

**Center for Information Technology & eBusiness  
IT EXECUTIVE EXCHANGE**

**IT Recruiting and Retention  
November 4, 2005**

**Executive Summary**

Firms who now wish to recruit IT personnel face many challenges, including: how to evaluate the skills and compatibility of prospective employees, where to find them, and what role the HR department should play in evaluating technical people. Many firms focus on hiring long-term employees while using contractors to plug holes or for short-term work, but younger employees may not be interested in careers in one place while many in the “baby boom” generation are retiring, taking their skills (including ability to work on legacy systems) with them. Replacing employees who leave can be more expensive. Globalization makes remote teams the norm, facilitating telecommuting, but eliminating any good meeting times. Firms enhance the work experience with extras such as inexpensive day care, a laundry delivery service, flextime as possible, etc. Together all of these approaches constitute a strategy that emphasizes, to less or more degree, concern for productivity and the individual, and length of employment. The IT Exchange discussed details about these issues in the context of a framework that evaluates various HR/IT strategies.

**Framework**

Professor McHenry began the session by explaining a framework created and developed by Ritu Agarwal and Thomas Ferratt.<sup>1</sup> This framework posits five strategic levers, each of which may be emphasized more or less in policies related to recruiting and retention of IT personnel. In this list that follows, (1) is about recruiting, while the rest are about retention.

1. Recruiting posture
  - a. sourcing
  - b. skills sought
  - c. competitive differentiation elements
  - d. one-time inducements
2. Concern for productivity
  - a. performance measurement
  - b. work arrangements
  - c. employability training and development

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<sup>1</sup> See: Ritu Agarwal and Thomas W. Ferratt, "Enduring Practices for Managing IT Professionals," *Communications Of The ACM*, September 2002/Vol. 45, No. 9, 73-79; "Crafting an HR Strategy to Meet the Need for IT Workers," *Communications Of The ACM*, September 2002/Vol. 44, No. 7, 58-64; and *Coping with Labor Scarcity in IT: Strategies and Practices for Effective Recruitment and Retention*, March 22, 1999, Pinnaflex Educational Resources, ISBN 1893673022.

3. Concern for the individual
  - a. opportunities for advancement
  - b. opportunities for recognition
  - c. quality of leadership
  - d. sense of community
  - e. lifestyle accommodations
4. Compensation and benefits
5. Career development and security
  - a. longer-term career development
  - b. organizational stability and employment security

In Agarwal and Ferratt's writings, results of survey research are presented in which specific techniques within these areas are outlined along with the frequency of their use. By making choices to emphasize certain areas over others, organizations choose a particular strategy, although they may not be fully aware of this or think of it in these terms.

The four strategies are:

- Short-Term Professional
- High Performance Professional
- Balanced Professional
- Long-Term Investment

Table 1 shows the relative emphasis placed on each strategic lever within each strategy. The Short-Term Professional strategy is geared towards making the maximum use of resources for a short period of time, offering them a lot of compensation to come to work, working hard to recruit people all the time, and then saying goodbye after a relatively short period. The High Performance Professional strategy substitutes some concern for the individual for the greatest level of compensation, but is still mainly oriented towards performance. The Balanced Professional strategy brings in elements of longer-term career development and security. Because personnel stay longer, recruiting is not such a high priority. Concern for the Individual looms large. The Long Term Investment strategy is similar, except that it places maximum emphasis on career development and security.

Rather than present these ideas in any greater detail, Prof. McHenry invited all of the participants to speak about the best practices or areas of concern within their organizations that were related to these strategic levers. He also invited them to reflect upon what HR/IT strategy their organizations may be employing, and whether their intentions for that strategy actually matched their practices.

**Table 1: HR/IT Strategies**

Strategic Lever	Relative Emphasis on the Strategic Lever Within Each Strategy			
	Short-Term Professional	High Performance Professional	Balanced Professional	Long-Term Investment
Recruiting posture	5	5	4	4
Concern for productivity	5	5	5	5
Concern for the individual	1	2	5	5
Compensation and benefits	5	4	4	4
Career development and security	1	1	3	5

### Testing and Interviewing

One area that was brought up that fit somewhat peripherally into the framework was testing prospective employees. One firm uses BrainBench, which provides a large number of technically oriented skills tests. For example, if you are hiring a systems administrator for Microsoft Outlook, BrainBench will create a test with the relevant knowledge areas. A “soft” personality oriented test one firm uses is called Caliper. That is supposed to show how employees are “wired.” However, another firm that uses it said that one of their best employees had scored poorly on Caliper and another employee who no longer works for them scored the highest on Caliper. Depending on the tasks involved, IT personnel may not need the people skills tested for in Caliper, and brilliant people may get bored with tests like Caliper. Caliper has a measure of inconsistency built into it, so you can see if the test taker is trying to game the test. At least 3-4 of the companies present use skill testing. Some create their own technical tests because the subject matter is so specific. Caliper is indicative, but not determinative.

One firm uses panel interviewing. Another has several rounds of interviews with potential colleagues. There are “not too many good people out there” according to one participant. All said that finding the right mix of skills, experience, and personal characteristics is hard. One firm has found that it is better/easier to hire fresh graduates and train them than to try to get people who have 5+ years of experience and expect them to fit right into the culture.

### Sourcing

Sourcing depends on the level of person you are looking for. In many cases the firms used personal networks of existing employees to keep their eyes open for really good people who might be a good fit. In some cases jobs were made for these people or at

least they were recruited when they were not necessarily looking themselves. (Insight: everyone has to be a recruiter.) More senior people can also be found using headhunters. Junior people might be found through a career fair. One of the participants said that, whereas a few years ago at the schools at which they recruit they may have seen 20-25 eligible students, now they see 5-6. There are just less students in IT now. Offshoring may be scaring people away, or the job market perception for IT in general. When the baby boom generation really starts retiring, there could be major problems.

Do these firms create the pool of potential employees through HR? Some do, and some don't. A sentiment was expressed that HR does not have enough technical knowledge to correctly screen the resumes, and may cut the best people. In one case HR suggested some of the selection tests, with other tests coming from IT and IT telling HR what types of tests.

One suggestion was made that firms can have a closer relationship with students by providing targeted scholarships in IS. More publicity about new careers in IT for US students is needed. Too much negative publicity about offshoring can make the loss of jobs into a self-fulfilling prophecy if we are not careful. All people in firms these days also need strong computer skills, something which is being championed by the Dean of the College of Business Administration.

### **Expected Length of Employment**

One firm said that if they are going to hire, the presumption is that this will be a long-term person. If they want short-term work, they will hire a contractor. This firm has only hired a handful of people this year. Another firm said that they had hired a lot of high-priced contractors a few years back, and then seeing how expensive this was, took several years to extricate themselves from this. They now want to hire 60-70 people this year to supplement the 200 they have. A different firm uses a lot of contractors, but also hires to stay when they hire. They would like to have people for 20-25 years, but wonder if today's work force actually wants that. People are more mobile and want more challenges. They have to keep the work fresh, make sure there are training opportunities. The turnover at this firm, not including involuntary terminations, is 3.5%. One other firm said their rate is twice this. (This also excludes rotation in and out of business units.)

### **Legacy Systems**

A question arose of how to handle legacy systems and programmers who know them. One firm retrains these people gradually for the new technologies as the legacy systems are retired. Another person noted that he hires mainly contractors for this type of work, but worries that they may become unavailable in this form as the job market heats up. Perhaps many baby boomers with these "older" skills will continue working far longer, perhaps on a part time basis. New people want to be at the leading edge, but older people do not necessarily want to be there. There were also legal issues with one

firm about keeping people on a contract basis for too long, and then ended up hiring some of them back into the firm.

### **Salaries, Fit, and Evaluations**

One of the firms talked about salary. They want to move people back into higher levels of base pay, which the IT people favor, rather than having so much of compensation based on performance. This firm may have been at the 50% percentile in salary levels before, but would like to move this to 75%. Undoubtedly it can cause trouble when someone is hired at a much higher level. An experienced person leaves, and to replace that person's knowledge is far more expensive. It may be easier to add 5-10K to the salary of an existing employee to keep him/her rather than to pay 20K more to replace him/her. Another firm said that it does not matter how much they pay people if those people are not a good fit. They strive for a level playing field with salary parity, and try to help people develop personal development plans. It was stated that it was beneficial to get the extra dollars to people who are *not* the complainers. How is fit defined? Believing what the company believes in, having the need technical skills, someone who wants to move in the same direction as the firm.

One firm bases all raises on merit, and does an official appraisal once per year. Another firm also does a once-per-year appraisal, but does another one informally half way through. This may be necessary if the tasking of that person has changed substantially. The official reviews can be a huge amount of work, especially when they all come at the same time. This firm uses 360-degree inputs (from all the people around the employee – WKM). One firm said they do them all in January, when a lot of other work just halts. The sense of the room was that people really dislike doing this.

### **The Work Environment**

What about the work environment? One firm is putting in day care that will cost half of the market price, laundry pick up and delivery, but has no flextime. Others have flextime, and many have some telecommuting. Coordinating remote work is critical nowadays anyway with all the virtual teams, so having local people communicate virtual is well accepted. It can't be all the time. In one case in order to hire a senior person a firm allowed that person to stay in a distant city and telecommute. If you need to talk to people and want to have the impromptu conversations, instant messaging works pretty well. Several of the firms are going to firm-wide IM platforms, and may admitted that people get around corporate restrictions on IM in a variety of ways. Killing personal interaction by being too dispersed is not an issue. With all the global teams these days, there are no longer any good meeting times. One firm is using Jabber as its firm-wide platform. Another is using tools within Microsoft Outlook. This also helps with scheduling.

## **Summing Up: HR/IT Strategy**

At the end of the meeting, Prof McHenry challenged the group to think about the strategic levers and the HR/IT strategies their use represents. The group felt that the provided list was rather comprehensive. It seemed that many people were well-familiar with many of the practices listed, although always ready to hear about new and successful techniques. And it sounded as though many of the firms present were shooting for the Balanced Professional or Long-Term Investment approach. The meeting closed on the charge by Prof. McHenry for each participant to reflect again on the discussion, the levers, and the strategies, to better understand the congruence between them at their firms.

**Next topic:** Approaches to finding out about and evaluating **emerging technologies**.

**Moderator:** Dan Miller

**Date/time:** Friday, Jan. 27, after the CITE Board Meeting, from 9:00 AM -10:30 AM.

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## CITE IT Executive Exchange:

IT Recruiting and Retention

Nov. 4, 2005

CITE IT Exchange, Nov. 4, 2005

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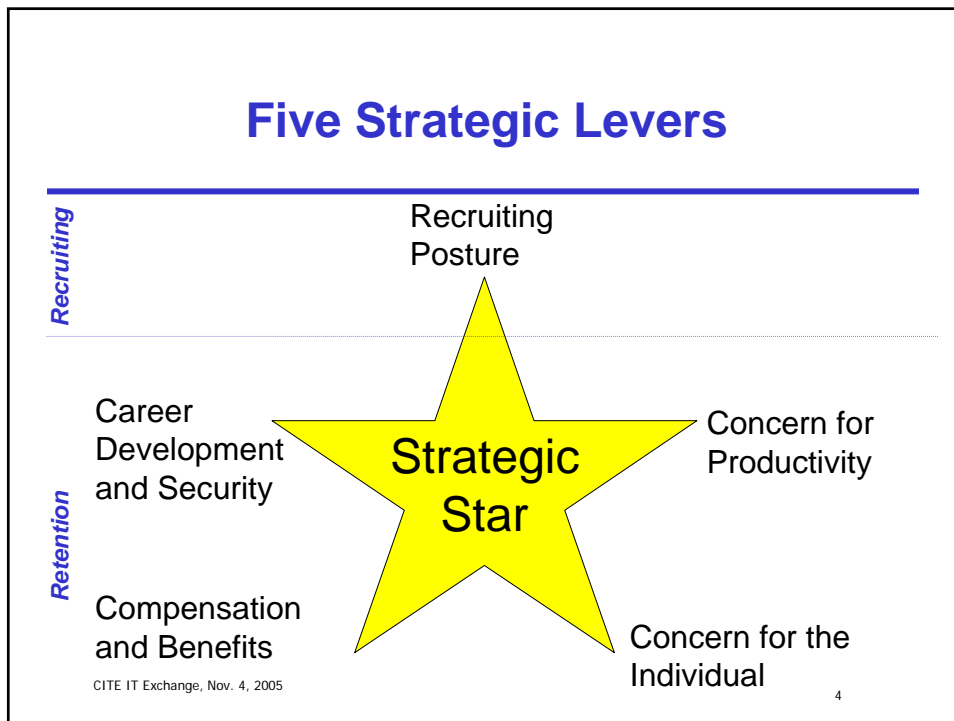
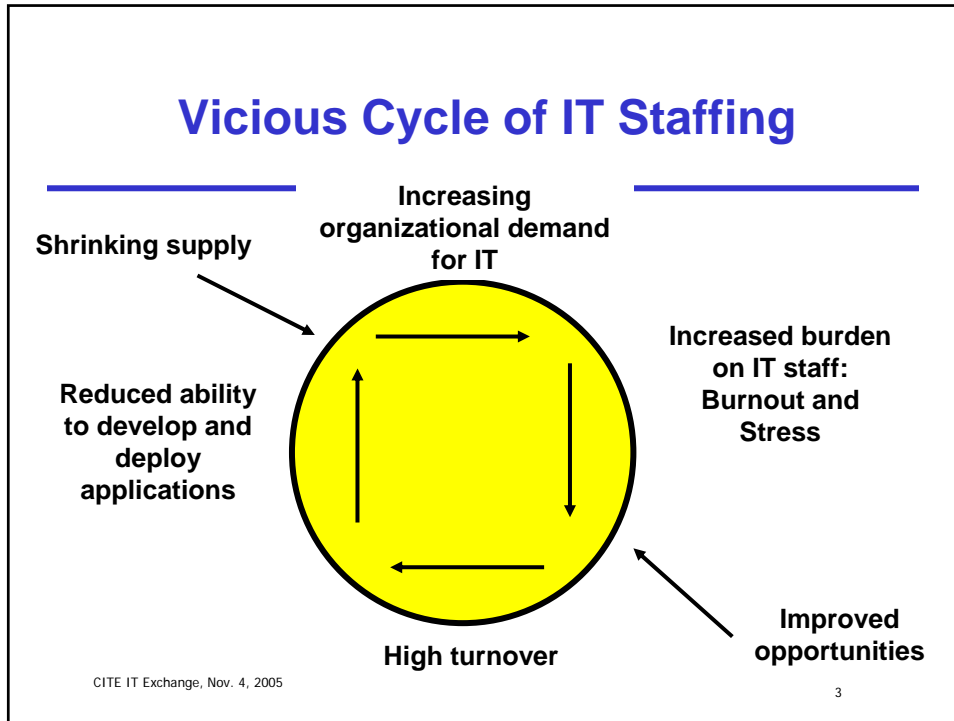
## IT Executive Exchange: IT Recruiting and Retention

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- Introduction to the framework by Prof. McHenry
- Discussion of the five strategic levers – best practices and pitfalls
  - During this time, keep your own “scorecard” of where you stand
- Discussion of IT/HR Strategy
  - What kind of organization do you have?
  - Is this the kind of organization you want?
- Implications

CITE IT Exchange, Nov. 4, 2005

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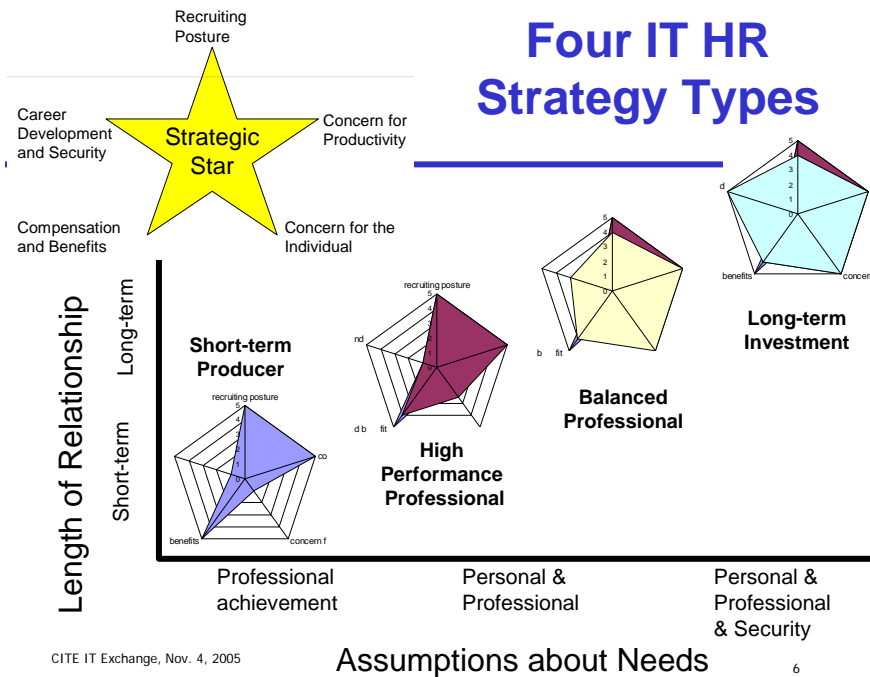
## Five Strategic Levers - Subcategories

1. Recruiting posture
  1. sourcing
  2. skills sought
  3. competitive differentiation elements
  4. one-time inducements
2. Concern for productivity
  1. performance measurement
  2. work arrangements
  3. employability training and development
3. Concern for the individual
  1. opportunities for advancement
  2. opportunities for recognition
  3. quality of leadership
  4. sense of community
  5. lifestyle accommodations
4. Compensation and benefits
  1. longer-term career development
  2. organizational stability and employment security
5. Career development and security
  1. longer-term career development
  2. organizational stability and employment security

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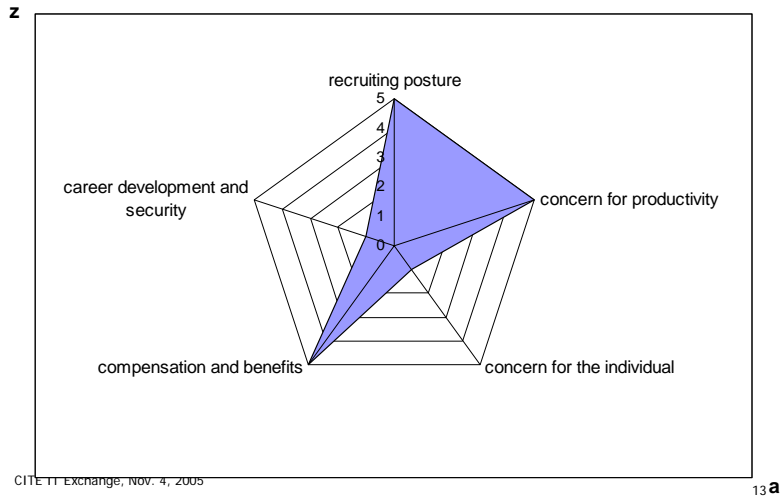
## Four IT HR Strategy Types



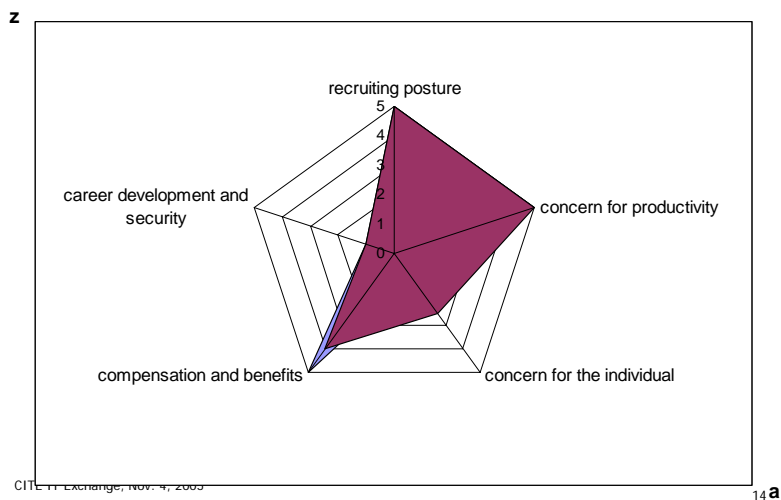
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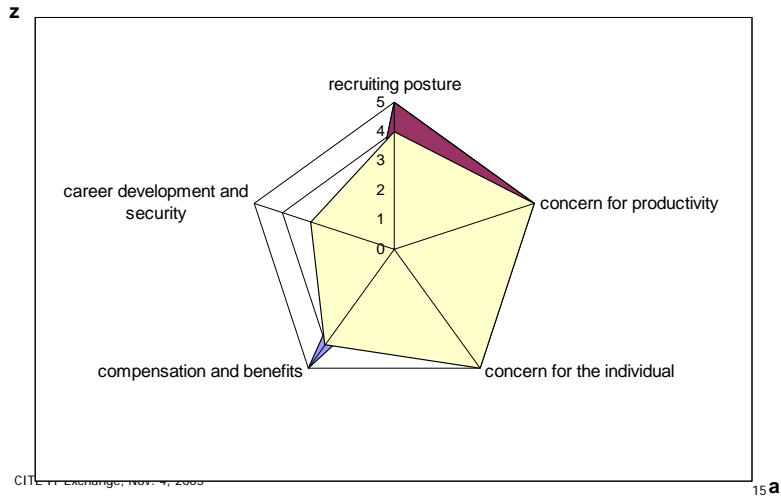
## Short-Term Producer



## High Performance Professional



## Balanced Professional



## Long-Term Investment

