

Automation and Talent: Is There a Link?



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20 May 2020

Contents

Contents2

Overview.....2

Background: The Current State3

Causes of Dissatisfaction3

Automation and Talent Attracted.....4

Automation and Talent Retention.....5

Conclusion5

About IACCM.....6

Overview

When looking at the benefits of automation, there is understandably a strong focus on direct and measurable efficiency and economic gains. There may be mention of a notional side-benefit of ‘freeing up people to perform higher-value activities’ – though it is more likely that the CFO will have a greater focus on headcount reduction than redeployment.

However, given the acknowledged importance of talent, there is a serious question to be answered over whether the nature and level of automation - and in particular, digitization - within a business makes a difference in attracting and retaining talented individuals. This short paper examines this question from the perspective of contract and commercial management.

Background: The Current State

Contract and commercial management (CCM) has often struggled to gain widespread recognition of its underlying role or value within business. Yet on LinkedIn alone, there are more than sixteen million people operating with CCM job titles. Historically, the community’s status was constrained by the absence of a defined ‘body of knowledge’ and inconsistent understanding of the job role. While this is changing and has led to elevated status within many organizations, it remains a field that is often starved of investment – especially in terms of underlying systems and technology.

Research¹ shows that the typical CCM practitioner is highly qualified. 93% are educated to degree level, with 42% having advanced qualifications and 56% with a professional certification (though most in a field other than CCM). Job satisfaction levels have traditionally been high, with some 80% declaring that ‘I like my job’. But in 2019, this number had dropped to 68%, with the balance actively seeking a change. Of those, 17% wanted to continue in the role with a different employer and 15% wanted to shift to a completely different career.

This data offers us a base to explore three key questions:

1. Can sources of dissatisfaction be linked to the presence or absence of automation?
2. Is there any evidence to show a link between levels of automation and levels of talent attracted?
3. Is there any evidence to show a link between levels of automation and levels of talent retention?

Causes of Dissatisfaction

Survey respondents were very clear about what they dislike and the list below shows their primary issues with the job.

- Lack of career path - 39.48%
- Lack of clarity in roles/responsibilities - 37.18%
- Administrative responsibilities - 36.09%
- Poor management/leadership - 33.65%
- Lack of professional growth opportunities - 31.61%
- Lack of appreciation for what I do - 28.09%
- My team is not appropriately respected or valued - 22.39%

¹ IACCM Talent Survey, 2019

Several of these could have a direct or indirect link to automation. The most obvious is the issue of administrative responsibilities, cited by 36% of respondents. There may also be a link between the absence of automation and a lack of clarity in roles and responsibilities (37%) and an overall sense of being under-appreciated (28%) and under-valued (22%). This is because a) there is often a connection between automation and better defined business process and b) without automation, tasks tend to be repetitive and transactional, generating limited data or management reporting.

The IACCM study also asked what CCM staff disliked about their employer. While most of these factors had no obvious link to automation (for example, pay and company culture), the primary issue, cited by 42%, was 'Failure to invest in its people'. This again appears to have a potential link to the tools and systems deployed in support of CCM work.

Out of 865 people responding to the original survey, 803 worked in relevant / identifiable business environments, representing 446 different corporations or government agencies. Of those, 151 (34%) have some form of CCM automation and 245 (55%) do not have job-specific tools or systems.² It was not possible to identify the situation for 50 (11%), so they are excluded from the calculations.

The table below shows the results of this analysis, which supports the view that there could be a correlation between job satisfaction and automation, though in some cases (e.g. 'Company fails to invest in its people'), there are unquestionably broader issues at play – for example, around the availability of training and career development.

Issue	% with automation expressing issue	% without automation expressing issue
Administrative responsibilities	21%	46%
Lack clarity in roles and responsibilities	30%	41%
Lack of appreciation for what I do	24%	31%
Team is not appropriately respected or valued	20%	25%
Company fails to invest in its people	33%	48%

Automation and Talent Attracted

Using the same analysis, it has again been possible to calculate whether the organizations with automated CCM tools tend to attract better qualified staff. This assumes that there is a link between 'talent' and 'education level'. On this basis, the data points to a correlation, although this may not be evidence of a definitive causal link. For example, it is also possible to identify a link between levels of automation and satisfaction with pay rates, as well as satisfaction with the ability to have more flexible working. Hence it seems probable that automation is actually associated with more successful businesses and more adaptive employment conditions. Hence the absence of automation may be more a symptom of reduced talent, rather than a cause.

With this caveat, the data shows the following:

Education level of CCM staff	% with CCM automation	% without CCM automation
First degree or higher	94%	83%
Second degree or higher	49%	31%
Professional qualification	65%	47%

² All respondents use technology of some form and operate with corporate applications such as approved communication tools etc. This may include tools or systems that offer peripheral support, such as a Procure-to-Pay system, though in many cases such systems may in fact add to the complexity of the CCM role and / or increase administrative tasks. Therefore, the analysis above was looking only at functionalities that directly support a CCM role, such as a searchable contract repository, automated contract production tools, obligation management and reporting or a full CLM system.

Automation and Talent Retention

The study revealed a high level of optimism about the benefits that flow from automation. This is especially notable among lower levels of management and among individual contributors below the age of 50.

Senior functional management in organizations that have no CCM automation are far more likely to dismiss its potential relevance or benefits – which may contribute to the 34% who are critical of management leadership.

More than 80% of survey respondents have a positive view of CCM automation:

There is a perception that this will reduce the extent of ‘administrative tasks’

There is a perception that it could increase influencing capability through better data

As we have seen earlier in this report, both of these are significant issues related to job and career satisfaction. They also tie closely to the two things that individuals most like about their CCM role:

- Challenging work – cited by 59.33%
- Sense of positive influence /contribution to company goals – cited by 46.50%

The same analysis as previously undertaken once more shows a significant margin between those with and without automation, suggesting that the positive perceptions outlined above are at least to some extent being realized.

	With automation	Without automation
% who find their work challenging	64%	56%
% who feel positive influence/contribution to company goals	50%	41%

Conclusion

The findings from this analysis cannot be viewed as definitive evidence of a direct link between levels of automation and the attraction and retention of talent. However, the consistency of the findings suggests that it is at least a significant factor in driving job satisfaction and in making people feel part of a valued team, equipped for and contributing to the future.



About IACCM

IACCM is a not for profit association active in over 170 countries, with a mission to improve the quality and integrity of trading relationships. With more than 60,000 members representing over 17,000 organizations, IACCM is dedicated to raising individual, organizational and institutional capabilities in contracting and commercial management. It achieves this by providing research, benchmarking, learning, certification and advisory services to a worldwide, cross-industry audience of practitioners, executives and government.

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