



Talent Management in the Information Technology Sector

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Background

Talent management (TM) is the process used by organizations to nurture and maintain a skilled workforce [1]. Unfortunately, there is little rigorous, peer-reviewed research examining TM in the information technology (IT) sector. The research that does exist is broad, so many strategies for attracting and retaining employees have only been studied once. Much of the research has also been conducted internationally, and there is reason to suspect that national culture might moderate turnover intentions among employees. These factors make it hard to accumulate knowledge and truly define “what works” in various IT contexts.

Multiple data points confirm that attracting and retaining talent is difficult in the field of IT. According to the Bureau of Labor Statistics, employment in computer and information technology occupations is expected to grow 11% from 2019 – 2029 [2], much faster than the 3.7% average for all occupations [3]. Yet, the number of skilled employees eligible to take on these positions has not previously kept up with demand. Skill shortages have driven high employee turnover [4]. Employment statistics indicate that in 2019, employees in computer and mathematical occupations had an average tenure of only 3.9 years – lower than the 4.1 average for all occupations [5].

Turnover comes with steep direct and indirect costs. Directly, the University of California, Berkeley estimates that it costs about \$4,000,

on average, beyond salary and benefits, to hire a new employee [6]. This number grows for more senior-level positions. Indirectly, it decreases efficiency and human capital. Departing employees take with them valuable knowledge about the company and its customers [7]. **This gives rise to two important questions:**

- 1) How can employers attract skilled employees that are worth retaining?**
- 2) What strategies can employers use to improve talent retention?**

Attracting Talent

When working to improve the quality of candidate pools, it is important to have a long-term focus. Strategies to improve talent attraction primarily address company culture:

- Focus on employer branding. Be known as a great place to work by having fair policies, interesting/challenging projects, and opportunities for growth [8].
- When a candidate demonstrates a lack of skill during the interview process, consider changing your “no” to a “not yet.” This is done by providing the candidate with a list of resources or coursework they could use to bolster their skills. If they can come back having gained them, they are fast-tracked in the interview process for future positions [9]. This demonstrates growth as a company value and increases the likelihood of finding a good candidate in the future.

- Plan for a talent pipeline. That is, promote from within whenever possible. While hiring externally is sometimes necessary, hiring internally reassures employees that there is job security in exchange for their loyalty and growing skill set [8].

Retaining Talent

When examining the research on talent retention, nearly all of the successful strategies address job satisfaction. Research links job satisfaction to the Theory of Self-Determination [1], which postulates that all humans need three psychological needs filled in order to feel motivated and satisfied: autonomy, competence, and relatedness [10].

Elements that generally correlate with high job satisfaction in IT include:

- Good relationships with coworkers [4]
- Quality professional development [11]
- Flexible work hours/location [12]
- Challenging projects [13]
- Supportive leadership [12]
- Consistent feedback and recognition [13]
- Competitive salary/benefits package [12]

While all of the factors are important, the last factor, a competitive salary/benefits package, warrants more explanation. Salary is arguably one of the first things employers consider when drafting retention policies. However, according to the Motivation-Hygiene Theory, salary is considered a “hygiene factor.” This is in contrast to the other elements that are considered “motivational factors.” A hygiene factor cannot make people feel satisfied, but it can help prevent dissatisfaction [14].

Author Daniel Pink explains the implication this way: “People must be paid well and be able to take care of their families... but once a company meets this baseline, dollars and cents don’t much affect performance and motivation [15].” As long as people are paid an equitable, fair

amount, more money does not typically increase satisfaction, so focus efforts on the other “motivational factors” that increase autonomy, competence, and relatedness – factors more likely to increase job satisfaction.

What does this look like in the workplace?

- Link work to a meaningful purpose [1], and design jobs that involve interactions with users/clients [16].
- Offer employees regular feedback and celebrate accomplishments [13].
- Promote a positive work-life balance [1].
- Offer development opportunities that help employees grow in their careers and obtain certifications [11].
- In times of economic stress, reassure employees of their value. Even when an employer does not plan to make cuts, fear of job loss can amplify turnover [11].

Final Thoughts

There is a positive relationship between policies that attract and retain employees. When hiring new employees, ensure their needs and expectations align with those of the company. Then, enhance the employee experience by developing and nurturing the attracted talent. By nurturing and developing employees, engagement increases. An engaged employee is more likely to deliver excellent customer service. These employees also tend to stay longer and help to build a relational, connected workforce, which, in turn, builds the employer brand, making it easier to attract qualified applicants in the future [8].

Remember that needs change with time, position, and life stage, so hiring and retention strategies should be regularly reviewed and, when possible, individualized. Assess not just the present but also the future needs of employees so that the organization can be one they see as a “fit” for years to come [17].

Resources

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