

BIG IDEA: DIGITAL LEADERSHIP

The Talent Imperative in Digital Business

MIT Sloan Management Review's 2015 Digital Business Report is clear: Go digital, or risk losing top talent.

Gerald C. Kane • September 09, 2015

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MIT Sloan Management Review's [2015 Report on Digital Business](#) revealed two surprising insights that have profound implications for your organization's digital initiatives.



A company's digital maturity may influence its ability to retain its best employees — even top management — who may be more likely to leave when an opportunity arises to join a digital leader, according to MIT Sloan Management Review's 2015 Digital Business Report.

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surprisingly high degree (80%) that they preferred for work for digital leaders. This result is not limited to Millennial employees, either; the percentage of employees who express preference for working for a digitally enabled company remains consistently above 70% for all age groups.

Second, fewer than half of all respondents indicated that they were satisfied with their organization's digital efforts. As might be expected, this result is strongly correlated with the organization's digital maturity — employees are least satisfied with those organizations that are digital laggards.

Digital Maturity and Talent Recruiting

Taken together, these results mean that your organization's efforts at digitization have a surprising outcome: It may influence your ability to attract and retain talent. Does this mean that employees will just quit their jobs because their companies are not digitally advanced enough? Probably not. Yet even if employees consider your company's digital maturity as only one factor among many when making employment decisions, the implications can be significant.

This finding shows that, all else being equal, employees who have multiple good opportunities will be more likely to choose digitally mature companies. Digital maturity

will therefore be an important factor in your organization's ability to attract top talent and compete. It also means that less digitally mature companies will likely have to pay a premium for that talent in order to overcome the disadvantage their lack of digital maturity imparts.

In short, being less digitally mature will cost you, one way or another: You either will have to pay more to get top talent, or you will find yourself losing out on the opportunity to hire key employees. An executive at a large pharmaceutical company, for example, indicated that his firm, which he did not consider to be a digital leader, was having difficulty recruiting because they consistently lost out to more digitally mature companies in the competition for top talent sought out by multiple companies.

Moreover, digital maturity may also influence your organization's ability to retain your best employees — even top management — who may be more likely to leave when an opportunity arises to join a digital leader. One executive at a leading agricultural company noted that he was frustrated at his own company's failure to recognize the threat posed by more digitally enabled competitors. He indicated that he would readily join one of these competitors if the opportunity arose.

Adding insult to injury, digital maturity also makes it easier for these competitors to find and poach top talent from less-mature firms. A generation ago, people had to actively search for jobs by circulating their resumes, or

else companies had to pay considerable money to recruiting firms. Today, LinkedIn puts your company's talent pool online in a format that's easily searchable by your competitors under the guise of "networking." Even if your top employees are not actively looking to leave, every employee with a LinkedIn profile is essentially on the job market all the time, poised to receive an attractive offer from a more digitally mature company searching for talent.

Why do employees want to work for digital leaders?

Some of this desire to work for digital leaders may result from the fact that digital sophistication is associated with future competitive advantage. Between 85–90% of respondents indicated that digital technologies are disrupting their industry, changing the way they work, and will be important for their business in coming years. Employees recognize that as the world becomes more digitized, companies who understand and can navigate this digital environment will be better poised to compete and survive in this future environment. It is only natural that employees will prefer to work for companies that they believe have strong growth prospects for the future, and digital maturity is an important part of that future growth.

Yet some of this effect may also result from an employee's desire to maximize his or her own efficiency

and productivity. Phil Simon, author of [*Message Not Received*](#), notes that email has become more of a burden than a help at most companies. He notes that the amount of email exchanged at most companies “is not sustainable. Because employees receive so much email, they sometimes forget to do something they were supposed to do. More projects, deadlines, and tasks will fall between the cracks.”

What employee *wouldn't* want to work for a company that is working toward limiting the administrative crush created by email? Many companies are increasingly using more sophisticated digital tools as a way to collaborate more effectively. For example, the German chemical company BASF found that project groups increased their efficiency by 25% by switching to a social media tool for collaboration, rather than email. The efficiency gains largely came from an improved ability to handle employee turnover on project teams. Since the entire digital record of team interactions was preserved and available, rather than locked up in email, new members were able to get up to speed much faster.

Other companies are making active steps toward making their company more digitally friendly to its employees. Steve Milovich, chief HR officer of Disney, realized that while his company was a real digital leader when it comes to interacting with customers, it lagged when it came to interacting digitally with its own employees. He noted the irony that the only restaurant Disney employees couldn't order lunch from via a mobile

app was Disney's own onsite commissary. Milovich is actively leading efforts to help his company interact better with employees because he recognized it is a talent retention issue. One of Disney's first employee-focused digital initiatives? Talent retention, via creating a mobile app that makes it easier for Disney employees to apply for other jobs within the company.

What should you do about it?

Recognizing the talent implications of digital business is one thing, but what can you do to make your company more digital-friendly? One approach is to hire the requisite talent from technology or digitally mature companies to lead your own digital efforts. Many companies are doing just that, and — according to David Mathison of the CDO club — an increasing number of these technology executives hired in as chief digital officers are eventually becoming CEOs of those companies.

Yet it may also simply mean listening more closely to those in your own organization clamoring for digital change and creating opportunities for these people to succeed. The agribusiness executive who says he is tempted to leave has been raising the alarm over the importance of increased digitization for years, only to be rebuffed by managers. I suspect this experience is common. Our report found that 75% of respondents saw

digitization as an opportunity, while only 25% saw it as a threat — a ratio that is a logical impossibility.

Contrast the agribusiness rebuff with the response Steve Milovich received when he raised similar concerns within Disney. His warning was heeded, and he was given the opportunity and the resources to begin experimenting with ways to make his company more digitally friendly to its employees. The answer may simply be in freeing up your existing talent to lead your company into a digital future.

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