IT Execs Sound Off on Recruiting & Retention Issues

IT executives recently shared their thoughts regarding several IT talent challenges in the 2007 Recruitment, Retention and Development Survey conducted by *CIO Insight* and Ziff Davis Media. It may not be news that IT executives continue to face talent challenges, but the results do point to systemic issues that if addressed could help alleviate retention difficulties for some organizations.

Demand for IT staff is growing. **Only 50% of participants agreed that their current level of IT staffing was sufficient** when the survey was taken (April to May 2007). Another 56% expect to grow their IT staff in the next 12 months. When this question was asked only eight to nine months earlier (August 2006), 48% said they had sufficient staffing levels and only 45% expected to add IT staff in the subsequent 12-month period.

The survey also found that different HR strategies seem to yield different full-time staff turnover rates. As the chart below demonstrates, companies that use a pay-focused strategy end up with double the staff turnover of those that use a human capital investment approach. A human capital investment approach is characterized by long-term staff development, career development and job stability rather than professional achievement and compensation.
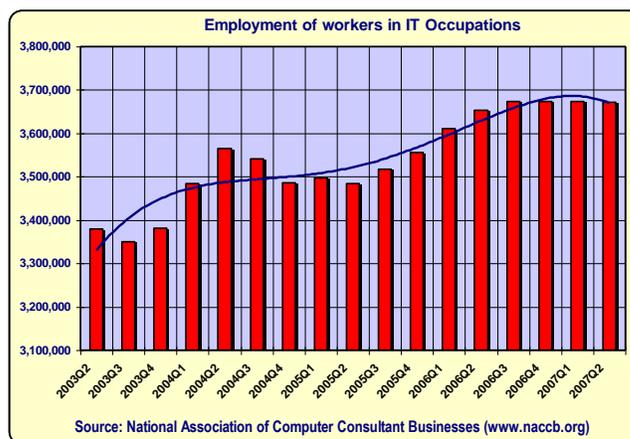
HR strategy	Use this approach	Full-time IT staff turnover
Human capital investment	44%	5%
Work-life balance/security focused	28%	7%
Task focused	20%	8%
Pay-focused	9%	10%

Only a minority of companies says they practice a pay-focused HR approach (the approach that clearly yields the highest staff turnover rate), which is good news. Obviously professionals can be recruited by offering top salaries, but it's a risky technique as those same employees may eventually move on to companies that can offer more exciting projects and more money and perks. According to the survey, **the most common reason that IT staff members left over the past three years was for "better pay or benefits."**

What Skills Will IT Executives Look for Over the Next 12 Months?

Although the list of needed skills provided by the survey covers most all IT occupations and functions, programming/systems development was at the very top of the list with 36% of executives expecting to add to that area.

The subsequent, most-sought areas of expertise were project management (36%), helpdesk/tech support (27%), information/network security (23%), architecture and planning (21%), business analysis

Employment of workers in IT Occupations

Source: National Association of Computer Consultant Businesses (www.naccb.org)

(21%) and systems integration (20%).

IT Unemployment Remains Low; *Wage Growth Outpaces the Market*

Today's high demand for IT workers is demonstrated by **persistent low unemployment rates coupled with growth in wages** that are considerably higher than those of the overall economy.

The unemployment rate for most IT occupations was less than 2% compared to the overall unemployment rate hovering at 4.5% during the second quarter of 2007.

The lowest unemployment rate was for network and computer systems administrators, perhaps reflective of the increased demand to harden IT security systems.

While wages for all workers in the private industry rose 4% in May 2007 from a year earlier, pay in many IT and high-tech related sectors was generally higher. These wage increases are no doubt reflective of the higher demand for workers in these areas.

Occupation	2Q2007 Unemployment rate
Computer and information systems managers	1.7
Computer programmers	2.7
Computer scientists and systems analysts	1.3
Computer software engineers	1.6
Computer support specialists	1.7
Database administrators	1.5
Network and computer systems administrators	1.1
Network systems and data communications analysts	2.0
Source: unpublished tabulations of Current Population Survey data furnished by the U.S. Bureau of Labor Statistics.	

Compared to a year prior, wages were up 6.3% for workers in the computer systems design services sector and up 5.8% in custom computer programming services.

However, wage changes in IT/high-tech-related manufacturing sectors were mixed with some sectors dropping and others on the rise. With wages in computer and peripheral equipment manufacturing decreasing 6.2% over the past year, the debate about offshoring will likely not abate. Pay in the semiconductors and electronic components sector was up 8.6% while wages in the communications equipment manufacturing sector were up by only 3.7%.

It's a Fact: People Will Click on ANYTHING!

A bit disturbing, this next news item should put all those in charge of corporate IT and e-mail systems on high alert. A European IT security professional, as an experiment, created a Web site ad that invited people with a virus-free PC to get infected — and that is not a joke.

His goal was not to infect computers but to demonstrate how people will click on ANYTHING. If he had been determined to infect visitors, he could have easily set-up some "drive-by" malware or a virus (computers are infected at the moment the visitor views a Web page).

Regardless if the user machine would have blocked the malware or virus, his little ad didn't have any trouble getting accepted by a major search engine company.

Viewed more than quarter of a million times in six months, the bogus ad was clicked on 409 times, delivering the unsuspecting surfers to a bogus and virus-free Web site. The lesson here is that a significant number of Web users are much more curious than they are cautious.

India Offshores to Silicon Valley?

With all the discussions about U.S. jobs being offshored to low-wage locations, it is important to take note when the situation reverses.

India's largest media group, The Times Group, recently reported that of the 400,000 new high-tech engineers graduating from Indian schools each year only a quarter of them are "actually ready to join the job world."

This lack of job-ready talent could signal a global reversal of fortunes — or of talent pools. In a recent editorial discussing "reverse-outsourcing" in which jobs from Bangalore are moving to California because of rising wages, The Financial Times cited results from India's leading software trade association. The association estimated that there could be a shortfall of 500,000 qualified, competent high-tech workers in India by 2010.

In an example of offshore reversal, Munjal Shah, CEO and co-founder of Like.com, wrote in his blog this spring of his company's decision to refocus on California skills: *"Bangalore wages have just been growing like crazy ... this huge run up in the wages has destroyed the ROI ... so today we decided to consolidate all of our engineering and research efforts back to our HQ in California."*

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