

Chapter 10

Retaining IT Professionals

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ABSTRACT

Retaining talent is one of the most important issues that HR Managers must address. This chapter discusses the retention practices model applied by IT. In accordance with the model developed by Julia Naggiar in 2001, it analyses six best practices: orientation, training, career development, motivation, compensation, feedback, and evaluation. Additionally, because of their importance, it also deals with turnover rate implications. To find the best retention practices for IT professionals, these variables have been evaluated in an investigation carried out with Latin-American IT professionals and HR Managers to find out which practices IT professionals consider paramount in retaining talent.

INTRODUCTION

Retaining talent is one of the major concerns for HR departments. According to Luftman (2008) and Capelli (2008) recent studies determine that talent management is a top concern for managers. It is common to hear about “The war for talent” and IT industry is no stranger to this trend.

This competitive environment is true during the recession and of course during times of growth. In an industry where Google is considered the best place to work, other factors such as the impending

retirement of Baby Boomers and the continuous demand for leveraging new technologies, are making companies focus more attention to the retention of the best professionals.

This chapter covers the best practices for keeping people in organizations and analyzes important retention issues. The main focus of the chapter is an elaboration of the thesis on best practices to retain IT employees (An Exploration of retention practices in the IT industry – Julia Naggiar 2001). According to the model, six factors are considered the best for retaining IT people: orientation, training, career development, motivation, compensation and feedback and evaluation.

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Two surveys were applied to compare the results with the proposed model, the first one for IT professionals and the second one for HR managers.

The objectives of this chapter are:

- Demonstrate the importance of retaining IT professionals.
- Show the best practices in retaining IT professionals.

A survey for IT professionals and for HR managers have been applied to identify if the six best practices discussed in the Naggiar Model are relevant for IT professionals and for HR managers, and to determine which of the six best practices of the Naggiar Model are the most important for the IT professionals and HR managers.

BACKGROUND

Retention can be understood as an organization's ability to preserve the employees it has hired (Bernthal & Wellings, 2001). According to Phillips and Connell (2003) retention is the percentage of employees that remain in the organization.

Young professionals that begin their career do not expect to stay in their first job for life. They are seeking professional development; therefore, learning opportunities and career development are a must for them.

According to a benchmarking study on retaining talent by Bernthal and Wellings (2001), young employees, especially in technologic fields, are at a high risk of turnover. Turnover is usually calculated comparing the number of worker separations during a given month to the total number of employees at mid month (Bernthal & Wellings, 2001). According to this benchmarking study, the top five factors affecting the employee's decision to stay or leave are: Quality of the relationship with their supervisor or manager, ability to manage work and home life, amount of meaningful work (the feeling of making a difference), level

of cooperation with co-workers and level of trust in the workplace.

According to Jenkins (2009) when talking about turnover, costs associated to losing employee knowledge and experience should be considered. Westlund (2007) also emphasizes that if the IT professional leave the company before a project is finished the risk of failure is very high. According to his research the financial damage from failed IS projects is \$ 100 billion in the United States.

Griffeth and Hom (2001) indicate that it is important to pay heed to the voluntary turnover rate, which accounts for workers who freely decide to quit their jobs. They present some voluntary causes, being most frequent among them, when employees are leaving the city, getting married, acting upon personal reasons or taking on a new job. Among the voluntary causes, there is functional or dysfunctional turnover. Dysfunctional turnover occurs when effective performers leave a company that does not want to see them go. Dysfunctional turnover can be further divided into avoidable and unavoidable leaves. The latter are those which a company has no control over, such as death, childbirth, family moves, and health problems. In conclusion, the turnover rate that must worry organizations is the one related to voluntary, dysfunctional and avoidable quits.

Exit interviews help to identify the reasons for leaving a company, but sometimes employees may contend to have unavoidable reasons for leaving when the truth is that they do want to quit. It is well known that turnover implies a high cost. The main costs associated with the turnover rate are the ones related to separation, replacement, and training costs. Jenkins (2009) considers direct and indirect costs of turnover. Direct costs are the ones related to recruiting, training, the learning curve. Indirect costs are lower results in organizational climate measurements and problems with customer satisfaction. Turnover must be analyzed because clients might be affected by the departure of a good employee. Sometimes a person who manages to fully comprehend the

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