Managing Talent for Digital

Emergent Research Forum Paper

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Abstract

Recruiting, retaining and managing digital talent is a critical challenge particularly for large, established companies that approach talent management in traditional ways. In this paper, we discuss preliminary findings from our ongoing research that examines this challenge and explores new models of managing digital talent in a world where these skills are so critical to the success of companies. We draw on existing literature and our interviews with talent management leaders in companies to develop a new framework with four talent management models. We describe our preliminary finding that high-performing companies transition to two emerging talent management models – Architecting and Curating – by building relational capabilities, which are facilitated by the design and management of digital workplaces.

Keywords

Digital talent, talent management, FTE, hybrid, contingent, transactional, relational, digital workplace

Introduction

Digital technologies are changing how business is conducted. To leverage the opportunities of new technologies and react to digital disruption of traditional industries, companies reevaluate existing business models to offer innovative, seamless customer experiences and integrated solutions (Weill and Woerner 2017). This paper proposes a new framework to help us understand the challenges of engaging with the digital talent. These new relationships with the key people needed to build digital capabilities have implications for workplace design, which we will examine in our ongoing research.

High-performing companies have recognized the necessity to transform the employee experience of day-to-day interactions with each other, customers, and information. They invest heavily in designing new ‘digital workplaces’ that are highly connected and continuously improved by dedicated leadership. With workplace design, companies transform the employee experience by reducing complexity and establishing new behavioral norms (Dery et al. 2016). In the companies we studied, we identified an important contextual factor for workplace design: management of digital talent. The talent required to deliver outstanding customer experience is in high demand and critical to success, but large, established companies with traditional ways of working struggle to recruit and retain this talent.

Traditional companies typically define talent management as the “…strategies and protocols for the systematic attraction, identification, development, and deployment of individuals with high potential who are of particular value to an organization” (Tansley and Sempik 2008). Talent management is critical for the realization of organizations’ strategic objectives (Collings and Mellahi 2009), the ability to architect and sustain a knowledge base and to create and implement digital innovation (Whelan et al. 2011). Organizations have, in the past, regularly used outsourcing models with both large vendors and smaller technology entrepreneurs to supplement skills and upscale labor in IT units (Mocker et al. 2013). These relationships were used to control costs, facilitate variable staffing requirements, supplement skill requirements, improve service quality, and focus the Chief Information Officer (CIO) on strategic IT issues. Traditional FTE and outsourcing models are typically managed with transactional levers - contractual obligations and KPI’s, and talent management literature has in the past focused on the employment relationship as an economic exchange (Tansley et al. 2013).
In recent times, however, we have seen fundamental shifts in the labor market that require new approaches to talent management and workplaces. Digital talent that companies so desperately need, particularly in user experience, customer experience and data analytics, is in short supply, transferable across industries, and wants non-traditional relationships with their employing organizations (Younger et al. 2016). U.S. labor statistics suggest that up to 35 percent of the current top college graduates work in the gig economy and pursue freelance relationships with companies. This number could be as high as 50 percent by 2020 (New Study 2016). Top college graduates who choose a contingent work model in the digital space have different expectations of the relationships with organizations they contract with.

The shift in the availability and expectations of digital talent poses significant challenges for traditional talent management approaches and associated workplace designs. Prevalent transactional models of talent management are designed around collective approaches to full time careers where people are grouped into traditional categories such as: top graduates, junior leadership, potential partners (Tansley and Tietze 2013). Recognizing the limitations of traditional FTE and outsourcing models and associated career paths, companies are building new talent management capabilities that seek to more effectively engage the digital talent that they so badly need to execute their digital strategies.

Many companies in our study recognized a close relationship between transforming talent management for digital, designing a digital workplace and reevaluating employee experience. To help companies master the increasingly challenging task to recruit and manage digital talent, our study therefore explores the following research questions:

1) How do large, traditional companies manage digital talent?

2) How does workplace design enable and constrain transitioning to new talent management models?

We have identified four talent management models that differ based on talent management approach (i.e., FTE or hybrid/contingent) and talent management capabilities (i.e., transactional or relational). This paper describes each of these models. We then discuss preliminary findings of how companies transition to new talent management models, and how digital workplace design supports and enables this transition.

About this Research

This research is part of an ongoing research program on how high-performing companies build effective workplaces to drive performance in the digital era. From 2015 to 2016, we conducted semi-structured interviews with 63 executives at 27 large, global organizations that were implementing digital workplaces. We developed a typology of workplace design that informed this paper (Dery et al 2015). In 2016/20017, we analyzed a survey about digital workplace practices (2011 to 2014, n=313) and conducted a new survey (n=281) to test relationships between workplace design, employee experience and organizational performance (Dery et al. 2016). An emerging theme in research was the need to engage with digital talent in new ways. The literature on talent management did little to provide a lens on how to design effective workplaces for a mixed FTE and contingent workforce in a highly competitive market for digital talent. The next phase of this research has therefore been to understand the challenges for large, established firms and develop a framework of talent management models for digital.

Four Talent Management Models

Among the companies that participated in our research study, we identified differences between approaches to managing talent (traditional FTE versus hybrid FTE and contingent) and between companies’ existing capabilities for managing talent (transactional versus relational). When combined we were able to visualize four talent management models with very different principles of organizing talent. Figure 1 visualizes the four different talent management models: aligning, orchestrating, architecting and
curating. In the following section, we introduce these models and discuss findings on their characteristics and challenges. In the next section, we suggest that transitioning to new talent management models, which large, traditional companies will need to do to attract and retain digital talent, requires building a digital workplace.

![Figure 1. Four Talent Management Models](image)

**Traditional Talent Management Models: Enacting Transactional Capabilities**

The vast majority of companies in our sample (64 percent) utilized traditional FTE and outsourcing talent management models that rely on transactional talent management capabilities. These capabilities are characterized by the focus on efficiently matching requirements with skills, and managing matched talent within given silos, career tracks and contracts.

**Aligning**

Many large, traditional companies in our study (32 percent) described an FTE approach to talent management that seeks to deliver value by matching job requirements with requisite skills and capabilities (lower left quadrant of Figure 1). Companies that utilized such an Aligning model tended to focus on operational talent management efforts - ensuring efficiency and immediacy of matching identified gaps with talent for traditional career tracks. These companies acknowledged the existence of contingent talent management approaches but were committed to a traditional FTE model. They had not yet experienced a significant impact of digital disruption, or they started to recognize talent shortages and were on the cusp of moving unwillingly into more hybrid approaches.

**Orchestrating**

Although most companies in our sample had a strong preference for FTE approaches, many were forced to transition to hybrid approaches (lower right quadrant in Figure 1), due to skill shortages, hiring restrictions (particularly in government agencies and banks), and employment preferences of highly skilled digital talent. Companies that had transitioned to an Orchestrating model (32 percent) varied in their ratios of FTE to freelancers, but most supplemented FTE talent with freelancers to execute the digital strategy within increasingly urgent delivery schedules.

We describe the talent management approaches of this quadrant as “Orchestrating” as we observed these companies plugging in contingent talent with digital skills where needed (particularly around CX/UX, data management and analytics, and developers), similar to traditional outsourcing models. These
companies focused on creating organizational flexibility to upsize, downsize, and add skills to teams and departments as needed.

While orchestration models increased flexibility, implementation presented many challenges. As large, traditional companies tried to accommodate digital talent, HR management practices like onboarding, training, and career development were challenged. Companies struggled with embedding contingent talent into the existing organizational culture, enabling access to systems, people and ideas for effective contributions, and managing expectations for contemporary, flexible work environments.

**Emerging Talent Management Models for Digital: Building Relational Capabilities**

Many companies in our sample aspired to transition to relational talent management models. Companies that successfully transitioned to such models (36 percent) prioritized building high-quality relationships. These companies were equally concerned with skill gaps and with recruiting and developing people who were aligned with their cultural priorities. They focused on attracting and retaining digital talent by offering strong relationships of shared knowledge, shared goals and mutual respect, creating a basis for relational (Gittell et al. 2010) rather than transactional coordination. In relational talent management models, companies enabled employees to build value for themselves and the organization. Talent management is done with rather than to the employee (Ward et al., 2011).

**Architecting**

Some digital born and traditional companies in our sample (21 percent) had developed relational talent management capabilities for engaging digital talent in new, personalized ways, within their FTE approach. Companies that pursued an *Architecting* model (upper left quadrant of Figure 1) focused on working collaboratively in new ways and enabling employees to pursue personalized development. They architected their workforce by co-designing careers and supporting self-directed learning programs. The relationship with talent emphasized mutual benefits, with a clearly articulated set of behavioral objectives around their cultural imperatives. People management policies with a relational focus tended to be more innovative and supported activities such as unpaid breaks to pursue other work interests, dedicated alumni management, and time allocated for social responsibility activities.

Companies that developed such relational talent management capabilities typically had even more of a preference for FTE models than those with transactional talent management capabilities, because they pursued high-quality relationships with greater transparency. Many companies openly shared strategic information with employees and relied on a commitment to keep sensitive information secure. These organizations were typically more attractive to highly skilled digital talent, and were often considered “magnet” companies. Therefore, they did not have the same pressures to transition to hybrid approaches. However, we did observe challenges that forced companies with Architecting models to consider hybrid approaches. They began to suffer due to their success - their highly competitive talent became very “poachable” by other companies, and individuals wanted to explore their skills in the start-up world.

**Curating**

As companies with relational talent management capabilities transitioned to hybrid approaches to talent management (upper right quadrant of Figure 1), they developed a *Curating* model that focused on flexible employment and engaging digital talent in team culture. Very few companies in our study (14 percent) had transitioned to a Curating model. All were born digital, had innovation at their core, and operated in business environments where the skills of their core talent were in high demand. Companies in this quadrant were often at the edge of digital innovation where they needed additional (and often specialist) skills to deliver new digital solutions. They utilized freelancer talent to both supplement skill gaps and educate FTE employees, and supported FTE employees to pursue start-up projects. They developed innovative ways of framing the employment contract and engage contingent talent.

Distinct from Orchestrators, they had developed highly connected workplaces (e.g., systems, social networks, physical space) to enable freelancers to engage with teams as seamlessly as possible. A distinguishing characteristic was the focus on integration and knowledge exchange between freelancers...
and FTE community, with activities that ranged from informal learning to dedicated coaching and education as part of contingent contracts.

Rather than lose their highly prized talent in pursuit of start-up interests, these companies deployed flexible models to retain them. For example, they created innovation hubs where employees could work on their start-ups while maintaining the relationship with the organization. They supported work in co-working hubs and enabled employees to actively engage in project work within these communities.

Companies with relational talent management capabilities and hybrid talent pools curated talent in groups and teams, emphasizing high mobility of talent across organizational silos. These companies tended to focus on smaller units (teams) rather than organizational culture, to integrate contingent talent effectively in seamless, resilient relationships. They supported individualized and self-directed approaches to career management, learning and development, and provided a workplace and technology toolkit designed to enable them to do their best possible work.

**Next Steps: Talent Management and Workplace Design**

In 2017, our research will focus on the implications of the talent management models for workplace design. In particular we will study what it takes to transition from one talent management model to another. We will examine how companies utilize two critical dimensions of the digital workplace – employee connectedness and responsive leadership – differently in talent management models (Dery et al. 2016). We will explore an emerging theme of a ‘zigzag’ pattern, which we have observed among companies in our research study. As companies strive for an Architecting model, they create digital workplaces and relational talent management capabilities that make talent highly competitive, necessitating further transition to a Curating model. We will focus data collection on IT units, where challenges around attracting and retaining highly skilled digital talent are particularly acute. At AMCIS 2017, we will present our new findings regarding the four talent management models and the characteristics of digital workplaces that enable companies to transition to relational models.

**REFERENCES**


