Talent in the Digital Era

Attracting, retaining, and managing digitally proficient talent for today’s business environment
Contents
The Future of Work in a Digital Era..............................................................3
Digital Proficiency: New Talent or New Contexts?.................................5
  Continuous Learning and Innovation.....................................................6
  Insightful Analytics..............................................................................6
  Network Performance.........................................................................7
  Execution Excellence.........................................................................8
  Special Focus: Digital Leaders............................................................9
Ensuring Digitally Proficient Talent..........................................................10
The Digital Era is Now..........................................................................11
About SHL............................................................................................11
Appendix: UCF Competency Mapping.....................................................12
The Future of Work in a Digital Era

Transformation is occurring everywhere. Automation is reshaping entire industries. Artificial intelligence is on the rise. Jobs – how, where and when we work – are profoundly changing. The future of work is now and it's rooted in a tidal wave of digitalization.

The extent of digitalization and its impact are unparalleled. According to a recent survey, 87% of business executives agree that digitalization is a priority for their company. And, they expect its impact to grow: 67% of those same executives believe their organizations must become significantly more digitized to remain competitive. Some industries are affected more than others (such as IT and Financial Services), but more than 50% of all organizations in every industry say that digitalization is a priority. This is a fundamental transformation of entire industries and economies that will take years to unfold.

Given all the changes being driven by digitalization, it's important to be clear on its meaning. At SHL, we view digitalization as the use of digital technologies to develop a new business model grounded in deep customer insight that provides new revenue and value-producing opportunities. The move toward digital, customer-first business strategies, products, and services alters how organizations operate, how work gets done, and the contexts in which employees do their jobs. In other words, it creates a new digital business environment. The four key characteristics of this environment identified by Gartner are shown in Figure 1. The customer is at the center, and work is far less structured and predictable and more collaborative than ever.

Figure 1: Characteristics of High Digital Environment

1. **High degree of change**
   - Competitors' strategies are constantly changing.

2. **Technology intensive**
   - Technology used in the industry is rapidly evolving, and market opportunities in the industry are frequently created by technology changes.

3. **High degree of business transformation**
   - Transforming the business model (i.e., significantly altering how the business creates or captures value in the marketplace) is a business imperative.

4. **High degree of innovation**
   - Introducing or significantly improving a process or product in a way that changes competitive positioning is a business imperative.

Source: Gartner, Leadership in the Digital Age, 2017

A digital business strategy is enabled through talent, placing people at the heart of the business agenda. Across all industries and continents, talent attraction, talent management, and leadership development have become issues of significant global concern. It's no surprise therefore that 57 percent of Chief Human Resource Officers say that attracting and retaining digital talent is one of their top HR initiatives. And, nearly two-thirds of HR leaders (66%) globally report that their organization is considering what impact digitalization will have on current and future roles. Increasingly, organizations are finding it difficult to attract, hire, develop, and retain the talent they need to meet their business objectives.
But, is the “right” talent fundamentally different today than yesterday? This is not a new challenge; talent shortages and skills gaps have been a recurring challenge for business leaders and HR leaders for several decades. And, there is little doubt that digitalization is placing greater pressure on matching the right employees with the right jobs, and ensuring they are as productive as possible. However, myths about what that talent looks like are everywhere, driven largely by hype or intuition. Today’s more complex, digital, customer-oriented, and increasingly globalized world means that objective, science-based people insight is more important than ever to making informed decisions about talent.

## Three Digitalization Myths

### Digital Talent Myths

| Agility is the most important attribute of digitally proficient talent. | We need a new HiPo model because of digitalization. | Many employees in our current workforce aren’t employable because they lack technical skills. |

### Prevailing View

- Agile employees can perform effectively in any role using any technology in any situation.
- A static set of leadership competencies will enable leaders to become “agile” and perform effectively in any digital context.
- Learning agility—the ability and willingness to learn rapidly—is the key to unlocking all other competencies required by digitalization.

- Digitalization requires a different kind of leader. So, we need to identify and develop a different type of HiPo.
- Given the uncertainty of future leadership roles, we need to find HiPos who are agile and perform in any leadership role.
- With the rapid change of technologies, most employees can’t acquire the technical skills they need quickly enough.
- Technical skills are the most important capabilities employees need to succeed in a digital business environment.

### Digitalization Realities

- The ability to adapt to ambiguity, new ways of doing things, different cultures, and change is an important attribute for any employee in today’s rapidly changing work environment.
- However, research shows providing more experiences doesn’t build full agility and increases turnover risk.
- Flexible and agile leadership systems that can be easily adapted to new challenges in the environment are more important than agile leaders.
- How rapidly employees learn matters far less than how effectively they apply what they learn.

- Across all work environments, SHL research finds the most promising HiPos demonstrate the aspiration and engagement (in addition to ability) to perform in future leadership roles.
- The core competencies of successful leaders have not changed; rather the ability to apply their competencies to digital contexts is especially critical.
- Organizations should focus on defining the specific challenges the digital context will pose on a HiPo’s next role and then align development experiences against the challenges to build their readiness.
- While most jobs will require technical skills, most of the competencies required to be successful in digital business environments are not technical skills.
- Due to the growing use of digital technologies outside the workplace, most individuals have technical skills that can be used in the workplace.
- Most of today’s employees (70%) consider themselves to be experts or fully proficient with their work-supplied digital technology.
Digital Proficiency: New Talent or New Contexts?

The idea that digitalization is a force leading to fundamental changes in every organization and industry raises the essential question of whether the talent they need to succeed is also fundamentally different. Technology pundits, futurists, and leading consulting firms are forecasting the demise of millions of jobs through increasing automation and the rise in new jobs that work with these technologies, and the processes, products, and services they enable.

While the evidence to date overwhelmingly supports the view of a massive structural shift in nearly every labor market, there is little evidence that the skills and competencies required to perform in these roles are entirely distinct from past roles. Rather, certain competencies have become more important for more roles, while others have declined (but not vanished) in importance. In every case, they are well-known competencies that are now being applied to different processes, information, and resources in the context of new challenges (e.g., greater ambiguity or more customer focus). To quote a familiar saying, they are “old wine in new bottles”.

From working with hundreds of organizations and the millions of individuals and leaders they are looking to attract, retain, and manage in high change, digital business environments, SHL has identified four primary digital talent objectives they tend to share (see Table 1).

These key objectives set the requirements for the profile of the digital talent organizations need to succeed. We consider individuals with this profile to be “digitally proficient”. Digital proficiency is the ability to engage in the behaviors (or competencies) necessary to perform well in a digital business environment. These competencies, if nurtured in the right ways, are key to propelling business growth and developing new markets and products. It takes individuals with these competencies to be able to develop and recognize the implication of a new idea, process or practice, advance new inventions and embrace a shared future with technology. (More detailed descriptions of these competencies and associated behaviors can be found in the Appendix.)

Table 1: Profile of Digital Proficiency

<table>
<thead>
<tr>
<th>Digital Talent Objectives</th>
<th>Digitalization’s Impact</th>
<th>Key Competencies*</th>
</tr>
</thead>
</table>
| Continuous Learning and Innovation       | The rapid pace of change associated with digital business environments and transformations requires employees and leaders who can adapt, learn effectively, and innovate to drive their organizations forward. | ● Learning  
  ● Adaptability  
  ● Creativity and Innovation  
  ● Strategic Thinking |
| Insightful Analytics                     | The explosion of new digital tools and the exponential growth of data and information require employees who can apply their analytical and reasoning skills to effectively use those tools and data to create insights that produce results in a wide range of contexts. | ● Applying Expertise and Technology  
  ● Critical Thinking |
| Network Performance                      | The increased interdependence of work and stronger emphasis on the customer experience in digital business environments requires employees who can develop productive relationships, collaborate, and influence others to boost the performance of their colleagues and customers. That is, they deliver digital network performance. | ● Collaboration  
  ● Building Relationships  
  ● Influence |
| Execution Excellence                     | The pressure for sustained top-line and bottom line financial growth of digital businesses requires employees and leaders who are action-oriented, decisive, pragmatic, and efficient in achieving their performance goals and objectives. | ● Decision Making  
  ● Planning and Organizing  
  ● Delivering Results  
  ● Initiative |

* From SHL’s Universal Competency Framework™.
Certainly, there is no shortage of terms and phrases du jour for referring to digitally proficient talent—digital readiness, digital dexterity, digital aptitude, or digital savviness, to mention a few.\textsuperscript{xii} However, a short examination of the skills and competencies they encompass will reveal they are largely the same. In addition to a set of technologically-oriented skills, these profiles consist of competencies previously known and shown to drive the performance of most employees: complex problem-solving, creative thinking, cognitive abilities, social skills, and process skills. They are often made more relevant by referencing a more modern vocabulary such “agility” and “intelligence”\textsuperscript{xiii}

We use the lens of digital talent objectives to put these long-standing skills and competencies in perspective when assessing the impact of digitalization on employees and leaders. The objectives all start with the most critical digital contexts (inside and outside organizations) and then illustrate why and how these competencies drive productivity in those contexts. Below we describe in more detail why these digital talent objectives matter.

**Continuous Learning and Innovation**

Continuous Learning and Innovation is the digital talent priority borne out of the unrelenting pace of change in digital business environments. Organizations are constantly changing: 98% of employees report significant changes to their business in the past four years. Most of the jobs that people have and the products and services their organizations provide today will be markedly different three to four years from now. Digitally proficient employees must not only keep up with and adapt to change, but also drive change toward high levels of performance.

In the language of SHL’s Universal Competency Framework\textsuperscript{™}, the primary competencies employees need to perform against this priority include: 1) learning, 2) adaptability, 3) creativity and innovation, and 4) strategic thinking. In a context of frequent change, ambiguity, and uncertainty, the digitally proficient employee efficiently acquires new knowledge and learns new skills, can work productively in uncertain environments, embraces and adapts to change, and anticipates and reflects on new experiences.

This employee also uses what they've learned to apply original and innovative thinking to produce new ideas and create innovative products and processes, question assumptions, and imagine future possibilities. He or she thinks strategically (within his/her area of influence) and broadly, considers issues that drive performance today and in the future, proactively seeks opportunities to introduce change, and develops strategies to achieve critical outcomes.

**Insightful Analytics**

The optimal use of data and information is the objective most likely to come to mind when considering what digitally-proficient employees need to achieve. It's almost a given that it should be included in any model or perspective of digital talent. The explosion of new digital tools and the exponential growth of data and information has already been mentioned (and well-documented elsewhere). For example, the World Economic Forum predicts that, by 2022, 85% of respondents are likely or very likely to have expanded their adoption of big data analytics.\textsuperscript{xx} Many models operate with the assumption that these new tools and types of data require entirely new types of employees. Certainly, their form and nature have been, and are, rapidly evolving.

However, the call for new competencies for working with technology, information, and data goes back many decades. In fact, the concept of “information literacy” was first termed as far back as 1974. This early definition focused on the ability to apply techniques and skills to obtain and use information in applied work situations and for solving problems. In the 1980s, definitions of
information literacy further evolved and began to reference the proliferating information and communication technologies of the time.\textsuperscript{xvi} Likewise, the importance of “data literacy”, another synonymous term, was identified over 35 years ago. Over time, as technologies became increasing digital (instead of mechanical or analog), the language has drifted toward terms like “digital literacy”. Paul Gilster introduced the concept of digital literacy as it is currently understood in 1997 simply as the “ability to understand and to use information from a variety of digital sources.”\textsuperscript{xvii} More recently, the American Library Association formalized the definition of digital literacy as “the ability to use information and communication technologies to find, evaluate, create, and communicate information, requiring both cognitive and technical skills.”\textsuperscript{xviii}

The primary competencies employees need to perform against this priority are: 1) applying expertise and technology and 2) critical thinking. An employee who performs well on the first competency is able to use information and communication technologies to identify, find, evaluate, create, and communicate information. This person quickly combines and organizes information into clear patterns. To succeed in this area, however, employees need more than the ability to process information; they need higher order capabilities to apply judgment to and draw insights from the technologies and information. In other words, they need critical thinking. The employee who is proficient at this competency differentiates between relevant and irrelevant data points, identifies underlying relationships, causes, and effects, and combines pieces of information to form conclusions or general rules. This person can systematically and analytically challenge data and use judgment to counterbalance against his or her own intuition.

**Network Performance**

The digital talent objective involving Network Performance is probably the broadest, but also most overlooked area for success in the digital business environment. It’s easily taken for granted, since nearly every job requires some interaction with other individuals, whether inside or outside an organization. However, the digital environment places even greater emphasis on leveraging relationships. Much like the services digital businesses offer, the work activities and processes of these organizations are heavily interconnected or networked. It places a premium on network-driven performance that relies on the contributions employees make to help one another accomplish their tasks. Network performance has been shown by SHL and Gartner research to increase exponentially the more people, systems, and processes are connected.\textsuperscript{xix}

**Figure 2: Relative Importance of Network Performance for Business Unit Profitability**

![Network Performance Chart](chart.png)

\begin{align*}
n (2002) &= 13,047; \quad n (2012) = 23,339 \\
\text{Source: Gartner 2002 Corporate Leadership Performance Survey, Gartner 2012 Corporate Leadership Council High Performance Survey.}
\end{align*}
The primary competencies employees need to perform against this priority include: 1) collaboration, 2) building relationships, 3) influence, and 4) communication. An individual who is digitally proficient promotes cooperation, knows when to step into a team leadership role, and encourages others' contributions. This person creates new relationships quickly and confidently, effectively manages conflict, accepts and appreciates other people, promotes diversity, and consults, listens and understands others.

At the same time, this priority is not only about getting along with others, but also about getting things done. The digital high performer explains complex and technical issues to others in a manner that is easily understood, authoritative and actionable for the business. He or she establishes credibility, uses compelling insights to appeal to others and persuade them to adopt a different point of view, and negotiates to gain agreement from others to achieve desired outcomes.

**Execution Excellence**

Execution Excellence may seem to be an odd priority for digital talent. After all, in which environments and business would execution not be a priority? Execution ranks high in almost any organization, but it’s especially difficult and important in a digital business environment. All three of the objectives above illustrate why execution is so challenging. These environments are dynamic, ambiguous, information-rich, and interconnected. Staying focused on delivering results is critical under any of these conditions. Yet, the level of competition and need for digital businesses to continuously match or outpace their competition shows no signs of diminishing. The pressure for continuous double-digit growth levels is enormous.

Our research shows that the primary competencies required for a strong execution focus are: 1) decision making and 2) planning and organizing. An effective decision maker is an individual who considers the relative costs and benefits of different actions to choose the most appropriate one, acts decisively, takes accountability for outcomes even when things go wrong, and is comfortable making difficult decisions. Once decisions are made, the digitally proficient employee breaks down work into manageable activities, prioritizes those activities, develops detailed plans, makes progress against deadlines while working on several activities simultaneously. He or she gets the job done, whether alone or, as mentioned earlier, through others.

**Special Focus: Digital Leaders**

How about leaders? Does the digital business environment create the same requirements for leaders? The need for great leadership is higher than ever, yet most leaders are failing to deliver. Only 13% of HR leaders report that their organizations have strong leadership benches to address future competitive pressures. Nowhere is competitive pressure higher than in the arena of digital products and services. And, according to SHL research, two-thirds of leaders are not adapting quickly enough to meet their strategic or business goals.

We recently conducted one of the largest and most comprehensive studies of what predicts leader success in today's work environment and found that the ideal mix of attributes to drive leader success depends on the situation and the contextual challenges they will face in their role. This award-winning research uncovered contextual leadership challenges critical to making or breaking leaders' performance – and that leaders with certain attributes are likely to be more
successful with some challenges and less with others. Depending on the business and the type of digitalization, many of those contextual challenges will be particularly relevant to the performance of its leaders. These include challenges such as:

- Deliver Rapidly Changing Products, Services, and Processes
- Achieve Growth Through Innovation
- Drive Creativity and Innovation
- Design and Drive New Strategies
- Deliver in High Risk-Taking Contexts
- Deliver in Highly Uncertain, Ambiguous Contexts

Further, our research has found that, if organizations match leaders to the digital challenges they face, they are able to predict, with up to 3x more certainty, which leaders will succeed. When assessing leader potential for making near-term placement and development decisions in particular, applying a contextual lens is key to overcoming leader underperformance in digital businesses.

What about the four digital talent objectives? Do they apply to leaders also? Yes, but not in exactly the same way as the rest of the workforce. First, it is important to recognize that leaders need to effectively manage others who are digitally proficient and enable the teams they lead to succeed in high change environments. In that regard, they must help attract, retain, and manage employees who will be effective in those areas. Leaders also make many of the investment decisions around the digital technologies their teams use to collaborate and accomplish their work.

Second, while all four digital talent objectives matter for leaders themselves, Network Performance is the objective of greatest importance for their own success since their work is largely about building, enhancing, and managing relationships inside and outside their organizations. SHL and Gartner research has identified leaders who perform well in this area as “Enterprise Leaders” for their ability to contribute to, and use the contributions of, other leaders and their own teams. As shown in Figure 3, Enterprise Leaders are significantly more likely to be strong performers in highly digital environments (83% of these leaders are considered “superior performers”, on average across organizations).

Figure 3: Percentage of Leaders Achieving Superior Performance in a High Digital Environment.

Note: superior performance = leaders receiving score of 4 or higher on a scale 1-5; combined manager and team ratings.

Enterprise Leaders deliver the results their organizations need to achieve their digital growth goals. They can boost business unit revenue growth rates of up to 12%, improve customer satisfaction by 20%, and increase innovation by 68%.
Ensuring Digitally Proficient Talent

All organizations need to ensure that they have high-performing digitally proficient talent that will enable them to achieve both today's and tomorrow's business objectives. While this may seem to be a daunting task, it can be done when the necessary building blocks are in place. And, the good news is that these building blocks in many ways are the same investments and resources that have been essential in the past. The following are the most important steps for implementing the necessary building blocks:

Step 1: Identify the Contexts of Your Digital Business Environment

The digital business environment poses different contextual challenges for each organization. Begin by getting a clear view of the digital contexts in which employees and leaders in your organization need to perform. These are usually defined by the digital business model and strategies of your organization. Most roles will share similar contexts because they encompass the entire organization; some roles will have a specific set of contexts unique to their particular objectives. Contexts do change occasionally, but the most important ones (such as your industry sector) don't change very often.

Step 2: Determine the Competencies for Your Digital Contexts

Earlier we identified the competencies required to succeed against the four digital talent objectives. Although they will be relevant for nearly every role in your organization, the relative importance of each will vary according to the contexts that matter for each role. This is nothing more than doing a good job analysis for your roles. Ensure that the job analysis is grounded in a strong competency model that defines what makes for good talent in any given role, function, or geography and is proven to drive business outcomes. The competency model should also allow you to compare talent across roles within your organization, and benchmark them against talent in your industry and labor markets. (For Digital Leaders, see the SHL and Gartner Enterprise Leadership Model for an existing framework aligned with the competencies for Digital Proficiency.)

Step 3: Identify, Assess, Select, Develop, and Accelerate Your Digital Talent

Design and implement talent management strategies, processes, and systems to enable your employees to perform in your digital environment. Constantly changing business priorities and work environments call for processes and tools that are nimble and flexible to help your employees be equally nimble and flexible. Invest in assessment and development solutions that can continually align and adapt employees and processes to changing work requirements, provide precise data-driven insights, and yield demonstrable results. Objectively assess each person in a holistic way, looking at their potential, experience, behaviors and readiness for each contextual challenge, while providing a terrific user experience.

Step 4: Measure and Demonstrate Business Impact

Don't overlook the need to identify the business objectives of each strategy and track the business impact of the solutions you implemented in the previous step. Use analytics to expand beyond a static view of key metrics, trouble spots and year-over-year comparisons and determine exactly where and when to focus efforts to improve the business. Invest in teams that have the necessary quantitative and statistical skills and are experts at using predictive people data. Then, translate the results into narratives or stories that are framed around actual business strategies and connected to real decisions and actions.
The Digital Era is Now

In today's innovation-focused, increasingly digital world, organizations need employees and leaders who are digitally proficient. They don't need “new” talent per se, but people who can apply their skills and competencies to new digital contexts. These individuals can work with information, analyze themes and trends, and contextualize and propose solutions. They have critical thinking skills as well as the ability to collaborate, communicate and work effectively in nimble, cross-functional teams. They are network performers focused on excellent execution and producing results.

The importance and urgency of ensuring that your digitally proficient talent is productive and driving business growth should not be underestimated. The digital era is already here. And, the cost of poor people decisions can be significant. Bad hires can cost up to several times their actual salary—when taking into consideration lost productivity, the negative impact on their peers and teams, and their heightened likelihood of turnover. Even just 10 bad leader placement decisions can cost organizations well over $1 million each year. The key to making high ROI people decisions and realizing the value of digitally proficient talent is moving from human judgment and intuition to objective, science-based people insight.

About SHL

SHL is the global leader in talent innovation, helping companies transform productivity through deeper people insight. Powering the future of business, our data and tools are proven to drive stronger, more sustainable business outcomes. Our assessment science, benchmark data, and analytics empower leaders and their teams to make confident, data-driven people decisions, when it matters most – transforming the way organizations recruit, manage, and develop talent. With 40 years of talent expertise, SHL is a trusted technology partner to more than 10,000 companies worldwide. We work with companies of all sizes in every industry across more than 150 countries, including 50% of the Fortune Global 500 and 80% of the FTSE 100.
## Appendix: UCF Competency Mapping

The following table provides a complete mapping of the Digital Talent Objectives to the Universal Competency Framework™ (UCF) dimensions.

<table>
<thead>
<tr>
<th>Digital Talent Objectives</th>
<th>Primary UCF Competencies</th>
<th>Description of Competencies</th>
</tr>
</thead>
<tbody>
<tr>
<td>Continuous Learning and Innovation</td>
<td>Learning, Creativity and Innovation, Strategic Thinking, Adaptability</td>
<td>Efficiently acquires new knowledge and learns new skills; can work productively in uncertain environments where roles and work are not clearly defined; finds opportunities in ambiguity; embraces and can adapt to change, and remains calm during periods of uncertainty; leans on credible sources to anticipate, act against, and reflect on past experiences within the organization. Applies original and innovative thinking to produce new ideas and create innovative products; questions assumptions and imagines future possibilities. Thinks broadly and considers important issues that impact success today and in the future; proactively seeks opportunities to introduce change; develops strategies to achieve critical outcomes.</td>
</tr>
<tr>
<td>Insightful Analytics</td>
<td>Applying Expertise and Technology, Critical Thinking</td>
<td>Is able to use information and communication technologies to identify, find, evaluate, create, and communicate information. Quickly combines and organizes information into meaningful patterns, differentiates key elements from the irrelevant, identifies underlying relationships, causes, and effects, and combines pieces of information to form conclusions or general rules; can systematically and analytically challenge data and use judgment to counterbalance against his or her own intuition.</td>
</tr>
<tr>
<td>Network Performance</td>
<td>Collaboration, Building Relationships, Influence, Communication (Oral and Written)</td>
<td>Promotes and facilitates coordination and cooperation among individuals; possesses knowledge of others’ work; creates new value for the organization by encouraging others’ contributions. Prioritises meeting customer needs. Creates relationships with new acquaintances quickly and confidently. Adapts approach to interact effectively with others; effectively manages conflict; helps others succeed. Accepts and appreciates other people; demonstrates courtesy and compassion; supports, encourages, and thanks others; consults, listens and understands others; promotes diversity and builds morale, team spirit, and collaboration. Conveys complex and technical issues to diverse audiences, orally and in writing, in a manner that is easily understood, authoritative, and actionable for the business; actively listens to others’ input. Establishes credibility and uses compelling insights to appeal to others’ needs and persuade them to a different point of view; navigates political situations and negotiates to gain agreement from others and achieve desired outcomes.</td>
</tr>
<tr>
<td>Execution Excellence</td>
<td>Decision Making, Planning and Organizing, Delivering Results, Initiative</td>
<td>Considers the relative costs and benefits of potential actions to choose the most appropriate one, acts decisively and swiftly, takes on responsible roles and accountability for outcomes even when things go wrong, and is comfortable making difficult decisions. Breaks down work into manageable parts, assesses the priority and time required to complete each part; develops detailed plans, completes tasks in logical order, and delivers work products on time; monitors progress against deadlines; is able to work on several tasks simultaneously and pay attention to various sources of information at once. Invests effort into achieving work goals, works well without supervision, and seeks additional work and proactively takes on new responsibilities.</td>
</tr>
</tbody>
</table>
7 Gartner, Developing Senior Leaders for the New Work Environment, 2014.