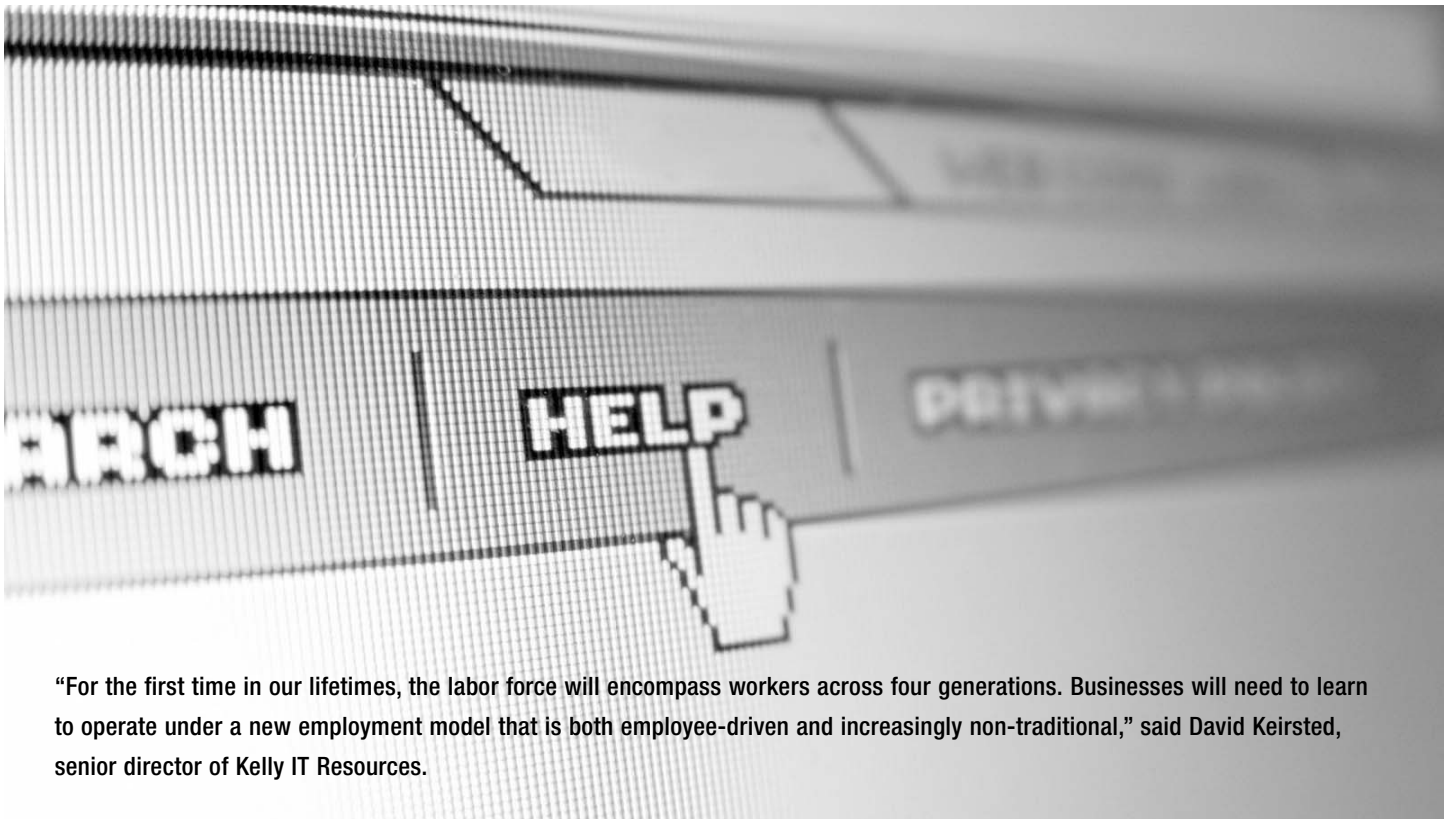# KELLY IT RESOURCES

issues&trends

A KELLY INFORMATION TECHNOLOGY RESOURCES® REPORT

"For the first time in our lifetimes, the labor force will encompass workers across four generations. Businesses will need to learn to operate under a new employment model that is both employee-driven and increasingly non-traditional," said David Keirsted, senior director of Kelly IT Resources.

HIRING AND RETAINING: KEYS TO IT SUCCESS

Tips for finding and keeping the professionals your company needs

In the late 1990s, IT departments scrambled to find qualified and motivated employees. During the first few years of this decade, the tables were turned and employees fought to land good jobs with good employers.

Today, the tide is again changing, and employers are finding it increasingly difficult to get the IT workers they need. Recruitment and retention techniques are, once again, receiving increased attention because of the developing IT skills shortage. If you want to staff your IT department with skilled and motivated employees, sharp and effective hiring and retention skills are absolutely essential.

The Market is Tightening

While signs indicate that the U.S. economy is tightening, how is it affecting the IT labor market? Commenting on a 2005 study conducted by his research firm, Foote Partners, LLC, David Foote said, "Retention concerns are being given a very high priority right now by many executives, partly driven by heightened demand for IT workers with more specialized skill sets focused not just on technology but on industry, customer, and solutions knowledge and experience. They are going after a smaller pool of candidates in many cases."

In a study released in November 2005, Gartner Inc. reports that it expects IT spending to increase 5.5 percent in 2006. While this isn't a dramatic increase, it is higher than inflation and enough to keep making it difficult to find skilled employees. We can add to this the effects of a workforce that's turning over at a greater rate than it has in several years. Retention has become a significant challenge to CIOs.

Greater demand for IT workers, workers looking for better jobs, employers losing workers to turnover – these are some of the consequences of today's changing IT job market. This is not surprising, given the recent surge in IT hiring during the past couple of years. In June 2005, *Computerworld* reported that after a period of job cuts in 2004, 49 percent of the organizations on the magazine's "100 Best Places to Work" list were boosting their IT hiring by an average of eight percent. In 2005, 61 percent of the organizations expected to boost IT staff by an average of nine percent. This suggests IT hiring, which turned the corner in 2004, is now accelerating.

Observers predict that an overall demand for IT services will continue to be strong for some time. In its current *Occupational Outlook Handbook*, the U.S. Bureau of Labor Statistics states that employment in the information sector should be solid between the years 2002 and 2012, and certain industries within this sector will have particularly strong growth. Additionally, Internet service providers, web search portals, and data processing services are projected to have job growth of 67.9 percent, 41.1 percent, and 48.2 percent respectively during this period. Professional and related occupations are projected to grow faster and add more jobs than any other major occupational group, including computer occupations.

Not only will increased hiring put a squeeze on the available IT worker pool, but that pool may well be shrinking as well. Two factors are contributing to this: the retirement of baby boomers who, in 2006, start hitting the age of 60; and the decline in the number of young people entering the IT professions (39 percent fewer computer science majors now than in 2000), a result of being scared off after the dot-com bust, as well as other reasons.

"For the first time in our lifetimes, the labor force will encompass workers across four generations. Businesses will need to learn to operate under a new employment model that is both employee-driven and increasingly non-traditional," said David Keirsted, senior director of Kelly IT Resources, a business unit of global staffing provider, Kelly Services, Inc.

In November 2005, *InformationWeek* reported, "Given the pending exodus of retiring baby-boomer IT professionals who'll take their years of business, industry, and technology experience with them, and the decline in the number of young people entering the IT workforce, recruitment and retention problems are likely to worsen in coming years."

Finding the Right Candidate: Hiring the Best and Brightest

Given this background of a strong and growing demand for IT professionals, employers need to pay considerable attention to their recruiting and hiring strategies.

Networking through professional organizations to identify qualified applicants is a powerful tool. It's a smart idea to make introductions and converse with people during local and/or national IT meetings and conferences, even Chamber of Commerce events. Consider incorporating social networking sites, such as ZeroDegrees, LinkedIn, and Ryze into your recruiting strategy. Given the comfort level of IT employees with technology, social networking sites are particularly popular with technology workers.

Posting jobs to online sources that can pinpoint local and/or regional markets can cast your net wide enough to attract the people you need, yet not so wide as to inundate you with applicants. And don't forget your own company's corporate website. Be sure the home page prominently directs prospects to the available job listings.

Referrals from current employees are also an excellent pipeline to potential new hires. Your staff understands your company and its needs. Therefore, referrals tend to be a good fit with your organization. Offering cash bonuses or other incentives to current employees work well to stimulate referrals.

Always anticipate your needs. If your IT workforce is expanding, don't just hire for today. Consider your needs at the very least a year or two out. Hiring now for these needs can help you train new employees so they are ready to pick up the ball when the need arises.

Recruitment firms, especially those with IT expertise, can help. They've got the contacts, the experience, and the infrastructure to assist with locating and evaluating suitable candidates.

"Use as many channels as you can find to prospect. But be sure you know what you want before you start," warns Keirsted. "You can do a great job finding people, but if you

don't know what the job description is, what their training and experience should be, or what exactly you would like them to do, you'll likely waste time and money and end up with employees who cannot produce for you."

Retention: Better Than Having to Hire

It is generally cheaper and more effective to retain an employee than to lose one and try to find another. This may be obvious to some, yet many IT departments have not gotten the message. A November 2005 *InformationWeek* poll reported that 69 percent of IT professionals were either "actively or somewhat actively" looking for a new job with another employer. The article goes on to note, "Our poll shows that 53 percent of respondents say their companies are experiencing a shortage of IT workers. Turnover is the No. 1 reason for the shortage…"

It seems that many IT workers are not happy. A study reported in *Darwin* magazine found that more than 72 percent of the companies surveyed are experiencing low morale among IT employees and was a serious issue for them.

A survey conducted by the Information Technology Association of America, "Adding Value…Growing Careers," found that the best means of achieving retention are (in order of importance):

1. Good overall compensation plan
2. Flexibility (hours, work environment, dress code)
3. Health insurance
4. Frequent reviews/raises
5. Professional development activities
6. Formal on-the-job training
7. Retirement plan
8. Tuition reimbursement
9. Rapid promotion
10. Stock options

A Foote Partners study found that the most desirable perks for its workers in 2005 were more time off, working from home, comp time, training, and interesting work (including current technologies).

A study by Hudson Highland Group, Inc. found that in addition to compensation and benefits, companies that failed to provide much in the way of advancement opportunities, and were also ranked low in terms of employee relationships with management, had the highest number of employees actively looking for work.

Advancement may not mean more technology, but rather a move into management. In a September 2005 *Computerworld* article, a CIO at a division of General Electric commented that over the past 10 or 12 years, he's seen a shift in what IT workers want. Before, 80 to 90 percent wanted to remain on the technical end, while now only 30 to 40 percent do. Today, more want to move into management.

Also vital, especially for IT workers, is training. "The key to the effectiveness of an IT operation is the caliber, skills, and training of the employees. Our IT Learning Center is an interactive, multimedia, online training campus designed to help IT professionals stay on top of rapidly evolving technology," said Keirsted.

Computing magazine noted in a September 2005 article, "In a tough job market, employers need to understand that training and development they extend to their employees will not only make staff more able and valuable, but will also act as a powerful incentive for them to stay."

Lastly, it shouldn't be all about money. While a competitive compensation package is important to most employees, other needs may outweigh a substantial salary. A CIO quoted in *Computerworld* conducted an informal survey of her direct reports and found that the top desires of her employees included job security (the workers wanted to know their jobs would not be outsourced), access to new technology, and a work schedule that didn't include too many nights and weekends.

Success Depends on Those You Hire and Retain

Today's IT market is moving toward a greater demand for IT workers at the same time that fewer experienced, knowledgeable workers are available. Only those IT departments that are particularly adept at hiring and retention will be able to serve their companies well. An IT department that's hobbled by having a lack of good employees affects the performance of the entire organization. Today, more so than in many years, it is vital that IT departments be smart about attracting and keeping their workers.

Kelly Services has been filling technical orders since 1965. The Kelly IT Resources business unit was formally established in 1999 and serves 90 percent of the InformationWeek 500 companies. Kelly IT Resources provides employees skilled in computer applications, programming, operations and hardware to companies worldwide. In addition, Kelly IT Resources operates the IT Learning Center, an interactive, multimedia, online training campus designed to help IT professionals stay on top of rapidly evolving technology. For more information about Kelly IT Resources and the IT Learning Center, visit **www.kellyIT.com**.

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