology*. A rightly managed talent turns out to be a gold mine. Managements need to realize its worth, extract it, polish it and utilize it. In all business climates, taking measures to retain valued employees saves money, preserves margins leading to better business opportunities. To achieve success in business, the most important thing is to recognize the talent that can accompany in achieving the organizational goals. Every organization requires the best talent to survive and remain ahead in competition. Talent is the most important factor that drives an organization and takes it to a higher level, and therefore, cannot be compromised at all. It won't be exaggerating saying *talent management as a never-ending war for talent!*

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