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How Does A People Capability Maturity Model Helps Digitally Transform Organizations?

White Paper

Written By:

Nilakshi Garg & Bistriti Poddar

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Executive Summary

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Managing the human workforce in a digitally hyper-active world is no less than a feat for organizations today. But we cannot ignore the fact that humans are the assets to every business and firm. Without nurturing their talent, skill set, experience, and knowledge, businesses grow slow or wipe out prematurely.

The rate of emerging market trends directly impacting employees' retention and recruitment is manually unfathomable. This creates a skill gap that can be identified, nurtured, predicted, and digitally transformed. Each domain must motivate, develop, attract, and retain talent consistently.

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People-related challenges and complexities compel organizations to participate in talent wars that do no good to the firm. Rather, an agile technological change must be continuously present to critically examine, identify, map, predict, and recommend competent solutions for the workforce to make rapid adjustments and acquire new talents willingly.

CHROs and their teams are becoming more strategic in nature as well. They are on the lookout for smart solutions like the uKnowva HRMS. They implement such tools in their organizations and manage their manpower to automate their mundane tasks from hire to retirement.

But that is not enough when we talk about driving every business unit to the highest possible level of people competencies and processes maturity. That is where the People Capability Maturity Model comes into the picture.

Generally, companies deploy smart solutions in their firm. Some do it with half-knowledge and experience. Some do it under industry pressure to implement better strategic solutions for managing and nurturing talent well.

However, a PCMM framework brings clarity to these digitally transforming systems. By understanding what PCMM is, how it works, and where it benefits humans at work, HR heads solve greater people's process complexities daily.

This white paper highlights solutions firms can leverage by diving deep into the various stages of PCMM. We understand how each stage essentially becomes the stepping stone for another.

The clear-cut observation and analysis of each stage and its impacts on the workforce brings us closer to optimally using smart HRMS software after the implementation.

The result is automation in people processes and a reduction in talent management and development costs. The company culture automates when people realise that their work adds value.

Overall, the PCMM framework identifies people's issues at work and recommends and helps implement solutions without micromanagement.
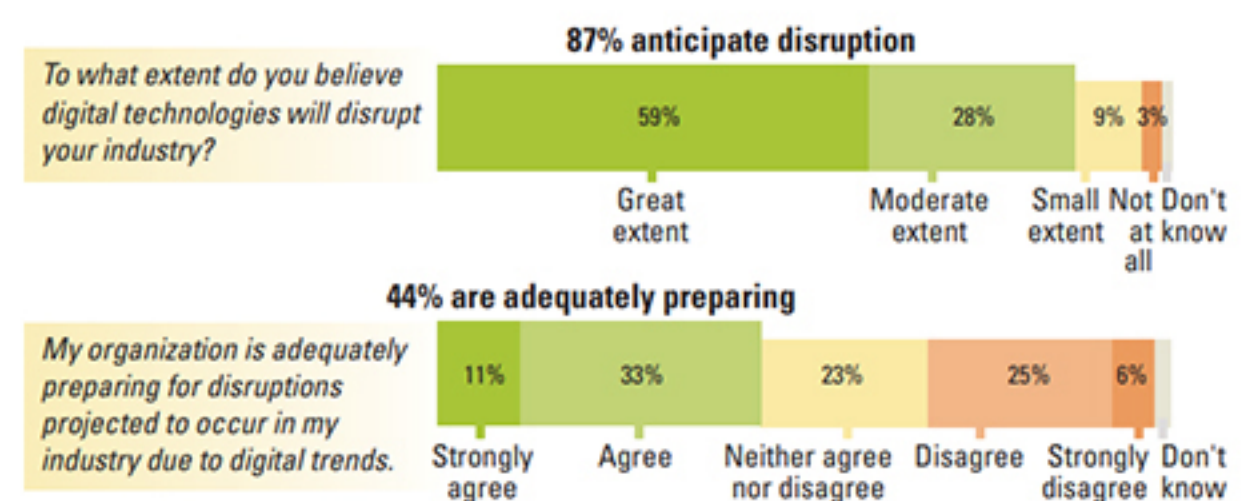
Problem Statement

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As per one of the latest Deloitte reports, we see that 87% of companies know they need digital transformation.

Only 44% can implement necessary HR digital transformation changes to disrupt their industry benchmarks.

This skill gap widens when companies do not divert their people processes to maturity even after implementing smart uKnowva HRMS-like solutions.

FIGURE 1: Organizations may be waiting too long to prepare for digital disruption. Less than half of respondents agree or strongly agree their organization is preparing for the disruption that most respondents project to occur.

87% anticipate disruption

To what extent do you believe digital technologies will disrupt your industry?

59%	28%	9%	3%
Great extent	Moderate extent	Small extent	Not at all / Don't know

44% are adequately preparing

My organization is adequately preparing for disruptions projected to occur in my industry due to digital trends.

11%	33%	23%	25%	6%	
Strongly agree	Agree	Neither agree nor disagree	Disagree	Strongly disagree	Don't know

The same report shows that the talent gap is hard to bridge for early developing companies.

But companies maturing digitally know how to hire, retain, and attract more talented people as the core part of their business structure to streamline and level up the market reach in the digital economy.

Companies often compete with multiple priorities at once. This delays their strategic decisions to execute agile, flexible, talent-friendly, and people-oriented models like PCMM.

Talent Needs vs. Ability to Attract

Percentage of respondents

The talent "gap" is acute, impacting both early and developing companies

■ My organization's embrace of digital attracts new talent

■ My organization needs new talent to compete in the digital economy

Early | Developing | Maturing

Organization's digital maturity level

Understanding People Capability Maturity Model comprehensively helps HR heads know if their organizations are fit to welcome HR digital transformation at every focal point.

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What Is A People's CMM Framework?

People Capability Maturity Model is a process-based framework. It is digitally sound for leveling up people management and development skills of an organization. This helps HR leaders treat their manpower as value-adding assets. Carnegie Mellon University developed this concept to harness the power of people process practices.

1	In mature organizations, workforce capability is directly related to business performance.
2	Workforce capability is a competitive issue and a source of strategic advantage.
3	Workforce capability must be defined in relation to the organization's strategic business objectives.
4	Knowledge-intense work shifts the focus from job elements to workforce competencies.
5	Capability can be measured and improved at multiple levels of the organization, including individuals, workgroups, workforce competencies, and the organization.
6	An organization should invest in improving the capability of those workforce competencies that are critical to its core competency as a business.
7	Operational management is responsible for the capability of the workforce.
8	The improvement of workforce capability can be pursued as a process composed from proven practices and procedures.
9	The organization is responsible for providing improvement opportunities, and individuals are responsible for taking advantage of them.
10	Because technologies and organizational forms evolve rapidly, organizations must continually evolve their workforce practices and develop new workforce competencies.

FIGURE 3 : *The principles underlying the People CMM*

This model focuses on reaching the highest level of people competencies by executing a well-defined set of practices. It has five stages, the last being the highest indication of people process maturity in the workplace.

This framework applies to every employee across generations and boundaries. It could be a Millennial, GenZ, or Gen Alpha workforce for the firm implementing this model.

Each stage we discuss under the PCMM utilizes a special skill, knowledge, or experience to reach the standard workforce compatibility. The principles of this concept in Figure 1.1 above help HR leaders execute it effectively with minimum resistance for the output of progressive people competencies management.

The workforce capability enhanced by People's CMM reflects three major aspects:

● Readiness to perform critical business tasks

● Likelihood of favorable results from those tasks

● Beneficial impact on the workforce with continuous process improvement anchored with advanced tech solutions like your uKnowva HRMS.

Factors That Determine The Need For People CMM

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Half a century ago, everyone feared technological advancement, for it may have triggered unemployment for humans. The opposite happened. Demand for employable and job-fit human capital now exceeds its supply. Even during the period of Great Resignation, triggered by COVID-19 and the emergence of AI technologies, organizations did their best to retain the most valuable employees.

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1	aligning human capital strategies of government agencies with the missions, goals, and organizational objectives of those agencies,
2	integrating these human capital strategies into the budget and strategic plans of the agencies,
3	closing skill gaps in mission critical occupations,
4	ensuring continuity of effective leadership through implementation of recruitment, development, and succession plans,
5	sustaining a culture that cultivates and develops a high performing workforce,
6	developing and implementing knowledge management strategies supported by appropriate investment in training and technology, and
7	holding managers and Human Resources officials accountable for efficient and effective human re-sources management.

FIGURE 4 : *Critical success factors for managing human capital strategically. Source: [GAO 02]*

Despite the knowledge of these practices for more than 30-40 years, organizations continue to fail in managing their modern workforce purposefully.

However, the 7 workforce management principles by Jeffrey Pfeffer in The Human Equation book make HR leaders today welcome PCMM with an analytical mind and urgent needs.

These are:

- Employment security for the workforce to remain retainable

- Extensive training for justified competency development

- Reduced status barriers or distinctions

- Need for bulk hiring for the right personnel

- Self-managed teams with decentralized participation in decisions

- High compensation strategies for personnel

- Extensive sharing of financial and performance reports

The core reasons are firms' individualistic approaches to HCM practices. There has been a lack of integration of people processes across domains.

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The slightest **shift in the standard deviation would increase at least 20% shareholder value** and **decrease the turnover rate by 6-7% approximately**. Several surveys conducted in the 1990s prove the same. The same practices and principles become the core part of the quality management models of TQM, MBQNA, and EFQM for better human capital management.

To overcome this drawback, the People's CMM does its best to involve management supervision early on and integrate cohesive workforce efforts transparently with minimal efforts. Its structured framework helps organizations recognize their level of automation and autonomy.

Relevance Of P-CMM In The Software Industry

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Knowledge is the raw material for a software. The talented workforce feeds the system with information that HR leaders churn into knowledge. But lack of talent and skill puts the same software at risk. It hampers business success later on.

Project and software developers are not wizards. They need time too to read project details and allocate human resources to different decision-making processes. They are prone to mistakes and aren't equipped to handle complexities arising in today's digitally progressive world.

With the collaboration of People CMM and HR tech tools like uKnowva HRMS, it's easy for humans to automate their mundane tasks. They build porotypes, share ideas transparently, and refuse to be information silos even while working from extreme corners of the world.

In fact, the social intranet system on the uKnowva helps people engage and collaborate for creative and profitable output in the SW and knowledge-based industry.
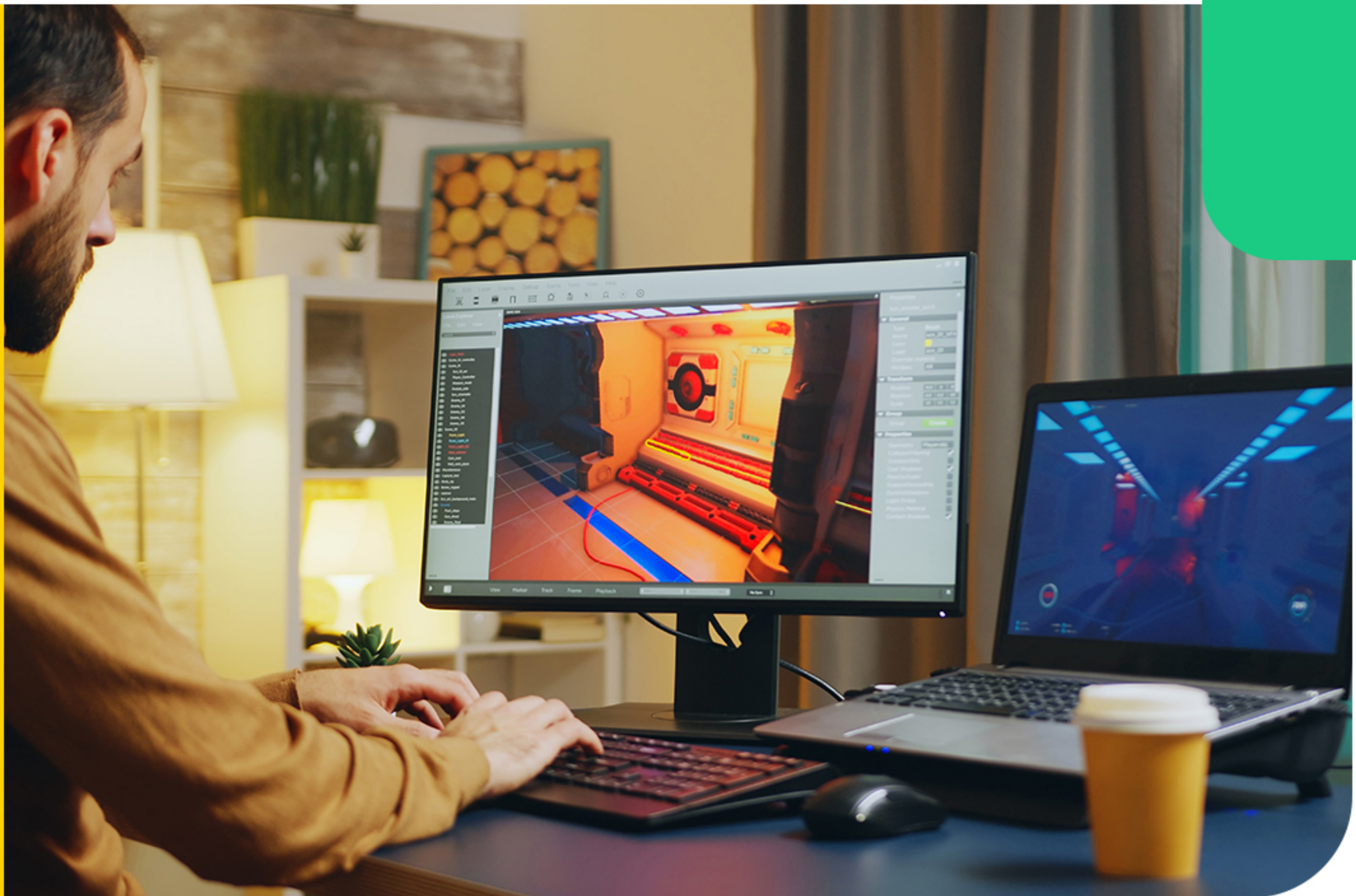
Organization Types

Business Process Outsourcing	Information Technology
Hospitality	Consulting
Construction	Defense Contractors
Insurance	Pharmaceuticals
Government Agencies	Defense Agencies
Energy / Utilities	Software Development
Banking / Financial Services	Management Information Systems

FIGURE 5 : *Types of organizations around the world using the People CMM*

Earlier, organizations focused merely on products and technologies in such industries. When the Software Crisis hit in the 1980s-90s, it was apparent that lack of discipline was the major cause of unproductive workforce management.

That's how SW-CMM's focus shifted from technologies to people's processes to build their adaptability and agility in times of change. However, that's when the Level One of the PCMM emerged.

Evolving Workforce Competencies To Digitally Transform Organizations with Structure PCMM Framework

FIGURE : 6

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Initial Level

The people's process remains unidentified and inconsistent initially. The structure has no definition and documentation proof to assess the power of the deployed workforce.

Reasons for inconsistencies at this level:

- People at work do not have a repeatable process yet.

- Their efforts are individualistic and unintegrated.

- Employees have no emotional involvement with their job roles.

- They have the talent but no right means to harness and optimize it on time.

DAILY WORRY

Did you experience the following feelings during A LOT OF THE DAY yesterday? How about worry?
(Yes, No)

% YES

Global

40%

Gender

43%
Female

38%
Male

Age

40%
<40 years old

40%
≥40 years old

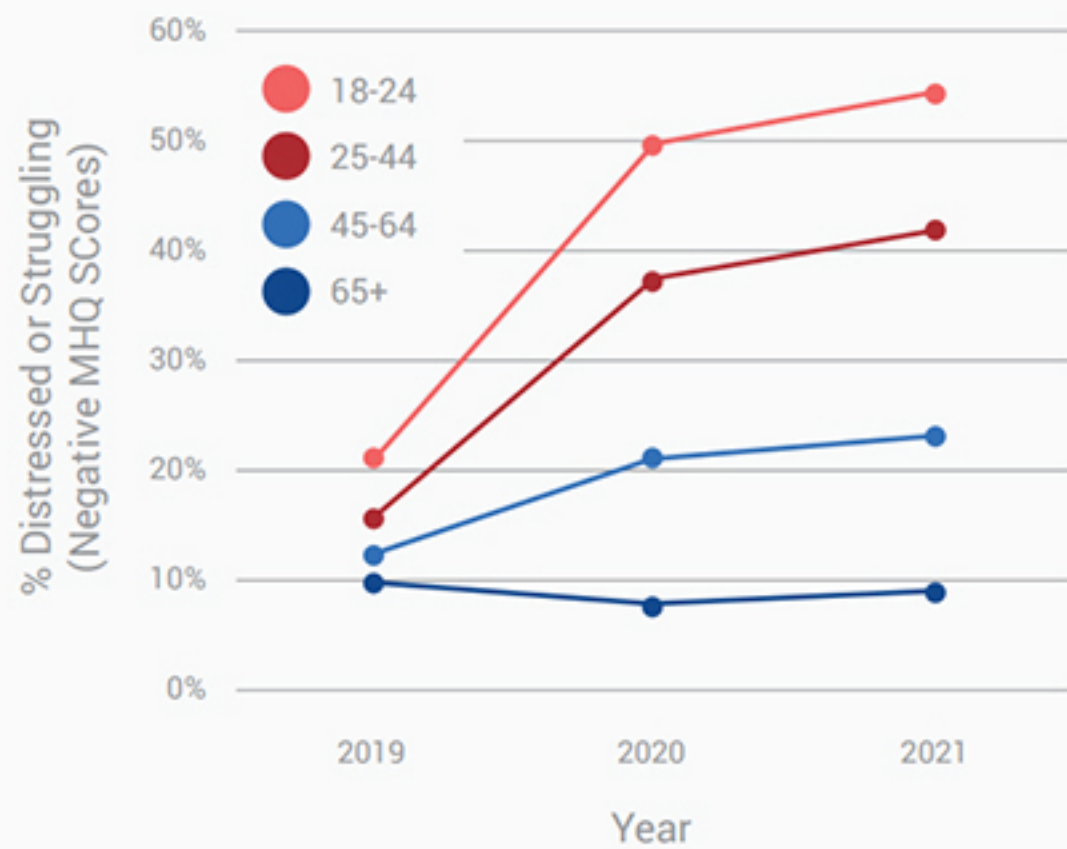|	Regional Ranking	% Yes
1	Latin America and the Caribbean	53
2	South Asia	49
3	United States and Canada	41
4	Middle East and North Africa	40
5	Southeast Asia	37
6	East Asia	37
7	Europe	37
8	Sub-Saharan Africa	36
9	Australia and New Zealand	36
10	Commonwealth of Independent States	22

"

Gallup 2022 report comments on **40% workforce harboring worrisome emotions**, creating unintegrated teams, unable to work better. The topmost regions experiencing this negativity are Latin America, South Asia, the USA, the Middle East, and Southeast Asia.

Change in mental wellbeing by age since 2019

More young adults fell into a mental wellbeing zone of distressed or struggling during the pandemic

Legend:
- 18-24
- 25-44
- 45-64
- 65+

Y-axis: % Distressed or Struggling (Negative MHQ SCores) — 0%, 10%, 20%, 30%, 40%, 50%, 60%
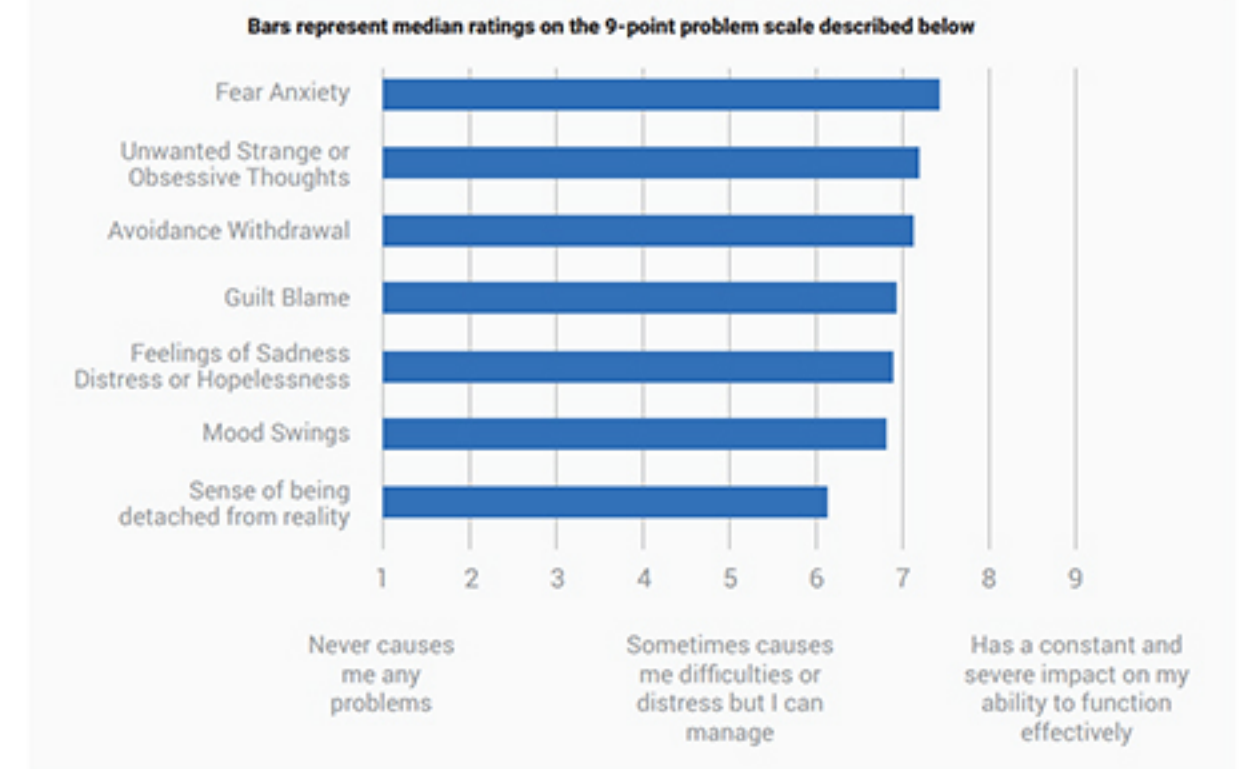
X-axis: Year — 2019, 2020, 2021

Most of these mental health disturbances relate to anxiety disorders and negative thoughts: guilt, a sense of hopelessness, and detachment from reality.

"

According to Sapien Labs 2022 Report on Younger Generations MHQ, more **than 55% of youngsters have distressful mental health** hampering their ability to learn, interact, and collaborate in workplaces.

Mental health challenges experienced by over 50% of young adults 18-24

Bars represent median ratings on the 9-point problem scale described below

- Fear Anxiety
- Unwanted Strange or Obsessive Thoughts
- Avoidance Withdrawal
- Guilt Blame
- Feelings of Sadness Distress or Hopelessness
- Mood Swings
- Sense of being detached from reality

Scale: 1 2 3 4 5 6 7 8 9

| Never causes me any problems | Sometimes causes me difficulties or distress but I can manage | Has a constant and severe impact on my ability to function effectively |

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Managed Level

This is an upgrade to the first level, where managers take up a crucial role in the workplace management process.

Their repetitive practices at the managerial level include:

- Compensation management

- Operating performance records

- Filling up requirement positions with staffing

Further, managers:

- Set clearly defined roles for their teams at the unit level.

- Ensure employees are efficient.

- Verify there is no shortage of skills to meet those.

These processes curate:

- The fundamentals of training/development programs.

- The basics of corporate culture.

- The initiation of performance management tools – like the one in the uKnowva HRMS.

- The increased need for processes of staffing and recruitment – the uKnowva recruitment engine purposefully helps managers at this phase.

- Implementation of communication and collaborative efforts – the uKnowva social intranet is pretty helpful here for extending employee collaboration across borders and timelines.

Collaborative Tools Became Trendy In 2019-2022

COVID-19 took our world by surprise. It put the responsibility on managers to move up to the second level of P-CMM, knowingly or unknowingly, where learning and development opportunities were not to be missed.

The same is evident in the MindTools L&D Benchmark Report 2022.

In 2022, we continue to see the rise of collaborative tools (**See Figure 7**).

FIGURE 7 : Digital tools that aid collaboration continue to be a priority for L&D teams

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The focus on collaborative tools has been progressively more in comparison to content needs because of hybrid working situations and models across boundaries – worldwide.

Content continues to play a pivotal role in the continuous learning and development models to form the basis of people's training programs in the long run.
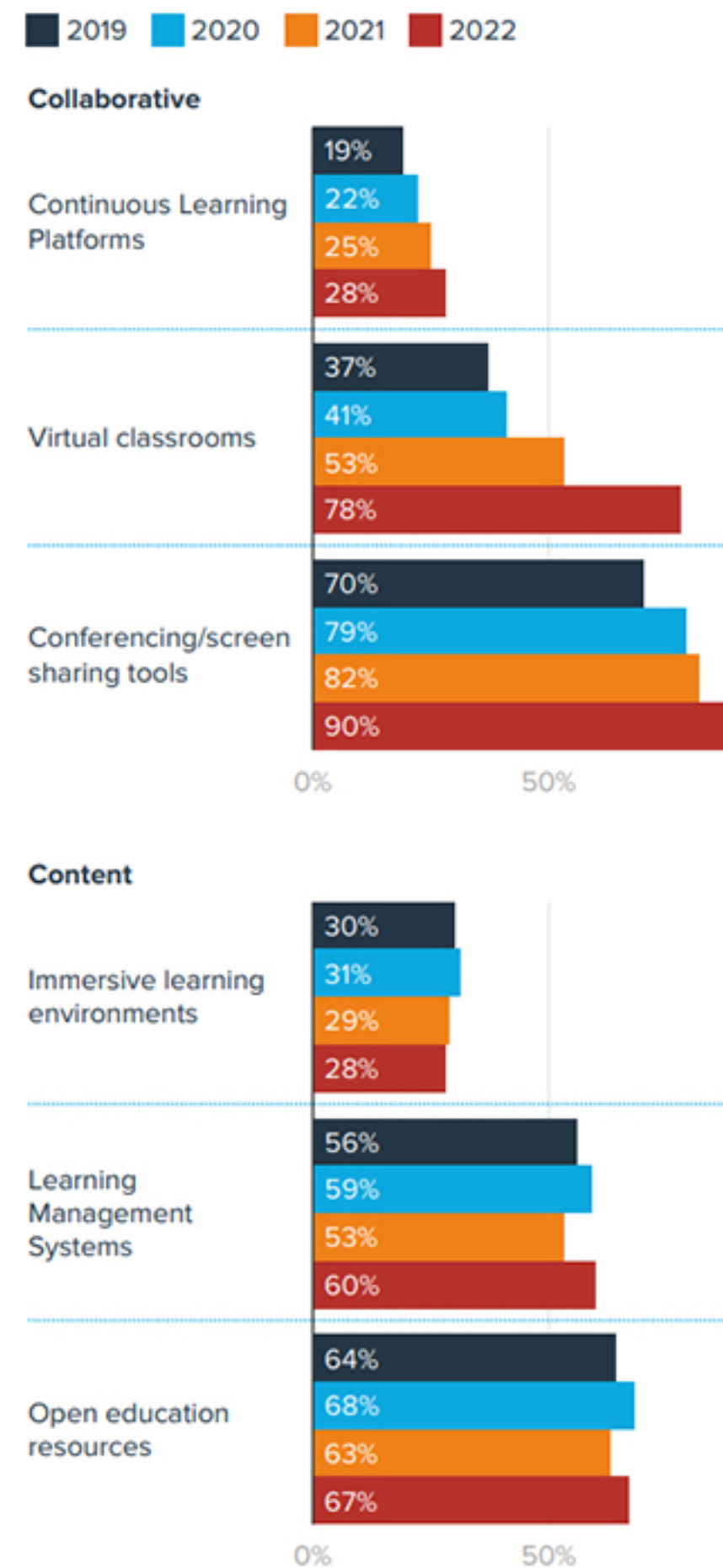
Most collaborative tools saw a sharp rise in the education sector from 37% percent in 2019 to 78% dependency in 2022 for virtual classrooms. **Meeting rooms and virtual conferencing tools also saw a quick 20% rise from 2019 to 2022** to manage manpower digitally despite time zone differences.

Defined Level

People operations managers also refer to this phase as Competency Management. This level of the people process maturity framework aims to develop core competency skills in the deployed workforce.

Once they are experts in their core KPIs, everyday business activities will have better outputs. The hiring and talent managers ensure that the deployed workforce is fit for the job and culture.

At this stage, the organization and the management document and define job roles to impact present and future business activities positively.

For example, the uKnowva performance management system comes into the picture to help team leaders and HR heads define roles on behalf of their workers.

The system is accessible on the go without disrupting their urgent needs to set objectives on time. It helps organizations overview the performance graph without micromanaging their people.

Similarly, eLMS launched in the uKnowva HRMS helps teams develop the right skills before the need arises. Courses, modules, and training sessions are available there after permission from the managers, corporate trainers, or domain experts.

The CHROs ensure to use the insightful reports and check whether the learning modules are effective. That is in terms of the increased frequency or rate of accomplishment of predefined business objectives. (See Figure 8)

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From the MindTools 2022 report in this image, it's clear that organizations achieve a higher level of learning culture with succession planning and developing internal experts.

Internal experts have enough knowledge & experience at the firm. They are most likely to predict the crisis using HRMS tools more accurately than staffing new employees to do the same.

FIGURE 8 : High performers use and develop internal experts

- Stage 1: Learning Interventions
- Stage 2: Learning Programs
- Stage 3: Proactive performance strategy
- Stage 4: High-impact learning culture

Succession planning is integrated into how we develop our employees

8%	
19%	
33%	
55%	

We draw on internal expertize to support learning (e.g., marketing, data analytics experts)

9%	
40%	
68%	
79%	

We support career development through digital learning

9%	
44%	
61%	
79%	

Predictable Level

Once Competency Management is in place, the next level is to make the people process more predictable for changemakers and policymakers. For this reason, this stage is also termed Capability Management.

Managers use the available HR analytical tools to understand their workforce. They evaluate the capabilities of their talented teammates based on their competencies enhanced and achieved.

Another example includes predicting attrition, happiness, job satisfaction/involvement, and engagement rates. These figures are important for hiring and talent development managers to coordinate and grow their people process to the last stage of maturity.

When they take the help of advanced HR analytics to predict human behavior at the workplace, they also take corrective measures. Because these predictions are based on employee interactions with the system, there is a limited scope of error and miscalculations.

Therefore, management's decisions for tackling upcoming business complexities are more accurate and assertive.

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>
> For example, the uKnowva HRMS offers real-time analytical reports to admin, C-suite management, and reporting managers. They use it to predict the data fed into the system to acknowledge the effectiveness and proficiency of their teams over a given period.

Optimizing Level

Reaching this stage is the successful implementation of digitally transforming and automating the PCMM framework for an organization. This level indicates Continuous Improvement after both Competency and Capability Management culminates.

This practice or staged level of the PMCC benefits individual teams and business units together. The management overviews overall results achieved in the last four levels throughout multiple domains of the business.

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With the uKnowva performance management system, automated onboarding/exit management, eLMS, virtual biometric, and HR analytics, managers improve people process activities daily.

Key features of this level:

- Continuous people process change management

- Enabling digital HR management

- Execute prevention methods proactively & save overhead costs

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For example, using uKnowva HRMS as a digitally revolutionizing workforce management tool is the best software solution here. It assists organizations in reaching the fifth stage: optimization across domains and functional heads.

What's Next?

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The process-based model discussed above is not a one-time affair. Keep in mind that business activities are continuous, engineered by people in the process.

As long as HR leaders work with the triangular relationship of people, process, and technology, PCMM will remain relevant.

However, the exploration of data and people process automation doesn't end there **(see Figure 9 above)**. The first step to becoming the generation of data lovers we have to get used to churning meaningful information out of raw data.
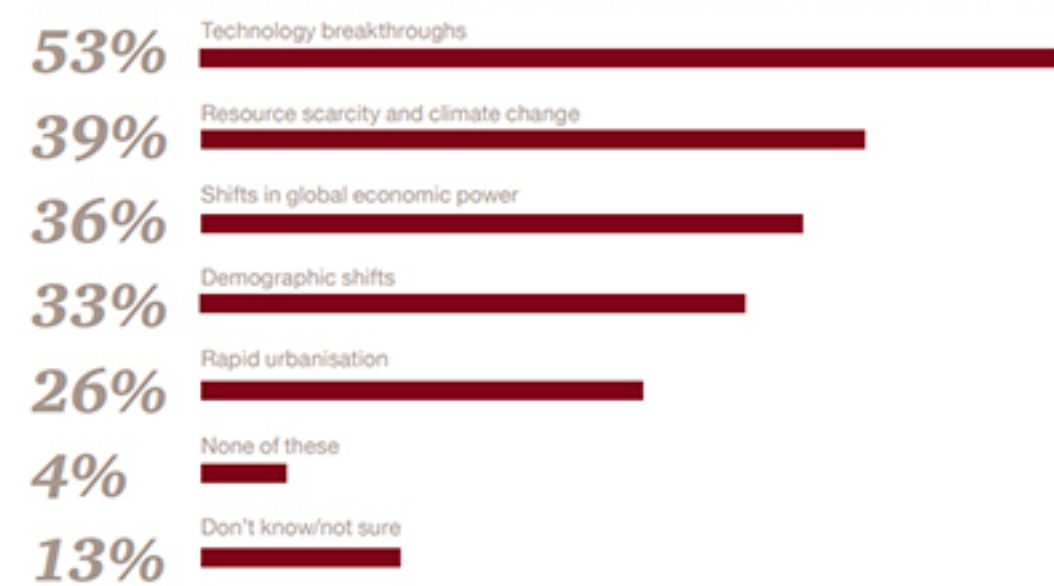
Next, people decide their future in the firm and the success of their operations based on analytical outputs. As the process continues, we enter the digital intelligence and data maturity era.

Organizations will continue to disrupt information silos, create innovative teams, and predict preventive measures to overcome challenges and optimize the workforce.

However, uKnowva HRMS itself is mature enough for employees to consistently collaborate and compete in times of uncertain tech and economic changes. Once the implementation completes, firms can apply for the 5th level P-CMM certification from the QAI Global Institute.

FIGURE 9 :

What will transform the way people work over the next 5 – 10 years?

53%	Technology breakthroughs
39%	Resource scarcity and climate change
36%	Shifts in global economic power
33%	Demographic shifts
26%	Rapid urbanisation
4%	None of these
13%	Don't know/not sure

PwC survey of 10,000 members of the general population based in China, Germany, India, the UK and the US

"

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Managing complexity as well as ambiguity [will have the single biggest impact on the way we work over the next 10 years]

Head of HR. Energy, Utilities and Mining, India

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