

Chapter 12

Retaining Global IT Talent

Deepak Khazanchi

University of Nebraska at Omaha, USA

Dawn Owens

University of Nebraska at Omaha, USA

ABSTRACT

The general problem of employee retention and the ability of an organization to influence and change actual turnover behavior are of great concern to employers, consultants, and academicians alike. This has been especially true in the IT profession. The growing need for IT professionals, combined with a shrinking labor pool, has made recruitment and retention of IT talent a top priority in many organizations. Forward thinking companies are looking to find and retain qualified IT talent wherever in the world it is available at a reasonable price. This chapter presents research that provides nuggets of wisdom that can be used as best practices for retaining global IT talent.

INTRODUCTION

Information Technology (IT) staffing is a topic that has plagued organizations for many years due to the fluctuating needs for talented IT professionals. During the 1990s, there was a demand for IT staff to support Y2K and the dot com boom. The IT industry could not recruit IT professionals quickly enough. However, with the 2001 recession, the dot-com bust, and the end of Y2K, IT hiring slowed and downsizing/rightsizing became the norm (Luftman & Kempaiah, 2007). More than 100,000 Americans dropped out of the IT labor

market between mid-2002 and late 2004 (Luftman & Kempaiah, 2007). In recent years, an improving economy, growing business confidence, application of IT to new domains like health and biosciences, and the emergence of exciting new technologies have again created a demand for IT professionals. Additional demand for IT professionals in the upcoming years is also likely due to the impending retirement of millions of baby boomers in the United States. According to the American Society of training and development (Gilburg, 2007), over the next two decades 76 million Americans will be retiring and only 46 million will be entering the workplace to replace them. For every two baby boomers who retire in

DOI: 10.4018/978-1-60960-535-3.ch012

the next decade there will only be one college graduate to take their place (op. cit.). In addition, the recent phenomenon of reverse emigration is resulting in skilled foreign IT professionals heading home to attain new opportunities as economies in their home countries are growing because of globalization and stronger economic growth (Bose, 2006). Finally, the downturn of the early 2000s coupled with the media-driven fear that IT jobs are going offshore, has caused a decline in computing enrollment in American universities. This has made it even harder for firms wanting to fill vacant positions (Luftman & Kempaiah, 2007).

Given the pace of change in information technology and businesses, the globalization of organizations, low university enrollments in IT majors, and the impending baby boomer retirement, many believe that there could be an even greater shortage of IT talent in the near future. According to the Bureau of Labor Statistics (USBL, 2005), one out of four new jobs between 2006 and 2012 will be IT related. The U.S. is projected to have a shortage of more than 6 million IT jobs by 2015 (Luftman & Kempaiah, 2007). With the potential for a shortage of IT employees, executives are paying closer attention to their existing IT employees' with the goal of finding ways to reduce turnover. Executives fully realize the importance of retaining talented IT professionals and the enormous cost of employee turnover. Attracting, developing and retaining IT professionals continue to be top-ranked issues for IT executives (e.g. Bernthal and Wellins, 2001; McLean & Luftman, 2004; Luftman, 2005; Luftman et al., 2006; Luftman & Kempaiah 2008; Luftman et al., 2009).

The problem of unfilled positions is aggravated by the difficulty of retaining good IT employees (Bartol & Martin, 1982; Bartol, 1983). Retaining personnel, especially good IT professionals, is an onerous task requiring substantial effort and investment on the part of the organization at many levels.

Businesses long ago learned that having the right people could yield higher financial returns

(Bhasin & Cheng, 2001). The U.S. has long been a haven for talented individuals, but now other countries are joining the fight for talent by offering similar or better opportunities for professionals and their families (Bhasin & Cheng, 2001). Companies are competing with each other for IT professionals globally (West & Bogumil, 2001). Asian countries such as India and China, and certain companies in Eastern Europe and Latin America are becoming recognized as suppliers of highly qualified engineering and scientific talent (Lewin, Massini, & Peeters, 2009). The current challenge is that firms are competing for talent globally and not just seeking engineering and science resources in low-cost countries (Belderbos & Heijltjes, 2005; Khanna & Palepu, 2004). Due to globalization, reduced language barriers, the ubiquitous Internet, and availability of stable communication infrastructure, agile companies can hire talent at a reasonable price wherever it is available in the world. Nations are competing globally with visa quotas, working conditions, salaries, benefits, and opportunities to work with cutting-edge technologies (West & Bogumil, 2001).

THE COST OF TURNOVER

Staffing costs take up to 40-50 fifty percent of an IT budget and recruiting and retaining IT professionals is a critical issue for senior management (Argawal et al., 2006; Luftman & Kempaiah, 2007). The cost of employee turnover is expensive and involves both direct and indirect costs. When talented IT personnel leave an organization, costs are incurred with not only the hiring, assimilation and training of new employees, but there are also costs associated with losing an employee's knowledge.

The direct cost of employee turnover is vacant positions and recruitment. Recruitment in general and IT recruitment in particular is challenging and expensive. Initial recruitment costs include

14 more pages are available in the full version of this document, which may be purchased using the "Add to Cart" button on the publisher's webpage:

www.igi-global.com/chapter/retaining-global-talent/53112

Related Content

Gezairi Transport New Horizon Transformation Project

Charles Saliba (2019). *Evidence-Based Initiatives for Organizational Change and Development* (pp. 609-616).

www.irma-international.org/chapter/gezairi-transport-new-horizon-transformation-project/225187

Medical IT Systems and Their Effect on Human Resources

Robert J. Mocklerand Dorothy G. Dologite (2009). *Encyclopedia of Human Resources Information Systems: Challenges in e-HRM* (pp. 649-654).

www.irma-international.org/chapter/medical-systems-their-effect-human/13294

"We Don't Have the Key to the Executive Washroom": Women's Perceptions and Experiences of Promotion in Academia

Jessica Guthand Fran Wright (2012). *Human Resources Management: Concepts, Methodologies, Tools, and Applications* (pp. 1217-1240).

www.irma-international.org/chapter/don-have-key-executive-washroom/67215

Knowledge Strategy: Its Mitigating Effects on the Organization

Joseph E. Kasten (2012). *Human Resources Management: Concepts, Methodologies, Tools, and Applications* (pp. 119-133).

www.irma-international.org/chapter/knowledge-strategy-its-mitigating-effects/67150

The Future Challenge of Millennial Workers

(2018). *Attracting and Retaining Millennial Workers in the Modern Business Era* (pp. 241-246).

www.irma-international.org/chapter/the-future-challenge-of-millennial-workers/206508