Retaining your IT staff

November 2010

Introduction

A difficult economy has not reversed the demand for talented IT professionals.

It might be more competitive than three years ago, but IT workers with a strong skills base and the experience to match are still finding well-paid positions with leading companies.

Certain skills have remained particularly desirable, too. Research carried out by IntaPeople earlier this year showed that C# and .NET developers top the bill as the most sought-after IT professionals for 2010, followed closely by infrastructure and network support roles, PHP developers and business analysts.

While demand for specific positions does vary, the truth is that every IT worker plays a key role in supporting the long term plans of a business. And at a time when many owners are just as happy sustaining business growth as they are increasing it, holding on to this talent should be a top priority.

By surveying two hundred employees direct, IntaPeople has been fortunate enough to gain an insight into what IT workers expect from their employer. This white paper aims to explore some of these expectations so that companies can curb what is often a merry-go-round of IT staff, and concentrate on shaping the future of their business instead.

The case for retention

Most businesses understand that retaining their staff members is important, but not all of these realise exactly how important.

On calculating the amount of time and money that is lost when a member of staff leaves, bosses often start from the moment the letter of resignation lands on their desk. However, this is inaccurate as it fails to take into account the preceding months in which the worker has been unhappy and looking for a new job. During this period, the employee is likely to have become demotivated, and the quantity and quality of their output may have declined without them even noticing.

Figure 1 - potential time lost when an employee leaves
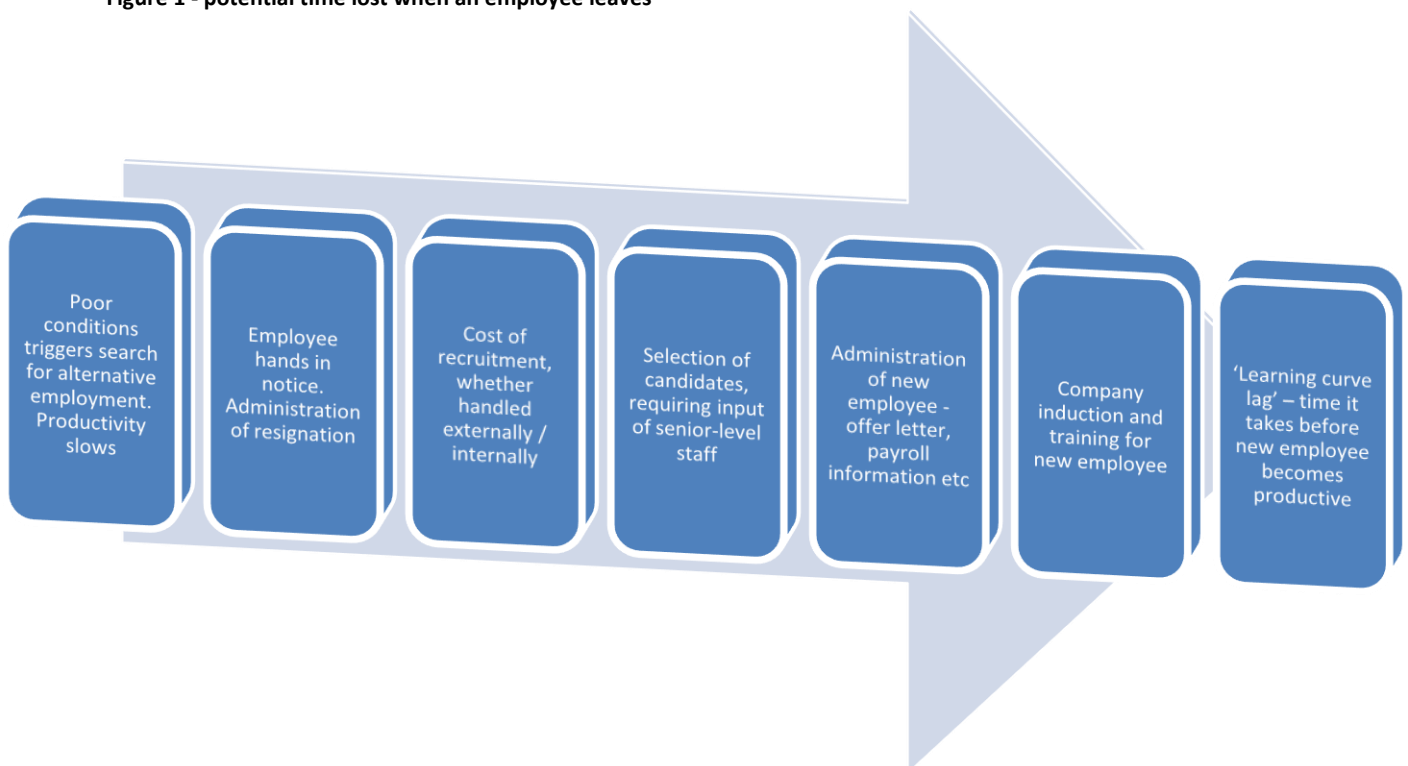
A survey released by PricewaterhouseCoopers (PwC) in October 2010 revealed the total cost of staff turnover in the UK to be a staggering £42bn a year. This figure is based on an average salary of £25,000 per year, and factors in costs incurred from lost productivity and the recruiting and training of new employees.

The outlay for each business will of course fluctuate depending on the sector and company type. In terms of departmental differences, though, the consequences of having a high staff turnover in IT can be more significant than other parts of the business. This is because IT professionals often acquire very specific expertise when managing the software and hardware processes of their company. As a result of this, it can take considerably longer for replacement IT staff to get up to speed than other recruits, particularly if a business uses outdated or uncommonly-used systems.

The low availability of certain workers also makes setting up a concrete retention strategy especially pertinent for IT departments. Experienced developers, testers, project managers and other key IT personnel are often in such demand that like-for-like replacements can prove difficult to achieve. This can make it more economical to address individual staff requests and keep existing employees happy, than to search for suitable staff anew.

> "Where skills are relatively scarce, where recruitment is costly or where it takes several weeks to fill a vacancy, turnover is likely to be problematic for the organisation."
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> **"Employee turnover and retention", CIPD Factsheet**
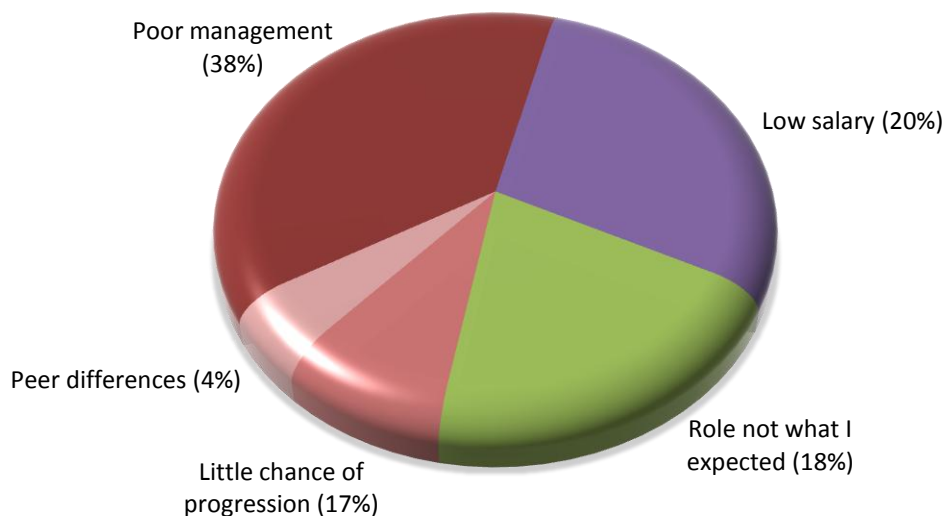
Having a low attrition rate will also have the knock-on effect of improving the company's local and national employment brand, helping to make it an 'employer of choice'. This will in turn lower future recruitment costs as higher quality candidates are more likely to seek that company direct, and could be happier starting on a lower salary in exchange for a working environment that offers both stability and the chance of long-term progression.

What makes an IT worker want to leave?

The first step of implementing a successful retention strategy is to gain a complete understanding of why an employee might want to leave. This information should be collected over the course of employment and also by establishing an open exit interview process, during which employees can freely discuss their reasons for departure.

Although the exact reasons for resignation will differ from one business to another, a number of the overriding issues affecting IT professionals are likely to be the same. During October 2010, IntaPeople interviewed 200 IT employees to determine and rank their main areas of concern.

Figure 2 - Which of the following is most likely to make you consider leaving a position?

Poor management (38%)

Low salary (20%)

Peer differences (4%)

Role not what I expected (18%)

Little chance of progression (17%)

As displayed in Figure 2, 38% cited poor management as the main reason for them leaving a role. This signals that IT professionals feel they are not being treated appropriately by their superiors. Interestingly, only one in five said that a low salary would be the primary reason for them moving on. This would seem to indicate that a high proportion of IT workers are largely happy with their current pay levels, and are principally driven towards securing a better working environment.

Just under one in five said they would be most likely to leave if the role was not what they had expected, while 17% said they would do the same if there was little chance of them progressing. The former is likely to be a direct result of poor management, while the latter represents a potentially company-wide issue in how positions are structured and positive performance is rewarded.

Another question in the survey provided further information as to why IT workers might put poor management down to their decision to leave. When asked how IT professionals are treated in comparison to other departments, a hefty 48% of respondents answered 'slightly worse' or 'much worse'.

Figure 3 - How do you feel IT staff are treated compared to other departments?
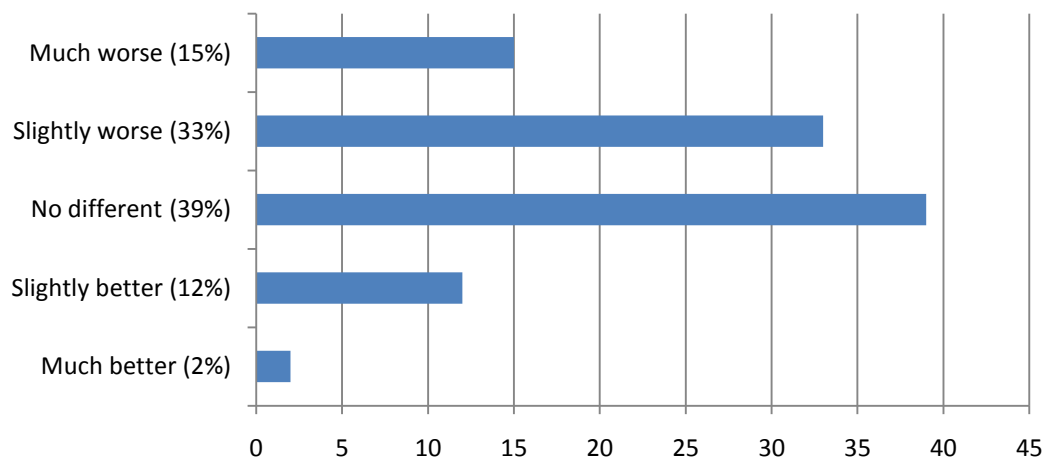
Only 14% believed that they were treated 'slightly better' or 'much better' than their colleagues. This indicates that there may be inequality in how the contribution of IT staff is recognised compared to other departments. It may also indicate that IT is not adequately represented at board level and subsequently not having its requirements met.

Understanding their motivation

If a business is going to successfully retain its best employees, it is crucial to understand the personality behind the professional. 38% of IT respondents said that their employer could keep them motivated by understanding and responding to their long term goals. If a business is to do this successfully, it has to attain an early understanding of what ultimately drives its

employees and establish a clear plan to help them achieve this. This should record both their short and long term aims.

The ideal time to do this is at the very start of the recruitment process. Although it can take a substantial time commitment, it is only through speaking to every candidate in great depth that firms can start to pick out their genuine aims. A candidate may deliver a lot of the right answers but this means nothing if it later emerges they have their heart set on another project.

A recruitment consultancy can certainly prove its worth in this area as candidates tend to speak more openly to an intermediary than to a hiring company. Any business that already employs the services of a consultancy should review how it engages with its candidates. With the exception of urgent contract or temporary roles, a good recruitment consultancy will not only evaluate the immediate suitability of candidates but also how successful they will be in the longer term.

Figure 4 - What is the best way for a business to keep you motivated?
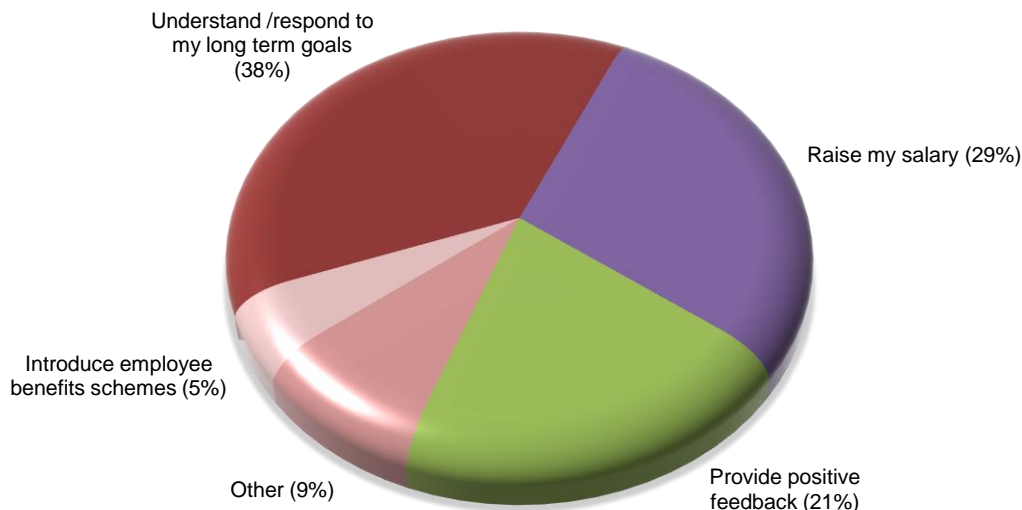
Training and incentives

Ongoing training forms a key part of supporting the long term goals of staff members. As one respondent to the IntaPeople survey notes, "Employers need to be aware that IT employees need to keep up to date. A savvy IT professional is always aware that their skills can become rapidly obsolete."

IT managers and directors therefore need to keep their finger on the pulse when it comes to new technologies and, where possible, encourage their staff to participate in training courses they have a professional interest in and that will benefit the company. Implementing quarterly training reviews will ensure that a business stays at the forefront of new processes and technologies, and also provide workers with an excellent incentive to remain part of the team.

Although not the most popular option, 29% of IT workers believed that awarding pay rises was the best way for a business to keep them happy. This sends out a clear message to companies that may have applied pay freezes during the downturn and are yet to reassess this policy. IT staff may understand the need for pay freezes during a difficult economic climate, but they are

"Employers often resist pay rises because of the immediate cost impacts, and may resent being 'held to ransom' by workers threatening to leave. But losing dissatisfied staff can prove a far more costly exercise."

Richard Phelps, HR services partner at PwC

unlikely to tolerate this for too long – especially if their skills are in high demand elsewhere.

21% of staff saw positive feedback as the primary way of motivating them, and 5% were looking for employee benefits schemes to be implemented by their employer.

Defining their role

Addressing the long term goals of staff members is also about making sure their role is consistent with the job specification set out prior to employment. Responses to one survey question demonstrated the prevalence of this problem. When asked how different their most recent role was from what they had initially expected, 45% of respondents stated that it was 'slightly different', while 25% said that it was 'extremely different'.

It is quite surprising that only 30% of IT professionals had a role that matched their expectations exactly. Although it is not unusual for certain positions to change with time, employers need to be careful that this does not conflict with the long term aims of their staff. Any significant changes to a worker's role should be fully discussed with them first to gauge whether it is the right move for both the individual and the company.

The next 12 months

On being asked how the IT jobs market will change over the coming 12 months, the responses were fairly mixed, with a slight leaning towards optimism. The majority of professionals (34%) believe that it will 'improve slightly'. 9% feel that it will 'improve significantly'.

Despite this, 19% still said that they expected the market to become 'much worse', and 13% 'slightly worse', showing that some apprehension still remains among IT staff. 27% said that they expect no difference in the next 12 months.

The predominantly positive outlook of IT professionals suggests that they recognise the importance of IT as businesses prepare themselves for an upturn in the economy. A number of major IT projects have already been set in motion by businesses across the country, including the migration from XP to Windows 7 and the switchover to cloud computing, and these are likely to remain on the priority lists of firms throughout 2011.

Such projects are likely to have contributed to growing confidence among IT professionals, and means that staff retention strategies are ever more important. Businesses will not be able to prevent everyone from leaving, but taking a few relatively small measures could make an enormous difference to staff morale, staff turnover, and to the company's bottom line.

About IntaPeople

Launched in 1994, IntaPeople is one of the UK's leading independent specialist recruitment consultancies, providing permanent and contract staffing solutions throughout the UK, Europe and Middle East.

As well as helping to place thousands of IT professionals, IntaPeople provides high quality personnel to the engineering, legal, and commercial sectors. IntaPeople has built a strong reputation for consistently delivering a high level of service to its client base, and the company's professional approach has seen it work with the likes of the BBC, NHS and Welsh Assembly Government.

IntaPeople maintains an impressive candidate database that exceeds 190,000 records. This is refreshed on a daily basis and constantly enhanced through IntaPeople's own referral networks, job board & print advertising, SEO improvements, e-mail campaigns, and ongoing social media engagement.

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Research

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