

Innovative Talent Management Practices in the Digital Era and Their Impact on Organisational Performance: An Empirical Study

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Abstract

As businesses face intense competition and rapid technological changes, effective talent management practices have become essential for attracting, developing, and retaining skilled employees. The paper looks into how innovative talent management can lead to improved employee engagement, productivity, and innovation, which are necessary for achieving organizational goals and eventually affect organizational performance. Aligning talent management with business goals enables organizations to make the most of their human resources, supporting growth and innovation. The use of technology in talent management also creates new opportunities to streamline processes and improve decision-making. Furthermore, organizations must confront issues such as skill shortages and the necessity of diversity and inclusion within the workforce. As organizations address these important areas, they can establish a strong talent management framework that is about adaptability and resilience. Understanding talent management as an important element for long-term success is essential for organizations that are working to excel in a constantly changing environment. People from HR department were surveyed to explore the Innovative Talent Management Practices in the Digital Era and their impact on organizational Performance and concludes that there is significant impact of Innovative Talent Management Practices on organizational performance.

Keywords: Talent Management, Employee Engagement, Organizational Performance, Digital Transformation, Human Resources

Introduction

Gone are the days when organizations were competing for just market shares, because today in this age of digital transformation, they are also racing to build a diverse workforce. Candidates are also looking for a workplace where talent is encouraged to grow, and where employees are seen as assets rather than mere automated machines. Now talent management sees that the true strength of any organization lies in its people. As technological advancements reshape industries and redefine job roles, the ability to attract, develop, and retain top talent has never been more important.

Effective talent management goes beyond traditional HR practices and has become a key factor in deciding the future of organizations. It calls for a multi-dimensional approach that brings recruitment, development, performance evaluation, and employee engagement together. The current workforce is diverse and dynamic, and people are not simply looking for jobs but they also need a purpose and growth opportunities. Organizations that understand this can take the necessary steps to create a committed workforce that can bring in sustainable success. The biggest challenge in talent management is aligning individual skills with organizational goals. The business world has become very competitive and therefore, organizations are pushed to ensure that their workforce

possesses the right skills to deal with the issues of today's market. Continuous learning and development have become vital as they help employees adapt to new technologies and changing industry trends. Organizations can create a sense of loyalty and commitment within the employees by investing in their growth and this will improve overall performance.

Creating a positive employee experience is also important as satisfaction and engagement are closely connected, and organizations that prioritize employee well-being are more likely to retain their top performers. An inclusive and supportive work environment, compensations, and growth opportunities contribute to employee satisfaction. As organizations need diverse teams to tackle complex challenges, collaboration as well as a culture of teamwork has become a necessity. Open communication, shared objectives, and mutual respect are factors that build collaboration and this helps organizations to utilize the collective strengths of their workforce. This synergy not only drives innovation but also improves problem-solving capabilities. When individuals feel valued, they are more inclined to invest their time and energy into the organization's success.

The connection between effective talent management and organizational performance is clear. Organizations with good talent management strategies often outperform their competitors. In a changing business environment, the relevance of talent management cannot be overstated. Talent management is not just a function of human resources but is a fundamental driver of organizational success in the digital age. The integration of effective talent management strategies can lead to better performance, increased employee satisfaction, and a competitive advantage. Prioritizing talent management will be essential for growth and success.

Literature Review

Talent management has become indispensable to organizational success in today's rapidly changing business environment. Companies are trying hard to get any kind of competitive edge, and they are recognizing the importance of attracting, developing, and retaining skilled employees. With advancements in technology and the rise of digital platforms, human resource management is also evolving. Organizations are now challenged to implement innovative practices that not only enhance employee performance but also align with their goals and vision.

Talent management is one of the most significant processes that affect organizational outcomes. They directly affect employees' performance in a way that lets organizations stay competitive. Current dynamics in the business world indicate that it is becoming difficult for organizations to attract and maintain employees with the right skills. Sourcing, development, and retention of talent if done well enhances the organization's strategies and goals. Employees respond to engagement by increasing work output and companies that focus on talent management reap the benefits in the long run. Employer branding and strategic approach to talent management have thus become necessary to retain top performers and for the same reason, talent management has become essential for growth (Hongal & Kinange, 2020).

The traditional approach to talent management is no longer effective since it is no longer confined to routine HR activities. It has become a strategic necessity now. However, the search for the right talent has become even more challenging as skills are evolving. This is because traditional methods cannot capture today's competencies and it requires innovative methods backed by technology. Companies need to focus on retaining employees by providing career growth, supportive work environments, and competitive pay. Phenomena such as the digitalization of business and the emergence of a gig economy have redefined talent management. As a result of this, businesses must make necessary changes in order to sustain themselves in the market (Groenewald et al., 2024).

Technology has disrupted the management of talent in organizations. Organizations now use tools such as big data and HR analytics to improve efficiency. These tools speed up the recruitment and talent management process and make them more efficient. Digital transformation also enables businesses to fight for talent across the globe to make organizations more flexible. In other words, using technology can help organizations enhance their engagement with the employees as well as enhance the productivity of their workforce. In this context, human capital becomes a strategic asset that can create a competitive advantage (Montero Guerra et al., 2023). Talent management is gradually shifting from an HR matter to becoming a major organizational concern. Although HR has always dealt with such matters as administration, talent management develops workforce capabilities to achieve organizational objectives. Digital transformation helps firms to meet needs by responding to them effectively. Today's HR professionals incorporate technology solutions in their organizations to support the career paths of their workforce, resulting in increased employee satisfaction, new approaches to recruiting, and improved

performance. Talent management practices must be consistent with long-term organizational objectives too, and the move to digital solutions has revolutionized the ways that organizations engage, nurture, and maintain employees (Trigunait & Taruna, 2020).

With regard to performance, talent management, and digital innovation are keys for industries during the shift towards Industry 4.0. Employee performance data from PT Pertamina RU-VI Balongan reveals that the two factors of talent management and digital innovation jointly account for 55 percent. The remaining 35% is as a result of other factors. The need to balance talent management with digital innovation is critical in the current business environment, especially for firms that are partnered with technology vendors and educational institutions (Adnan et al., 2022).

Talent management as a concept has become more dynamic due to the growth of digital technologies. Employees today are as important a corporate asset as products and services, and technology is essential for recruiting, training, and maintaining valuable employees. HR professionals understand that digital transformation is the path to organizational success. Innovation in technology and embracing innovation in continuous learning helps an organization remain relevant. Real-time information about the workforce can help to allocate resources effectively and adapt strategies accordingly. Talent management in the digital environment has now become a key source of organizational performance (Modi & Kulshreshtha, 2016).

Digitalization is a mixed blessing in talent management since it opens new vistas while also posing new risks. Employers can recruit workers from any part of the world, and they can leverage analytics to enhance their employment plans. However, the problem of attracting and maintaining the best talent has been on the rise lately. To effectively manage their human capital, organizations must focus on developing their employer brands, encouraging consistent learning, and valuing and embracing diversity. All these strategies assist organizations to remain relevant in this talent market (Leo, 2023). In the digital economy, effective talent management is critical for business performance. To a large extent, high retention rates reflect high levels of employee satisfaction and subsequent improvement in performance. Organizations have to pay attention to equality and diversity in employment, which increase satisfaction and help to attract the best employees. It is, therefore, not surprising that changes in labor markets compel strategic shifts in talent management (Siripipathanakul et al., 2022).

Restructuring of HRM practices is now happening due to technology and innovation. In the current world, organizations face pressure to change and create new solutions that would make them stand out. Technology-integrated practices, which replace traditional practices, incorporate technology in areas such as recruitment, performance appraisal, and compensation. Social media and virtual platforms have become a necessity to retain employees. The shift to digitalization is thus part of a larger phenomenon in which organizations are keen to ensure they are applying best practices in HRM that will make their organizations more efficient and competitive (Tripathi & Kushwaha, 2017).

It is also important to state that talent contributes to the achievement of strategic objectives. Malaysian public sector research has indicated that proper talent management improves innovation. A positive impact on innovation performance can be achieved by the identification, cultivation, and maintenance of qualified staff. This results in improved products and services hence improving competency in the market. As talent management in Malaysia progresses, organizations can expect the level of innovation to increase even further (Ibrahim, 2023).

Managing talents is important for the sustainability of organizations, and this is especially important for automotive-related companies. Studies show that implementing talent management practices results in enhanced organizational performance and initiatives toward sustainability. Hence, with regard to talent management, organizations can continue to attract, retain and provide development opportunities for employees in a manner that complements the goals of the organization and the requirements of the society. Failure to do talent management can negatively affect the credibility of a company and its sustainability agenda (Tunio et al., 2024). For Malaysian SMEs, talent retention and displacement are key aspects of talent management. The traditional strategies may not fit the needs of organizations in addressing the issues related to digitalization. Rather than attempting to retain unproductive employees, businesses should concentrate on retention strategies in relation to handling displacement. Frameworks such as the I-TOP Strategic Agility Model assist SMEs in creating a more

flexible workforce, capable of meeting the need for digital skills (Palanisamy et al., 2021).

In higher education, talent development is crucial for improving performance. A study conducted in Kenya reveals that talent management contributes to organizational performance by 20.4 percent. Today’s universities need to focus on staff development and training for faculty and other employees to be competitive. In this way, academic institutions can provide better outcomes and sustain themselves in the competitive environment by focusing the talent development (Nyongesa Wesonga & Van Der Westhuizen, 2024).

Collaborative intelligence or CIQ is still a relatively new idea when it comes to talent management. Through cooperation and communication, it enhances organizational performance and innovation within the organization. Integrating the use of human and artificial intelligence in the management of employees in organizations makes them perform well in the current world. CIQ also improves diversity and organizational workplace diversity creates more inclusiveness and innovations (Chew et al., 2024), Industry 4.0 has shifted the focus of organizations to employee engagement by offering training and fringe benefits. There is also a need to maintain work-life balance and career advancement opportunities. In Turkey, sector-specific standards for talent management are being developed to help businesses adapt to these changes. Employee engagement and development allow these organizations to survive and prosper in the new world industrial environment (Acar & Sarniç, 2024).

Objective

1. To explore the factors showing Innovative Talent Management Practices in the Digital Era
2. To know the impact of Innovative Talent Management Practices on Organizational Performance.

Methodology

People from HR department (sample size =253) were surveyed to explore the Innovative Talent Management Practices in the Digital Era and their impact on organizational Performance. Data collection and analysis is done through “Convenient sampling method” and “Factor Analysis” following “Multiple Regression Analysis”.

Findings

In total population of study survey male contributes to 54.9% and rest 45.1% are female. 26.5% are below 36 years of age, 42.3% are between 36 to 42 years and rest 31.2% are above 42 years. 24.1% are HR Generalists, 28.5% are HR Manager, 31.2% are HR coordinator and rest 16.2% are HR Specialists.

“Table 1 General Details of Respondents”

“Variables”	“Respondents”	“Percentage”
Gender		
Male	139	54.9
Female	114	45.1
Total	253	100
Age		
Below 36	67	26.5
36-42	107	42.3
Above 42	79	31.2
Total	253	100
Designation		
HR Generalist	61	24.1
HR Manager	72	28.5
HR Coordinator	79	31.2
HR Specialist	41	16.2
Total	253	100

“Exploratory Factor Analysis”

“Table 2 KMO and Bartlett's Test”

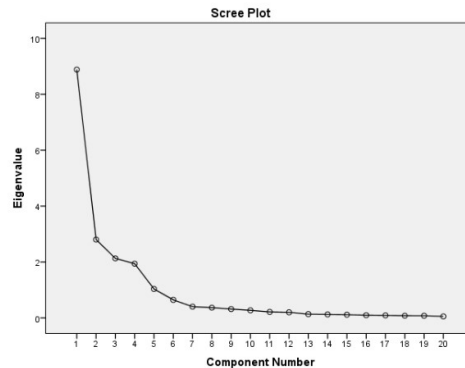
“Kaiser-Meyer-Olkin Measure of Sampling Adequacy”		.863
“Bartlett's Test of Sphericity”	“Approx. Chi-Square”	5415.543
	“df”	190
	“Sig.”	.000

KMO value in table 2 is 0.863 and the “Barlett’s Test of Sphericity” is significant.

“Table 3 Total Variance Explained”

“Component”	“Initial Eigen values”			“Rotation Sums of Squared Loadings”		
	“Total”	“% of Variance”	“Cumulative %”	“Total”	“% of Variance”	“Cumulative %”
1	8.883	44.415	44.415	3.536	17.678	17.678
2	2.803	14.014	58.429	3.498	17.490	35.168
3	2.131	10.654	69.083	3.476	17.379	52.547
4	1.940	9.701	78.784	3.445	17.224	69.770
5	1.038	5.189	83.974	2.841	14.203	83.974
6	.646	3.230	87.203			
7	.403	2.017	89.221			
8	.366	1.832	91.053			
9	.317	1.584	92.638			
10	.271	1.354	93.992			
11	.215	1.077	95.068			
12	.202	1.011	96.079			
13	.137	.686	96.765			
14	.127	.634	97.399			
15	.116	.582	97.982			
16	.098	.491	98.473			
17	.092	.462	98.934			
18	.080	.399	99.333			
19	.079	.394	99.727			
20	.055	.273	100.000			

In a “principal component analysis”, 20 variables were grouped into 5 factors, explaining the variance as follows: 17.678%, 17.490%, 17.379%, 17.224%, and 14.203%, respectively. Together, these factors account for a total variance of 83.974%.



“Scree Plot”

The graph above shows the Eigenvalues derived from the "Total Variance Explained" table, indicating an elbow point at 5 components.

“Table 4 Rotated Component Matrix”

“S. No.”	“Statements”	“Factor Loading”	“Factor Reliability”
	Data-Driven Talent Acquisition and Management		.928
1	Algorithms are now being used to screen resumes	.892	
2	AI help to match candidates with jobs	.887	
3	ML help to predict employee success based on skill sets and behaviors	.885	
4	HR teams identify trends, assess training needs, and forecast talent gaps	.760	
	Remote and Hybrid Work Models		.943
5	Shift towards remote and hybrid work	.889	
6	Companies hire talent from diverse geographical regions	.876	
7	Attracting young talents through flexible work models	.876	
8	Using different platforms for global and time-zone workflow	.863	
	Talent Management		.942
9	Encouraging innovation among employees	.900	
10	Aligning individual skills with organizational goals	.871	
11	Ensure that workforce possesses the right skills to deal with the issues of today’s market	.870	
12	Create a sense of loyalty and commitment within the employees	.846	
	Employee Experience		.932
13	Continuous learning and development to adapt to new technologies and changing industry trends	.890	
14	Creating a positive employee experience	.873	
15	Growth opportunities contribute to employee satisfaction	.868	
16	Open communication, shared objectives, and mutual respect for all employees	.843	
DV	Organizational Performance		.918
17	My firm is experiencing increased Productivity	.834	
18	My firm is having Improved Employee Engagement	.753	
19	My firm is showing Enhanced Talent Attraction and Retention	.736	
20	My firm is Fostering Innovation	.697	

Table above shows Innovative Talent Management Practices in the Digital Era where factor “Data-Driven Talent Acquisition and Management” includes the variables like Algorithms are now being used to screen resumes, AI help to match candidates with jobs, ML help to predict employee success based on skill sets and behaviours and HR teams identify trends, assess training needs, and forecast talent gaps. “Remote and Hybrid Work Models” includes the variables like Shift towards remote and hybrid work, Companies hire talent from diverse geographical regions, attracting young talents through flexible work models and using different platforms for global and time-zone workflow. “Talent Management” includes the variables like Encouraging innovation among employees, aligning individual skills with organizational goals, ensure that workforce possesses the right skills to deal with the issues of today’s market and create a sense of loyalty and commitment within the employees. Factor “Employee Experience” includes the Continuous learning and development to adapt to new technologies and changing industry trends, creating a positive employee experience, growth opportunities contribute to employee satisfaction and open communication, shared objectives, and mutual respect for all employees. Factor “Organizational Performance” includes the variables like My firm is experiencing increased Productivity, My firm is having Improved Employee Engagement, My firm is showing Enhanced Talent Attraction and Retention and My firm is Fostering Innovation.

“Table 5 Reliability Statistics”

“Cronbach's Alpha”	“N of Items”
.932	20

The overall reliability is 0.932 for the 5 constructs comprising twenty items.

Table 6 “Model Summary”

“Model”	“R”	“R Square”	“Adjusted R Square”	“Std. Error of the Estimate”
1	.532 ^a	.283	.272	.65397
Predictors: (Constant), Data-Driven Talent Acquisition and Management, Remote and Hybrid Work Models, Talent Management, Employee Experience				

The R-squared value is 0.283, indicating that the model explains approximately 28% of the variation.

“Table 7 ANOVA”

“Model”		“Sum of Squares”	“df”	“Mean Square”	“F”	“Sig.”
1	Regression	41.882	4	10.471	24.483	.000 ^b
	Residual	106.063	248	.428		
	Total	147.946	252			
a. Dependent Variable: overall impact of Innovative Talent Management Practices on organizational performance						
b. Predictors: (Constant), Data-Driven Talent Acquisition and Management, Remote and Hybrid Work Models, Talent Management, Employee Experience						

The significance value of .000 indicates a significant relationship between Innovative Talent Management Practices (Data-Driven Talent Acquisition and Management, Remote and Hybrid Work Models, Talent Management, Employee Experience) and organizational performance.

“Table 8 Coefficients”

“Model”	“Un standardized Coefficients”		“Standardized Coefficients”	“t”	“Sig.”
	“B”	“Std. Error”	“Beta”		
(Constant)	4.120	.041		100.197	.000
Data-Driven Talent Acquisition and Management	.277	.041	.361	6.719	.000
Remote and Hybrid Work Models	.172	.041	.225	4.185	.000
Talent Management	.168	.041	.219	4.072	.000
Employee Experience	.178	.041	.232	4.323	.000
a. Dependent Variable: overall impact of Innovative Talent Management Practices on organizational performance					

Table above shows that all the factors (Data-Driven Talent Acquisition and Management, Remote and Hybrid Work Models, Talent Management, Employee Experience) are showing significant impact of Innovative Talent Management Practices on organizational performance. Highest impact is shown by Data-Driven Talent Acquisition and Management with beta value .361 followed by Employee Experience (.232), Remote and Hybrid Work Models (.225), and Talent Management with beta value .219.

Conclusion

Today, with change being the only thing certain, talent management has proved to be one of the most important strategies for improving the performance of organizations. Investing in talent management, and its growth and

development is not just a best practice or a smart option; it has become an imperative if any organization wants to sustain itself in a world that is turning increasingly digital with each passing day. When organizations encourage talent development and diversity, workers feel appreciated and it makes them work harder to deliver their best. It must be understood that this approach not only brings development to the human capital but also triggers team results. With the pressures of technology disruption and changing employee expectations, talent management will be an important strategic area for development to ensure business success and adaptability. Last but not least, accepting the fact that talent is a key component of any organization will enable leaders to make the right decisions that will serve the interests of the employees as well as the business at large. In this way, innovation and constant development can hopefully help organizations achieve their goals of staying relevant and ready to face the challenges of the future. As the quest for successful talent management persists, it will be significant for organizations to ensure that they continue to increase their investment in the most valuable resource- talent. In doing so, they also avoid the pitfalls of the modern workplace while creating a solid foundation for future development and prosperity.

It is found in the study that Data-Driven Talent Acquisition and Management, Remote and Hybrid Work Models, Talent Management, Employee Experience are the factors showing Innovative talent management practices and concludes that there is significant impact of Innovative Talent Management Practices on organizational performance.

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