

DIGITAL ADVANCEMENT AT WORK PLACE, REINVENTING TALENT AND PERFORMANCE MANAGEMENT

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Abstract

Technological advancement has stretched its arms in every dimension of business. It's fascinating to see how technology has influenced the way business operates. The world is on the brim of fourth industrial revolution. Technologies like artificial intelligence and blockchain are being explored and experimented to remove glitches in hiring, making it faster and accurate at the same time. These external factors have forced the organisations for a paradigm shift to focus on challenges of transforming the workforce in the new economy which is realized by the successful firms since a few years. The traditional HR workplace where prior experience and qualifications of the candidate was given weightage is no longer relevant or existing. The boom of business is reliant on the acquisition and management of 'talented' people to meet current and future business needs. This is because the skill requirements are broadening. That is the reason why 'talent' is getting unprecedented recognition as a key determinant of business success. Digitisation has taken us to Artificial intelligence, Robotics, Virtual Reality, Machine Learning and much more. Manpower is required to think and act creatively, analytically and solve problems with critical thinking and resilience; other things can be managed without human resource. This profess the need for the talent plan to be directly associated to the digital strategy of the organization supporting HR in filling the gap between current and future competencies. To act as a strategic advisor to the business is key, and modern HR technologies and practices will pave the way to elevating HR to this role. HR plays an important role in governing the talent lifecycle in a digital environment, from acquisition to performance management. The paper tries to explore the digital-age practices in talent and performance management methods adopted by the industry. To have an understanding of the HR digital transformation, paper proceeds with identifying the

performance management practices as a talent management priority in the digital era. Thus, the paper studies the transformation the digital age has brought on HR by focusing on the organisation's talent and performance management practices

Keywords: *Digital work place, IT and ITes sector, Talent and performance management.*

Introduction

Today, technological breakthroughs play a major role in defining the success of a business. There are a number of pressuring factors that catalyse the adoption of digital technologies by the business. Technology has brought in artificial intelligence, robotics, aerospace and biotechnology into our daily lives. The pool of hitech ventures which have been successful in conjoining innovation and impact seems to be so unbelievable to common man - a few of which ranges from farming, to orbit research, to robotics to therapeutics and so on. These technological advancements have also started transforming the way in which business operates. Organizations too are forced to undergo drastic transformation to sustain and evolve in such dynamic market conditions.

Digitisation has become even more important concern for organizations due to the fact that it is fundamentally transforming the way people, work both within and outside the organizations. Technology has not only put a positive impact on internal operations of the organisations, but also changed the way human resource management operates. It has resulted in reshaping the way HR interacted with the business. Digital HR is the new buzz word. This is not something which happened all on a sudden. In fact, the change was gradual which incorporated automating various functions and capabilities. This is a challenge and opportunity for the organizations at the same time. To meet these challenges and opportunities, HR has been going through a number of transformations - from streamlining processes to becoming a strategic partner to the business. The target is not just a specific function, rather all the transactional tasks where humans can be substitutes with machines. Creating a digital workforce goes beyond the scope of just recruitment. Effective talent acquisition and performance management of the employees will be the buzz word of successful organisations. To have an understanding of the HR digital transformation, paper proceeds with identifying the changes in the talent and performance management practices of the organisations. Thus the paper studies whether digital transformation has forced HR in reinventing talent life cycle and the importance of performance management as a talent management priority.

HR Digital transformation

According to The Global Human Capital Trends 2016 report by Deloitte, ‘As organizations transform to meet the realities and opportunities of today’s global economy, CEOs and HR leaders are focused on understanding and creating a shared culture, designing a work environment that engages people, and constructing a new model of leadership and career development. Massive digitization has led to a continuous evolution in the way HR operates in an organisation. The journey started off as a small rule based personnel department to being able to take part in decision making. HRIS allow HRM professionals to better facilitate human resource plans, make decisions faster, clearly define jobs, evaluate performance, and provide cost effective benefits. Technology has also dramatically changed how human resource managers orient, train, and develop employees, and help them manage their careers.

There are a number of pressuring factors that are speeding up adoption of digital technologies within organizations. Accelerated pace of globalization and rapidly changing business landscape are the driving force of organizations to move towards digitization. According to EY analysis report - Lean and smart HR: transforming work; digital disruption, distributed workforce, globalization of Talent, talent management priorities, social media, privacy of employee’s information etc are the contributing factors toward digital workplace. The result is that, instead of focusing only on administrative aspects of employees, leading HR shared services are also using HR analytics tools to drive recruitment decisions, performance management and attrition analysis.

IT and ITes industry

IT and ITes sector makes significant contribution to the Indian economy. Sector contributed around 7.7 per cent to the country’s GDP in 2018. By the year 2025, the Indian software product industry is expected to reach the mark of US\$ 100 billion; according to Indian brand equity foundation.

The growth and projection trends of IT sector in India shows the potential of this sector. To name a few:

- Over 1,000 global delivery centres is set up by the Indian companies in about 80 countries over the world.
- Human capital has always been India’s coin. This is the industry with largest pool of ready to hire talent. The highly qualified talent pool of technical graduates in India is one of the largest in the world, facilitating its emergence as a preferred destination for outsourcing.

- India is a prominent sourcing destination across the world, accounting for approximately 55% market share in the global services sourcing business, as of FY18.
- India acquired a share of around 38% in the overall Business Process Management (BPM) sourcing market.
- Digitisation has resulted in fall in automation costs and to higher onshoring by the industry. Onshore revenue of Indian IT industry has grown from around 48% in 2011-12 to 59% in 2017-18.
- New avenues of growth are opened up for IT companies through disruptive technologies, such as cloud computing, social media and data analytics.
- Technologies, such as telemedicine, health, remote monitoring solutions and clinical information systems, would continue to boost demand for IT service across the globe
- IT sophistication in the utilities segment and the need for standardisation of the process are expected to drive demand
- Digitisation of content and increased connectivity is leading to a rise in IT adoption by media

According to Nasscom Aranca Research 2018, IT industry employs nearly 3.97 million people in India of which 175,000 were added in FY17. The industry added around 1,05,000 jobs in FY18 and is expected to add over 100,000 jobs in FY19. The IT-ITes sector in India expanded at a CAGR of 10.71 per cent to US\$ 167 billion in FY18 from US\$ 74 billion in FY10, which is 3 to 4 times higher than the global IT- ITes growth. It is predicted that the size of the industry will grow to US\$ 350 billion by 2025. India's IT industry is increasingly focusing on digital opportunities as technology is poised to be a major segment in the next few years. The impact of technology on the internal operations of this sector is also worth mentioning. To have an understanding of the HR digital transformation in IT and ITes sector the current study is conducted. The IT and ITes companies functioning in technopark, Trivandrum; the IT hub of Kerala is the target population.

Talent and Performance Management

Talent management is the systematic identification of those individuals who efficiently contribute to the organisation and develop an effective HR architecture which include Workforce planning, Talent acquisition, On boarding, Career development, Talent development, Employee engagement, Performance management, Succession management, Leadership development to facilitate filling the key positions with competent incumbents and

to ensure their continued commitment to the organization. Today's market, with its paradigm shifts in the view and approach on human capital, in terms of its acquisition, utilisation, development and retention; has placed a heavy appeal on today's HR professionals. HR, with its transformation from the conventional role to the role as a strategic partner is expected to identify potential talent and also comprehend, conceptualise and implement relevant strategies to contribute effectively to achieve organisational objectives. People, intellectual capital and talent are ever more critical to organizational strategic success (Frank & Taylor, 2002). The need for talent and its expert management is always a challenge as it involves identifying tomorrows star today and ensuring they live up to expectations. IOMA (Institute of Management and Administration) survey indicates that nearly three quarters of the respondents identified talent management as at the top of their HR critical issues (Sandler, 2006). A talent life cycle literally starts with the talent acquisition activities, proceeding through performance management to retain potential employees, and thus equip organisations with talent source and competitive human resource advantage which will impact the organizational performance.

Theoretical background

The talent plan should be undeviatingly allied to the digital strategy of the organization supporting HR in filling the gap between current and future digital competencies. HR plays an important role in managing the talent lifecycle in a digital environment, from acquisition to performance management, which ultimately ensures retention. According to Mathias and Jackson (2006:328), performance management involves a process of identifying, measuring, communicating, developing and rewarding employee performance. The performance management activity must be aligned with the overall organisation's business strategy. The purpose of conducting this review is to nurture the talent of the employee so that they reach their full potential in their job. The result of this evaluation is then used to build the weak areas of an employee through identifying the right training an employee needs. Coetsee (2004) states that a performance management system should have five important aspects as follows:

- The vision, strategies, and goals of the organisation, department and section should be in alignment with the staff member's personal goals and objectives.
- The staff member should then meet with his manager and discuss how his own personal goals can be aligned to the goals of the organisation.
- The organisation's value proposition should be the guiding factor in formulating performance benchmarks.

- The goals must be (SMART –specific, measurable, attainable, realistic and time-bound).
- Performance appraisal should be conducted to ascertain compliance with the set goals and standards and achievements made.

Ellis and Saunier (2004) explains that a performance management process should be designed to achieve one (or more) of the three basic objectives as below:

- Drive results: The intent of performance management is to drive improvement in business results through individual, group, and enterprise goal alignment, measurement, and rigorous performance information sharing.
- Build capability: The intent of performance management is to drive organisation and individual capability development by clarifying role-specific competencies, establishing an environment of constructive feedback, and using formal coaching/mentoring.
- Carve up consequences: The intent of performance management is to differentiate performers and yield a defensible performance assessment/rating that can be used to make reward decisions involving compensation, work assignments, career development, and recognition.

Literature Review

The available literature in the field is reviewed and sorted according to the relevance. *Berger (2004)*, studied the procedures for designing and implementing talent management in organisations. The study put forward that the primary responsibility for the HR departments in the future will be Talent Management, and that traditional HR activities will be outsourced, or made directly available to employees through the use of technology, or delegated to line managers. What will remain, will be an HR function that mainly deals with talent issues and the nurturing of a work climate that fosters and stimulate talented individuals by offering customized employment packages that provides both individual freedom and empowerment need by skilled workers. Nevertheless, the study stresses that HR professionals will need to become better and more proficient at budgetary and financial activities, as well as becoming more knowledgeable about the organization's products, markets and strategies so that they more efficiently can bring aboard and manage the required talent to compete in global markets.

Farley (2005), conducted a study to determine the role of performance management activities in talent management process. The finding of the study explains that performance success metrics helps quantify performance and identify those who contribute most to organizational activities. Value metrics (e.g. revenue per employee), as opposed to activity-based metrics (e.g. number of training hours) are important in communicating talent management's success.

Debowski (2006), conducted a study to determine the importance of performance management. The findings of the study concludes that performance review is at the core of talent management as it provides insight for the reward system, succession plans and staff development. It helps evaluate competences of the workforce and provides feedback. Performance management helps in identifying those workers who are performing best, and provides feedback on employees' roles and expected performance standards.

Dick Grote (2010), in his work 'Designing a performance appraisal for driving organizational success', described 10 tips which will result in the creation of a performance management system that accomplishes its goals. From the findings of the study it can be concluded that the performance management activities can be improved if the implementers can manage to get top management actively involved, establish the criteria for an ideal system, appoint an implementation team, design the form, build mission, vision, values and core competencies, ensure ongoing communication, train all appraiser, orient all appraises, use the results, and finally monitor and revise the programme.

Research objectives:

The research aims at identifying the:

1. The level of performance management practices as a Talent Management priority in the organisation.
2. To understand the digital-age practices in performance management adopted by the industry.

Research Methodology

Material and Method: An empirical study is conducted among IT and ITes companies in Technopark, Trivandrum. A structured questionnaire was constructed to satisfy the objectives of the study. The secondary data which is available from online sources such as company reports, blogs of experts, websites, Research papers, and magazines have been used.

DATA ANALYSIS AND INTERPRETATION**Table 1: Mean and standard deviation of performance management practices based on the level of involvement in talent management activities**

Talent management practice	Low involvement		High involvement		t-value	P value
	Mean	Standard deviation	Mean	Standard deviation		
Performance management	51.100	2.936	79.652	7.635	17.029	<0.001

Applying t test to determine the level of performance management practices against the level of involvement in talent management activities in IT and ITES organisations in Kerala:

The mean value of the performance management activities for the organisations with high level of involvement in talent management activities is higher, which shows that the organisations with high level of talent management activities have high level of performance management practices too. This goes well versed with the study put forward by *Debowski (2006)*, who concluded that performance review is at the core of talent management as it provides insight for the reward system, succession plans and staff development.

Table 2: Distribution of the organisations based on the performance management practices

Performance Management activities.	Practiced	Not Practiced
	%	%
Implementation team consist of appraiser and appraise from different levels and functions in the organisation	94.1	5.9
Goal alignment is clear and links the organisation and the individual	83.7	16.2
Appraisal system is kept visible through surveys and requests for suggestions	68.1	31.8
The performance management system is user friendly and technology-enabled with intuitive forms that are easy to use.	88.9	11.1
Rating scale is clear and applied appropriately by managers with calibration across appropriate organisations.	76.3	23.7
All appraisers are well trained	30.3	69.6

The results are visibly used in decision making	77	22
Performance management is linked to other HR and talent management processes, such as organisation talent assessment and succession, and not just compensation.	75.6	24.4
The quality of appraisal, the extent to which the system is being used, and the extent to which the original objectives have been met is audited	69.6	30.3
Train new appraisers as they are appointed to supervisory positions.	40	60
Performance management and other business-critical processes are aligned	80.8	17
Use performance standards that are relevant	86	14.1
Set specific performance targets to be achieved in a certain time period	86.7	13.3
Benchmark against similar organizations	32.6	67.4
Progress related to performance standards and targets are documented	79.3	20.7
Builds employee career development, by identifying future career paths and the skill sets and certifications needed to attain them.	80	20
Integrates with recruiting, to provide a more complete picture of organization's staffing situation.	77	23
Grade employees to create a course of action for those employees who need recognition or improvement	91.9	8.1
Provides enough flexibility for organizational growth.	78.5	21.5

To study the digital age performance management practices of the organizations, the aspects put forward by Coetsee (2004), the level of performance management is determined.

Majority of the organisation's implementation team consists of appraiser and appraisee from different levels and functions in the organization which is important principle of performance management. Performance management and other business critical processes are aligned with the goal and in majority of organisations. The performance management system is user friendly and technology enabled with intuitive forms that are easy to use, as responded by majority of organizations.

Most of the organizations set performance standards that are relevant and that can be achieved in a certain time period whose results are used in decision making. Majority of the organisations agree that performance management is linked to other HR and talent

management processes, such as organisation talent assessment and succession, and not just compensation. The result is used to build employee career, by identifying future career paths and the skill sets and certifications needed to attain them.

Findings

Talent management has undoubtedly become the need of the hour. The study concludes that talent management is in the priority list of majority of the organisations. The study to explore the weightage gained by performance management as a talent management priority concludes that talent and performance management is a priority for organisations.

The aim of this paper was to explore the transformation in talent management activities of an organization due to this digital revolution. Applying Coetsee's (2004) performance management aspects among the IT and ITES organisations leads to the following findings:

- ❖ Performance management practices and other business-critical processes of the organisations are aligned. Thus it can be concluded that in an always –on, instant and agile workplace, the distance between human resources and business functions are narrowing.
- ❖ Organisations use rating scale which is clear and is applied appropriately by managers.
- ❖ Organisations set specific performance targets to be achieved in a certain time period.
- ❖ Performance appraisal is conducted to ascertain compliance with the set goals and standards
- ❖ The performance management system is user friendly and technology-enabled with intuitive forms that are easy to use. This means that organisations are re-evaluating the way they enable their people to function better, providing them with access to latest tools and technologies that helps them deliver routine work much faster, while allowing them to eliminate waste and spend more time on value added activities such as process improvements and decision making.

Conclusion

Modern technologies such as data automation, predictive analytics and artificial intelligence has added a new level of sophistication in how business can manage and engage their workforce for higher productivity. Technology is fundamentally transforming the way the people and organizations work. Talent management has undoubtedly become the need of the hour. It has become mandatory for the organisations to link the talent plan to the digital

strategy of the organization supporting HR in filling the gap between current and future digital competencies. The aim of this paper was to explore the transformation in talent management activities of an organization due to this digital revolution. IT and ITes sector is chosen for the study since this is the market which had been showing and will continue to show steady growth. Moreover digital revolution has a significant impact in how this sector functions. The focus is given on the talent and performance management practices to know the extent of reinvention taken place. Exploring the talent management practices of the organisations leads to the conclusion that performance management practices and other business-critical processes of the organisations are aligned. Organisations use rating scale which is clear and is applied appropriately by managers. Thus it can be concluded that in an always –on, instant and agile workplace, the distance between human resources and business functions are narrowing. The performance management system is user friendly and technology-enabled with intuitive forms that are easy to use. This means that organisations are re-evaluating the way they enable their people to function better, providing them with access to latest tools and technologies that helps them deliver routine work much faster, while allowing them to eliminate waste and spend more time on value added activities such as process improvements and decision making. Reinventing performance management systems allow enhanced real-time feedback to engage employees and coach them for better performance. Automated workflows and document management ensures that this process is fully paperless and seamless across engagement channels.

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