ISRC *Notes*-October 1997
Information Technology Hiring and Retention
*Based on presentations by Linda Pittenger of the Hay Group
and Sandra Fitch of Shell Services*

Overview

What business are you in? If you are an IT or HR manager trying to hire and retain a skilled staff, the answer is not what *industry* you're in, such as oil and gas, banking, or insurance. You're in the *information technology* business. And right now, one of the biggest challenges facing people in that business is attracting, selecting, and retaining individuals with the right mix of technical skills and behavioral competencies for their organizations. The October ISRC meeting featured two perspectives on meeting this challenge. Linda Pittenger of the Hay Group discussed emerging roles and skills within the IT field, and explored different methods for identifying, recruiting, and retaining talented individuals. Sandra Fitch shared some of the specific approaches Shell Services has found useful in attracting and keeping professionals with the right stuff. The overall message of the session was that "IT is a people business" and that to attract and retain the right people you need to have flexible and creative compensation and reward systems.

Emerging IT Roles and Skills

As the IT field continues to undergo rapid and dramatic changes, roles within IT are evolving to keep pace. The move towards new technology such as client/server, SAP, and the Internet has significant implications for staffing, employee development, and long-range planning. Coupled with this technical evolution is an increasing emphasis on the business side of IT - the need for IT to be recognized as contributing to the business objectives of the organization. The result is an unprecedented demand for IT professionals and in many cases a severe shortage of people to fill positions. This is driving some firms to hire "anyone with a pulse". However, the most progressive firms are attracting people with a sound blend of technical, business, and leadership skills. To be successful in attracting and retaining these individuals those firms offer a mix of creative pay packages, career development opportunities, and a supportive work environment.

Compensation

The first step in strategic staffing is to identify individuals with critical IT competencies. This is not solely about technical skills and knowledge (e.g., programming languages or years of experience). The emphasis should be on the underlying traits and motives that drive a person to succeed. These can be identified by assessing an individual's behavioral competencies. Identifying competencies helps to place an individual in a position where he or she can be successful. It also allows rewards and recognition to be customized to appropriately motivate the individual.

In today's IT labor market, these rewards and recognition should go far beyond traditional compensation packages. One of the more intriguing compensation approaches is market-based pay. The employee is paid the going market rate for people with their mix of abilities and skills. This rate may be adjusted quarterly. The employee must realize, however, that this is a double edged sword. If the market rate goes up, so does the employee's salary. The same is true if the market rate goes down. One way to lessen the impact of downturns is to re-skill the employee.

Linked with market-based pay is the concept of variable pay. An individual's compensation is based on a combination of what he or she is worth in the open market, and what he or she has

College of Business Administration
University of Houston, Houston, Texas, 77204-6283
Phone: 713-743-4691 Fax: 713-743-4693 E-mail: isrc@uh.edu

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contributed to the organization. The total package should equal the market rate. In other words, base pay plus a "hot-skills" premium plus a performance bonus equals the market rate. This gives companies the flexibility to adjust pay to keep up with a hot market, without leaving them stuck with high levels of base pay for special skills that are no longer hot.

Performance bonuses can be used to reward individuals, to encourage people to stay with the organization, or to motivate team performance. Individuals who have mastered new skills, met or exceeded achievement objectives, consistently generate high-quality results, or are otherwise valuable to the organization should be suitably rewarded. Standard retention pay, such as offering a bonus upon completion of a project, can be made more effective with some relatively simple tweaking. For example, establish an escalating bonus scale based on milestones. A schedule of near-term, steadily increasing bonuses is more likely to keep project members on board than a one-time payment in the distant future.

Non-Cash Incentives

Non-cash incentives can be used to attract and retain IT professionals as well. Among some of the proven winners are:

Flexible work arrangements such as,
- flex time
- telecommuting
- providing employees with the latest PCs and Internet access from home

Providing work variety through
- job rotation
- assignments to high-visibility or "fun" projects
- open posting for projects
- clear technical and managerial career development paths or career ladders

Providing training and development opportunities such as,
- work-related travel, including conferences or seminars
- membership in professional organizations like the ISRC
- tuition reimbursement
- mentoring
- training and continuing education

In addition to these benefits, some firms are providing creative work place benefits such as on-site massages, first-run movies, concierge services, and the like.   The bottom line is that firms are going the extra mile to attract and retain the best people and to get the most out of those people.

Rewards and Performance

There are two things that must be kept in mind when designing reward strategies. One, rewards should be tied to performance. Performance should be evaluated using measurements that are specific, quantifiable, attainable, realistic, and time-bound. Two, rewards should be customized to the individual or group. For example, younger employees might be more interested in training or re-skilling opportunities, while older employees might be more motivated by retirement plans or assignments involving less travel.

One final note - attracting top-flight people is only half the battle; retaining them is equally important. Be prepared to "re-recruit" long-term employees. In attracting people, the key factors in order of importance typically are: 1) Compensation; 2) Career Development; 3) Corporate Culture. Compensation will get people through your door, but it won't keep them in the building. In retaining people, what matters are: 1) Corporate Culture; 2) Career Development; 3) Compensation. A supportive, innovative culture will further a satisfied work force, which in turn furthers corporate productivity and performance.

Closing Notes and Coming Attractions

We would like to thank Linda Pittenger and Sandra Fitch for their thoughtful and thought provoking presentations. If you did not receive a handout from the session, contact us and we'll forward a copy to you.

The next ISRC seminar is scheduled for Thursday November 13th. It will include presentations on Business Rules Automation by Barbara Von Halle, co-founder of Knowledge Partners, Inc. and Bob Brown Vice President of Business Improvement and Information Systems at Burlington Klopman Fabrics.

For Additional Information

Below is a short list of articles and web sites that may be of interest for those of you looking for more information on hiring and retention issues.

Articles

- Computerworld, IT Careers, September 15th, 1997, p. 100. *The first of a four part series on IT hiring and retention issues.*

- Christopher Koch, Cutting Deals with HR, CIO Magazine, June 15, 1997. *Some ideas on how to sell HR on market based pay.*

- Chris Miksanek, In Search of IT Soft Skills, Datamation July 1997. *An alternative and humorous look at changing IT roles.*

Web Sites

- www.computerworld.com/careers   *-The career section of Computerworld also provides a registry for online computer career advice and access to 10,000 on-line resumes*

- http://www.haygroup.com/na/haynamer/nameric.htm *- Hay Group North America site, which includes an IT hot skills survey*

- http://www.compinfo.co.uk/employ.htm *- an international index of IT employment information*