Best Practices for Retaining Global Information Technology Talent

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Synopsis

- Introduction and Motivation
- The Cost of Turnover
- Challenges & Opportunities: Global IT Employee Retention
- Methodology and Data Analysis
- Best Practices for Global IT Employee Retention
- Future Research
Characteristics of IT Workforce

- Demographic and cultural diversity
- Reduced language barriers
- Large pool of Baby Boomers reaching retirement
- Declining IT enrollment at American Universities
- Low retention rates
- Projected shortage of more than 6 million IT jobs in the U.S. by 2015
Research Motivation and Goal

- Identifying Best practices for reducing IT turnover and retaining global IT talent
  - Could help companies address extant challenges.
- Overall goal:
  - Enhance existing research and describe key best practices (factors) for retaining global IT talent.
The Cost of Turnover: Direct and Indirect costs

• Direct Costs
  ▫ Vacation positions
  ▫ Recruitment

• Indirect Costs
  ▫ Productivity loss
  ▫ Knowledge loss
  ▫ Delayed projects
  ▫ Customer dissatisfaction
“Talent is an intangible resource embodied in individuals, groups, and social networks, and learning to organize and manage talent globally becomes an idiosyncratic capability that is unobservable and difficult to imitate”

[Lewin, Massini, & Peeters, 2009]
Retention Challenges

- Understanding how to identify, engage, and retain talent in global regions.
- Understanding motivation factors for those in foreign regions.
- Spreading up-to-date knowledge practices throughout the global enterprise.
- Identifying and developing talent on a global basis.
Important Definitions

- **IT Employee retention**
  - The effort by an employer to keep desirable IT workers in order to meet business objectives [Frank, Finnegan, & Taylor; 2004].

- **IT Turnover rate**
  - Percentage of IT employees who leave [Agarwal, Brown, Ferratt, & Moore; 2006]

- **IT Retention**
  - Percentage of IT employees who remain [Agarwal, Brown, Ferratt, & Moore; 2006]
Methodology and Data Analysis

- Literature Review
- Structured interviews with senior IT executives
## Profile of Interview Subjects

<table>
<thead>
<tr>
<th></th>
<th>Firm 1</th>
<th>Firm 2</th>
<th>Firm 3</th>
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</thead>
<tbody>
<tr>
<td><strong>Description</strong></td>
<td>Global provider of advertising and marketing services</td>
<td>Provider of management consulting services</td>
<td>Transportation company operating a railroad franchise</td>
</tr>
<tr>
<td><strong># of IT employees</strong></td>
<td>Over 200</td>
<td>200</td>
<td>400</td>
</tr>
<tr>
<td><strong>Global Diversity</strong></td>
<td>5 different countries</td>
<td>27 countries</td>
<td>3 different countries</td>
</tr>
<tr>
<td><strong>Position of subject interviewed</strong></td>
<td>CTO</td>
<td>CIO</td>
<td>Senior Vice President and CIO</td>
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Retention Factors

Monetary (Extrinsic) Characteristics

- Pay
  - Salary
  - Benefits

Non-Monetary (Intrinsic) Characteristics

- Job (Task) Characteristics
  - Challenging Work
  - Leadership
- Work Environment and Culture
  - Leverage Diversity
  - Employee Engagement
  - Ease Employment Barriers
- Team and Community Building
  - Trust
  - Social Activities
  - Communicate and Listen
- Lifestyle Accommodations
  - Work-Life Balance
  - Flexibility
- Career Development
  - Learning and Growing
  - Reward for Performance
  - Career Opportunities
Best Practices

1. Globally oriented employers must tailor key job characteristics to retain talented IT employees wherever they are located.
   - Challenging work = Engaged employees.
   - Job rotation is one way to challenge employees and keep them engaged.
Best Practices

2. The organizational work environment and culture should support diversity and encourage global employment.
   ▫ Leadership by itself is important, but global leadership skills, global mindset and global knowledge are critical.
   ▫ Global companies and their leadership effectively leverage and celebrate employee diversity in all its forms.
   ▫ Effective employee engagement engenders loyalty and trust.
   ▫ Develop a work environment that works hard to ease employment barriers for talented individuals in the firm.
Best Practices

3. Effective team and community building within the global firm engender retention.
   ▫ Engendering trust in global IT employees is a challenge, but extremely important for retention.
   ▫ Encouraging informal and formal social activities, helps build a sense of community.
   ▫ Employers must communicate and listen to employees on a regular basis.
Best Practices

4. Employers must be cognizant of and willing to allow for lifestyle accommodations of employees in globally dispersed organizations.
   - **Flexibility** and **work-life balance** are central to the goal of retention.
Best Practices

5. IT professionals are no different from other employees in terms of career development.
   - Career development activities must include ways for employees to learn and grow within the organization.
   - Rewarding performance is a sure fire way of getting the attention of it employees.
   - Attracting and retaining top talent requires employers to offer diverse career opportunities.
Future Research

• What is the relationship between job characteristics and
  ▫ career satisfaction, role stressors, and career performance?

• What are the differences in the relationship of
  ▫ demographic variables, career performance, career satisfaction, job characteristics, organizational commitment, and turnover intentions
  • between IT and non-IT professionals?
Extended Model of IT Turnover Intentions for Future Research

Demographic Variables:
- Age
- Education
- Gender
- Organizational Tenure

Non-Monetary Characteristics:
- Job Characteristics
- Culture
- Community Building
- Lifestyle Accommodations
- Career Development

Role Stressors:
- Role Ambiguity
- Role Conflict

Monetary Characteristics:
- Pay
- Career Opportunities

Job Satisfaction

Organizational Commitment

Turnover Intentions

Turnover Behavior
Summary

- Employee retention and the ability to change turnover behavior is of great concern to employers.
- The growing need for IT professionals and a shrinking labor pool has made retention and recruitment of IT talent a top priority for many organizations.
- This paper presents nuggets of wisdom from previous research and interviews for retaining global IT talent.