



Perspectives

# Talent: Aligning the ‘how’ with the ‘who’

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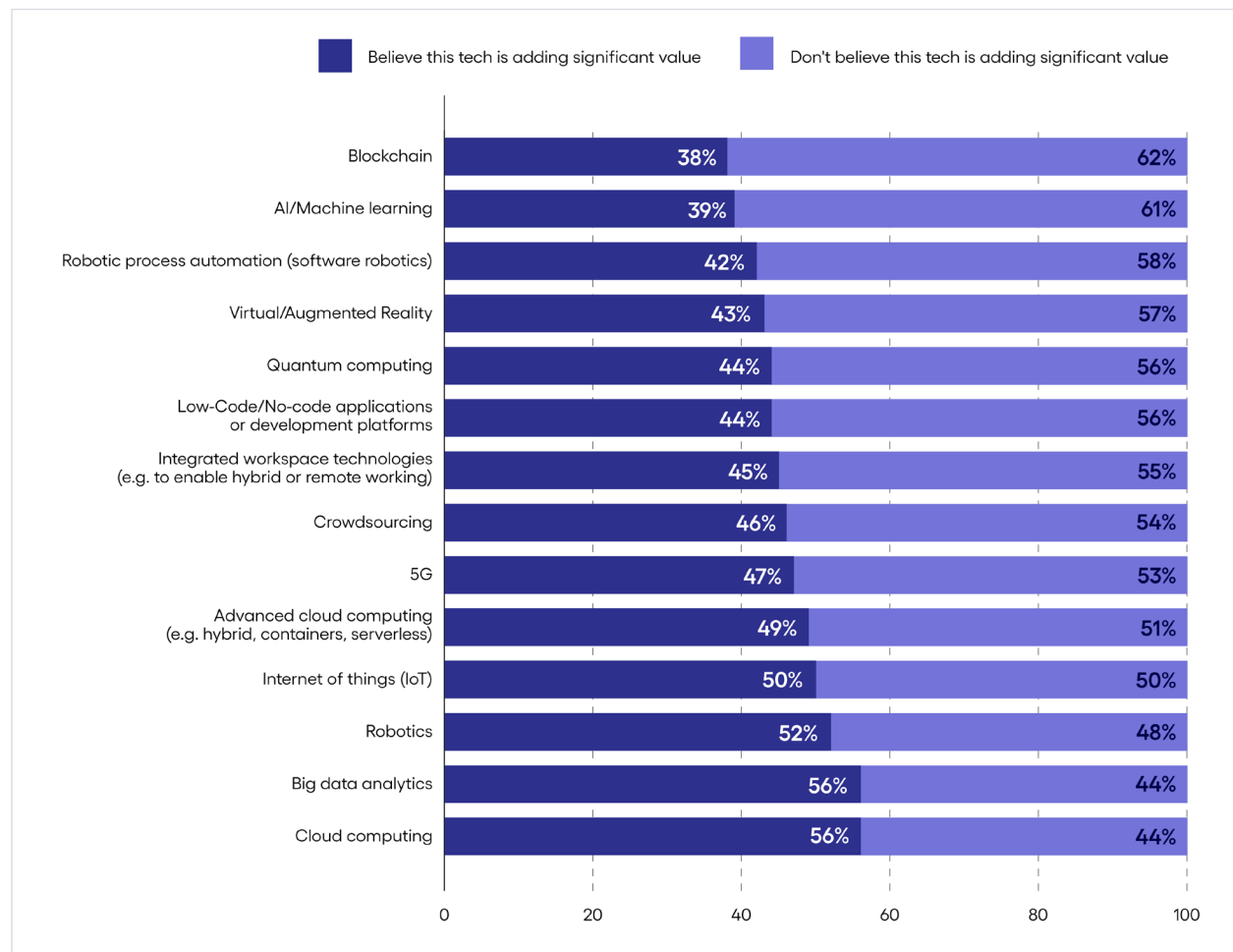
Technology is just one component of being future-ready. According to an Economist Impact study commissioned by Cognizant, getting the full value from these initiatives will require senior leaders to amp up the other side of the equation: the people who make these technology-driven initiatives work.

After two years of pandemic-induced digital investment, companies are now seeking to convert their digital transformation efforts into being [ready for anything](#). But while business leaders are convinced technology is key to preparing for the future, according to a recent Economist Impact study supported by Cognizant, respondents seem less interested in what it will take to unlock the full potential of that technology: an engaged and digital-first workforce.

This oversight is a likely contributor to hampered returns on digital investments. Figure 1 shows that even core technologies such as cloud computing fail to deliver significant value to nearly half of businesses. It's simplistic to suggest the cause is solely a failure to adequately invest in training, skills development and the overall employee experience. Yet the imbalance between investment in tech and in people is certainly a contributing factor.

## Technology's potential stunted by under-investment in talent

Respondents were asked to what extent the following technologies and methodologies already adopted by their business are delivering strategic value to their operations. (Percentage of respondents who advised each technology is, or is not, providing significant value to their business)



Response base: 2,000 senior executives

Source: Economist Impact Survey 2022

Figure 1

Engaged, motivated and satisfied employees are key to making a business future-ready. However, that belief doesn't show up on a list of business-critical priorities for half of respondents. In order to meet the needs of the modern business, particularly as new complex technologies fundamentally change the world of work, it's time to focus on talent and the employee experience as vital components of any business strategy.

## The real value of tech initiatives

In the race to scale and maintain competitiveness, companies have done a great job of focusing on the “how.” Study respondents embraced a range of [technologies](#); more than half have adopted or plan to adopt every technology system or tool listed. But when it comes to the purpose of digital transformation efforts—such as streamlining processes, cutting costs and innovating business models—there's a human element that's tied to enhancing the employee experience.

For example, streamlining processes through automation frees up time and energy that employees can dedicate to higher order activities like decision making. Cutting costs takes pressure out of the system and improves organizational harmony. Within a more cohesive corporate environment, teams can collaborate on value-added initiatives that produce net-new offerings that better serve customer interests, power experiences and meet their demands.

In short, a primary value of investing in technology is how these initiatives impact employees. This connection between technology and the promise it holds for the workforce should be clear in both corporate strategy and prioritized investments.

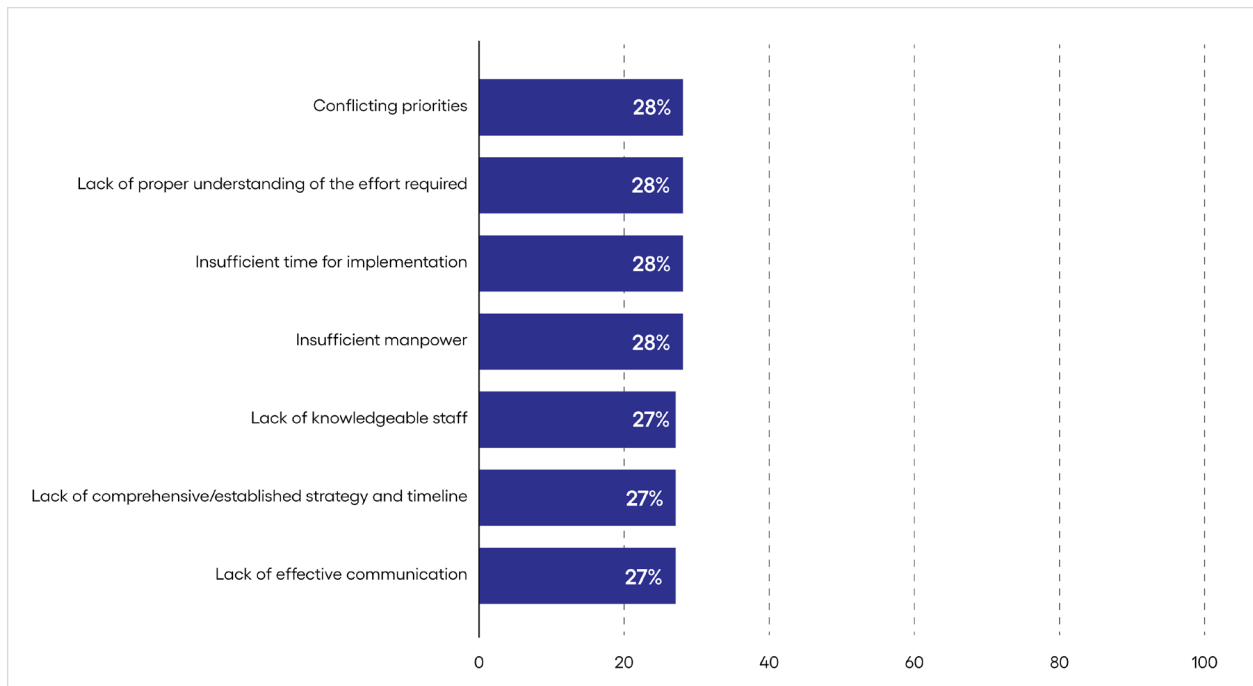
In the study, however, this connection isn't clear and may prove to be the next critical business challenge of our time. Executives reported two of the top challenges they face today are a lack of sufficient labor and a lack of knowledgeable staff (see Figure 2).

The research also reveals that these twin challenges are common among businesses of all sizes. It all points toward an accelerating competition for skills and a war for talent that hinges on not just compensation packages, perks and benefits, but also on employee satisfaction itself.



## Talent challenges plague the modern business

Respondents were asked what the most significant challenges were when implementing new processes, services and technologies in the past year. (Percentage of respondents selecting each challenge. Respondents were allowed to select up to five challenges)



Response base: 2,000 senior executives

Source: Economist Impact Survey 2022

Figure 2

## Fortifying all the links in the chain

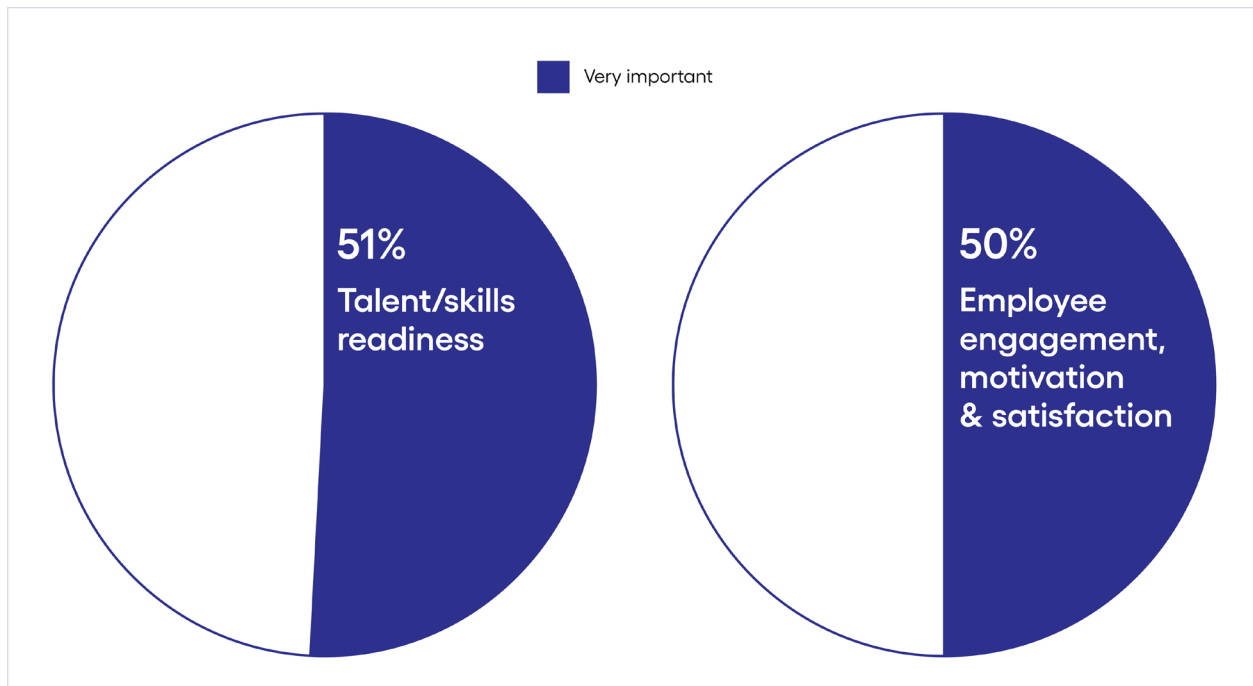
To realize the full return on value of their technology investments, businesses will need the skills required to implement, maintain and optimize these technology investments.

Yet the study shows that 46% of leaders do not fully believe they have access to those skills, which threatens to leave much of the promise of these advanced technologies unattained. And while business leaders show some understanding that employees are direct contributors to effective and efficient business operations, just half of respondents see employee engagement, motivation and satisfaction as critical to being a modern, future-ready business (see Figure 3).

This is a disappointing reminder that many leaders may hold reductive views of employees as simply costs to the business rather than the drivers of business operations. And it reinforces the disconnect among technology investment, employees and business impact because it undervalues employees as an input to business success. Currently, the human element is missing from this powerful equation, at scale.

## Just half of leaders see the connection between employees and business success

Respondents were asked how important the following topics are to being a modern business today. (Percentage of respondents selecting the option 'very important')



Response base: 2,000 senior leaders

Source: Economist Impact Survey 2022

Figure 3

The fact is, employee engagement is increasingly important to every business, if only from a cost and productivity perspective. [Gallup estimates](#) that disengaged employees—which it says includes two-thirds of the global workforce—cost their companies the equivalent of 18% of their annual salaries. It also estimates that disengaged employees cost the UK alone £52 billion to £70 billion in lost productivity—per year.

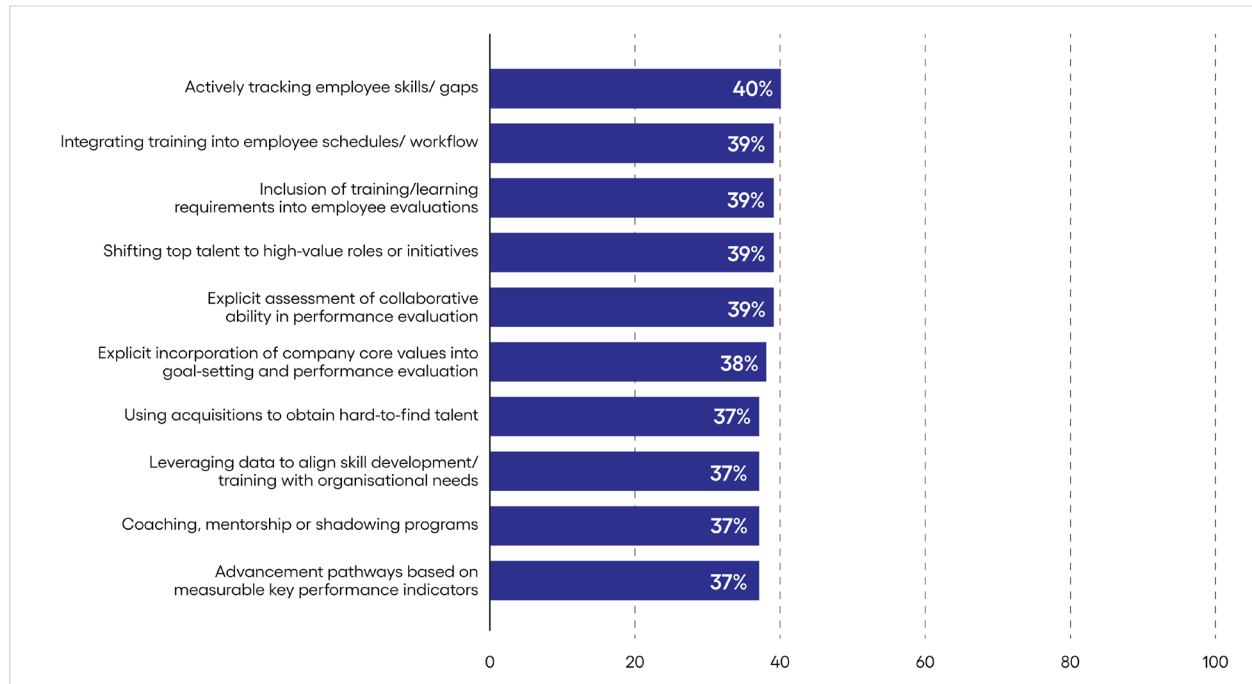
Forward-thinking companies are beginning to address both skills gaps and employee engagement within their workforces:

- Verizon offers a free upskilling program, [Skill Forward](#), that provides an on-ramp to multiple tech career pathways for people in several US cities.
- Google partners with Jobs for the Future to train low-income adults and prepare the next generation of workers for IT careers through its [IT Support Professional Certificate](#).
- Walmart provides its associates with free access to higher education and skills training through its [Live Better U](#) education program.

There is also an array of smaller endeavors that leaders can prioritize to prepare the work environment for employee success. However, the study reveals that talent cultivation efforts are sporadic in most enterprises. At most, any single initiative of the 10 presented in the survey is in place for just 40% of companies (see Figure 4).

## Sparse use of workforce enhancement practices

Respondents were asked which of the following initiatives to support talent cultivation they have implemented in their company. (Percentage of respondents who selecting each topic)



Response base: 2,000 senior leaders

Source: Economist Impact Survey 2022

Figure 4

Some of these practices, such as using acquisitions to obtain hard-to-find talent, can be challenging based on the size of the firm, the power of market leaders and the nature of the industry. However, many of them—such as coaching, mentoring and shadowing, advancement pathways based on measurable key performance indicators, and incorporating training in employee schedules or workflows—are well-known fundamentals for enhancing the workforce.

## Striking a balance between people and machines

In other reports, we have discussed the need to close the gap between technology and people—and focus on more closely aligning procurement decisions with the needs of workers. Businesses must also strike a balance between people and machines, by dedicating investment and resources to enhancing the employee experience and upskilling the workforce. To balance the equation between people and technology, organizations can reset their focus on the following:

- **See digital competencies as the prime competency in the modern business, starting with data literacy.** Greater levels of digital literacy need to be built out and scaled even among non-technologists. Reset how the organization uses data by establishing data “tribes,” with squads of data stewards, data engineers and data modelers swarming around a specific challenge. Institute a digital culture in which every employee is eager to use and apply these new data services within their roles. Tie it to consistent messaging from the top to ensure the strategy aligns with a business goal.

- **Begin a skills renaissance now, starting with determining which skills are currently available in the workforce.** Collect skills data to understand the real and experienced skills gaps of the organization. Use this data to build skills-based team profiles that map out skills gaps and troves. By comparing this map with the skills needed to achieve a future-ready state, organizations can create a cohesive plan for skills development and acquisition initiatives.
- **Get the full value out of tech initiatives by supporting the humans behind the machines.** Employees will continue to be the lynchpin for the success of the modern business. Consider identifying and implementing evidence-backed actions to improve the employee experience so that the promise of the organization's investment in technology has a chance to be realized. Find out what the organization knows about its employee experience, from onboarding to exiting, by locating and understanding employee data. Use this data to inform additional information gathering, strategy planning and implementation of appropriate best practices.

Ultimately, it's people who create the corporate culture and maintain the relationships that drive the business. It's people who power business operations—who are the connective tissue among teams and the insight fueling innovation. Without them, there is no business.

Leaders have an opportunity to impact employees by recognizing their real business value, highlighting the benefits of technology on the work environment, and investing to optimize the employee experience.

To learn more, read our report on [“How to be fit for the future”](#), or [contact us](#).

The views and opinions expressed in this report are those of Cognizant and do not necessarily reflect the view and policies of Economist Impact. Data presented is from an Economist Impact executive survey, commissioned by Cognizant, conducted in early 2022.



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#### World Headquarters

300 Frank W. Burr Blvd.  
Suite 36, 6th Floor  
Teaneck, NJ 07666 USA  
Phone: +1 201 801 0233  
Fax: +1 201 801 0243  
Toll Free: +1 888 937 3277

#### European Headquarters

1 Kingdom Street  
Paddington Central  
London W2 6BD England  
Phone: +44 (0) 20 7297 7600  
Fax: +44 (0) 20 7121 0102

#### India Operations Headquarters

#5/535 Old Mahabalipuram Road  
Okkiyam Pettai, Thoraiyakkam  
Chennai, 600 096 India  
Phone: +91 (0) 44 4209 6000  
Fax: +91 (0) 44 4209 6060

#### APAC Headquarters

1 Fusionopolis Link,  
Level 5 NEXUS@One-North,  
North Tower Singapore 138542  
Phone: + 65 6812 4000  
Fax: + 65 6324 4051