

Future Work

**A people management toolkit for small
and medium sized IT firms**

WORKFORCE  AGING
IN THE NEW ECONOMY

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1. A CHANGING WORLD - WORK, TECHNOLOGY AND PEOPLE

1.1 Introduction

This toolkit is designed for owners/operators of small to medium sized information technology (IT) enterprises. It draws on research and insight from the Workforce Aging in the New Economy (WANE) research project and the broader literature.

WANE research finds that many small-medium sized IT firms implement human resource policies and related people management practices on an ad hoc basis. This has the potential to compromise both IT workers and businesses and may become particularly problematic as firms grow.

The *Future Work* toolkit aims to provide insight into some of the challenges of people management faced by small-medium IT firms and offers approaches they might consider to improve their ability to attract and retain staff and to optimize productivity.

1.2 What is Workforce Aging in the New Economy?

WANE is a comparative study of IT employment across Canada, Australia, selected countries within the European Union (the United Kingdom, Germany and the Netherlands), and the United States.

Between 2003 and 2006, the project investigated three critical trends: the aging of the workforce; the changing way work is done in the new economy; and the substantial growth in IT employment. These trends are common across most developed countries and have significant implications for global economies.

The WANE project:

1. synthesized data from academic, industry, Non-Government Organizations (NGOs) and government publications to produce comprehensive profiles of IT employment across Canada, the United States, the European Union, and Australia.
2. conducted case study research in IT firms in each of the countries.
3. assessed whether and how well human resource management strategies and public policies are adapting to changes in the way work gets done in new economies and whether there are international differences that should be considered.

1.3 Why Information Technology? The nature of IT work

The ‘new economy’

Growth in IT employment over recent decades is a key characteristic of the ‘new economy’. There are *significant numbers of professional IT workers* in the WANE study countries:

- in Australia in 2003, an estimated 209,200 people were working in IT
- the 2002 Canadian IT labour force was comprised of 510,000 workers (3% of the total labour force)
- in the European countries in 2002, computing and computer associate professionals totalled 581,900 workers in Germany (1.6% of the total labour force), 230,800 workers in the Netherlands (3.1% of the total) and 607,000 workers in the United Kingdom (2.2% of the total labour force)
- in 2002 in the United States, there were 10,312,650 IT workers

These numbers are growing: in Australia from 1993-2003, there was a 142% growth in the IT workforce; the Canadian ICT sector experienced a 30.7% growth between 1997 and 2001, which was well beyond the total employment growth of 9.7%; between 1995 and 2002, computer professionals grew by 56% in the U.K., 97% in the Netherlands, and 135% in Germany, and; in the U.S. between 1995-2001, there was a 75% growth of employment in the high-tech services.

The ‘new economy’ also refers to *a transformation of employment relations* in which work is characterized by greater individualism, job insecurity, risk, and instability. Workers in the new economy are expected to manage their own careers and engage in lifelong learning to keep pace with technological change. Workplaces are being restructured and human resource management programs are placing more emphasis on flexible and non-standard employment.

The IT industry and workforce exemplify these characteristics of the new economy. IT businesses are predominantly small or micro enterprises that can be highly vulnerable to economic changes. In Australia, for example, IT workers change jobs at a higher rate than workers in other occupations—in 2001, 70% of IT workers had been in their current position for 5 years or less. At least some of this turnover is due to the short life span of many IT businesses as well as workers looking for better and more secure opportunities.

Workers in small-medium IT businesses are under pressure to continuously gain new skills. They are generally paid relatively lower salaries and work non-standard hours, determined by the demands of the peaks and troughs of workflow. By accepting these conditions, IT workers often share the business risk with the owner, taking on a role of half worker, half entrepreneur.

Population and workforce aging

As a result of declining fertility rates and increased life expectancy, populations in developed countries are aging. The WANE study countries are experiencing a corresponding aging of the workforce in most industries and occupations, including IT.

This is significantly reducing workforce growth. Growth is particularly low amongst younger workers, leading to increased competition to attract and retain people in this group. For many businesses, this translates into greater turnover amongst younger members of the workforce. At the same time, a trend toward earlier retirement continues, further reducing the potential labour pool.

Like the general workforce, the IT workforce is aging. Approximately 20-25% of high-skill IT workers in the study countries are over 45 years of age. In the higher status IT occupations of engineer and analyst, this trend is more pronounced. Overall, however, older workers are underrepresented in the IT sector.

In order to meet the emerging demands of this dynamic sector and to avoid redundancy as people age, there is a need to ensure that IT workers are provided with ongoing possibilities to continue to develop their skills.

This toolkit is a research-based resource to guide businesses through the development of policies and actions to attract and retain skilled workers in a changing environment.

1.4 Broadening the Diversity of the Workplace

A clear opportunity (and need) is emerging for the IT sector to attract and retain workers from a broader spectrum of the labour market. This includes women and older workers, as these groups are currently underrepresented in IT workforces.

There is little doubt that increasing the diversity of the IT workforce will be central to the sector's ability to sustain an adequate supply of skill and labour to meet its requirements into the future.

To fulfil this need, however, will require businesses to rethink how they recruit, develop, and more generally, manage their people.

2. EFFECTIVELY MANAGING PEOPLE IN SMALL-MEDIUM IT FIRMS

WANE research finds that people who are attracted to work in small-medium IT firms are generally not interested in a corporate career with a vertical career trajectory. They prefer “*being part of a small team, with a convivial atmosphere and being with people they like*” (EU informant). Individuals attach themselves and their career path to that of the firm and share the inherent business risks.

The ***Future Work*** toolkit will help define what makes a position attractive to an IT worker and how to gain and reward employee loyalty.

Commonly, small business owners/managers tend to develop formal, documented human resources management (HRM) procedures as the business grows beyond their ability to deal with these issues informally. Most of the small-medium IT firms in the WANE study employ an informal approach to HRM, reacting to employee needs as they arise and rarely documenting workplace policies outside of legal requirements.

While informal practices can work well for micro businesses with up to five employees, it becomes increasingly difficult as numbers grow beyond the ability of the owner/manager to personally supervise and support workers. Trying to manage the performance of all employees on an ad hoc basis can take management away from operational and strategic activities.¹

Research finds that value can be added to small businesses through the implementation of more formal HRM procedures. This is realized through improved employee productivity and performance. Moreover, the cost of introducing more formal HRM does not reduce businesses’ level of solvency.²

One of the main criticisms of implementing formalized HRM policies in small businesses has been a ‘one size fits all’ approach. This toolkit aims at providing an approach to developing HRM solutions that can be tailored to the requirements of small-medium IT businesses.

¹ Kotey, B, and Slade, P. (2005) “Formal human resource management practices in small growing firms.” *Journal of Small Business Management*, 43(1): 16-40.

² Sels, L., De Winne, S., Delmotte, J., Maes, J., Faems, D., and Forrier, A. (2006) “Linking HRM and small business performance: An examination of the impact of HRM intensity on the productivity and financial performance of small businesses.” *Small Business Economics*, 26: 83-101.

2.1 Structure of the Toolkit

Key areas

The **Future Work** toolkit is divided into six key areas of Human Resource Management:

1. Recruitment – attracting the right people with the right skills
2. Managing performance and skills development
3. Career management across life course transitions
4. Work/life balance and flexibility
5. Remuneration and rewards
6. Health and well-being

Within each key area are the following:

- a description of the area and how it relates to IT businesses
- a business case to highlight the significance of the area
- examples of good practice found in WANE research firms—the breadth of good practice described varies, as in some cases, there were limited examples

The final section of the toolkit offers *questions to consider* and *ideas for action*, based on good practices from firms participating in WANE research and good human resources practices for small-medium businesses identified in the broader literature.

2.2 Recruitment – Attracting the right people with the right skills

“Because we have to invest a lot into people to get ’em up to speed and to get ’em going. And we can’t afford to make a lot of mistakes, just from a cost and time standpoint.” -- Manager of software firm

What is recruitment?

Recruitment covers a range of processes, including finding the right people, screening and assessing candidates, and getting new employees started. All of these are influenced by the employment brand, which sends a message about what an individual can expect in terms of the opportunities, attitudes, and approach in a workplace.

WANE research finds that IT firms hold both negative and positive discriminative attitudes toward older and younger workers.

Older workers are valued for their experience and the perception that clients take them more seriously, but they are seen as less able or willing to learn new skills quickly or to work long hours when required. Older workers are also believed to cost more because of high salary expectations.

By contrast, younger workers are valued for being able to learn quickly and work long hours, and for costing less. However, they are also viewed as less experienced (especially with people skills). While younger people are perceived by some clients to provide the latest skills, they are taken less seriously by others.

By making your company attractive to both younger and older workers, you can capture the strengths of all ages and mitigate perceived weaknesses.

Finding the right people

Developing the job description

- This represents a guide for what you expect from an employee taking on the role, and in the longer term, provides a concrete basis for ongoing performance management of individual employees.

Promoting the job

- Advertisements need to be specific about required tasks and skills.
- Use neutral language in order to appeal to as broad a market of candidates as possible; this will help ensure that your firm is at a competitive advantage in the labour market.

Promoting the job (continued)...

- There are many channels that can be used to promote a job. Consider which of these channels will be most effective in reaching your target audience.
 - Internet: job boards, direct email
 - Print media: national, regional and local papers, industry magazines and journals, business magazines
 - Direct referral or word of mouth: business, social and family networks

Short- listing

- Create a balanced assessment panel and criteria that specifies how formal education and/or other requirements might be offset by skills gained through previous work experience.

Screening and assessing candidates

Take an inclusive approach by using criteria that acknowledges the capabilities, experience and formal qualifications of candidates. This will *broaden your pool of candidates*.

Ensure there is a thorough screening and assessment procedure that is free of age, gender or other bias. This will *increase the likelihood of a match between the job and the employee* and that the employee will stay and grow with your business.

Interviewing

- Select an interview panel that reflects gender and age diversity.
- Decide who will ask the questions.
- Brief the panel of your expectation that they will consider the individual on the basis of qualifications, experience and cultural fit, rather than factors such as age or gender.
- Be aware of potential biases in assessing “cultural fit” and take measures to avoid them.

Testing

- Consider which skills need to be tested.
- Determine the process used for testing, as well as the location and length of the testing regime.
- Determine how testing will be evaluated and by whom.

Feedback to applicants

- Discuss with interview panel the match between the candidates and the evaluation criteria; be aware of biases in discussions.
- Consider who will make the final decision and who will provide feedback to successful and unsuccessful candidates.
- Let unsuccessful candidates know if you will keep their resumes for future use.

Getting them started

For many, the recruitment process is seen as complete once a successful candidate is selected and the salary and start date have been negotiated. It is important to consider how the new person will be inducted to the firm and supported in their early days.

In the fast-paced world of IT, 'trial by fire' is common. Often, little attention is paid to providing new workers with opportunities to get to know the businesses systems process, people, products and services and culture.

Induction and on-boarding

- How will the new starter be welcomed to the organization? (This indicates how people are valued by the business)
- What information will they require to feel comfortable and to become integrated and productive as early as possible? How should this information be presented and by whom?
- What support systems are in place to assist them to develop in their role? Is there a place for a mentoring, coaching or buddy system?

Why do I need to think about recruitment?

Recruitment processes are important for managers to ponder. While larger firms may be able to absorb the impact of recruiting the wrong person, for a small-medium firm, the costs may be much greater.

The IT sector offers a high degree of mobility. Recruitment processes can send messages to both current and potential employees about their potential value to an employer.

WANE research finds poor performance by labour market intermediaries led some firms to take over recruitment functions for themselves. The quality of staff recruited is related to the recruitment process and factors that attract workers as candidates to the firms.

Good practice from WANE research firms

Involving current employees

One firm includes current employee peers in an interview process where they:

- screen applicants using technical questions in a telephone interview
- bring candidates in for a programming test, which includes how they will lay out their code and their approach to solving typical problems

Benefits to the firm include a high level of retention and a close-knit team culture.

2.3 Managing Performance and Skills Development

“College can only prepare them so much.”

-- Software firm CEO

“If you’re two years out of date in terms of your skills, you can literally become unemployable. So staying on top of technology is probably the most important aspect of your job.” -- Software development manager with 18 years experience

“If you’re not going to keep up with IT, it’s not going to wait for you.”

-- Project manager

What is performance management?

Performance management allows owners/managers to ensure that goals of the business and of the employees are aligned. It is important for firms to consider areas of priority that will drive both the preferred culture and performance. For example, the focus may be on sales, innovation, values, quality, and/or efficiency for the business at a given point in its life cycle.

An annual performance cycle is necessary to support performance management. This cycle should take into account the peaks of the operating year and where possible, align the time needed to support performance reviews with quieter periods.

A typical performance cycle includes:

- Setting goals for the year in specified areas of priority, such as those mentioned above
- Establishing a learning and development plan to support the achievement of individual goals and the continuation of career opportunities
- Monitoring progress towards goals and actioning the learning and development plan on a regular basis
- A half-year review to realign goals and review progress
- An end of year review, which is usually tied to salary/promotion review

What is skills development?

Employee performance is directly affected by access to appropriate skills development. An employee's development plan should aim to meet business operational requirements and support the broader career aspirations of the individual. Rapid changes are standard in IT, and learning and development need to be constantly evolving in order to ensure all workers have the necessary competencies to meet business demands.

This should be of particular interest in the IT sector, given the traditionally youthful profile of the workforce and high levels of mobility. With demographic change, an increasing proportion of workers will be over the age of 45, adding potential challenges to ensuring ongoing participation in relevant development opportunities.

Currently, opportunities to enter or transition to the IT sector are largely limited to younger people. Respondents in the WANE study believe that people could make a switch to IT from another sector, but they generally agree that it must happen at a young age, typically no later than 30.

Research suggests that it is difficult for people to maintain currency with IT systems and relevant general skills over the long term. One typical IT career trajectory follows a technology from its inception through a number of iterations to legacy status and eventually redundancy, which typically results in the departure of the individual from the sector as their skills are no longer required.

In some firms, the removal of older workers brought problems for the organization: *“Companies using programmes written in old programming languages have difficulties to operate their systems after the retirement of ‘old’ IT professionals. These old computer languages are not taught at the universities anymore. One could say by pushing or pulling older IT professionals into [early] retirement we are throwing away knowledge and experience.”* -- IT manager, consultancy

Lifelong learning that continues to develop an individual's skills in line with emerging technologies is an important consideration when aligning IT career paths with the labour environment. Without this learning, the sector will fail to continue career paths for its workforce over the life course, a requirement if growth in older workers is to be capitalized upon in a general contracting labour market.

WANE research finds that training offered to employees does not always materialize due to time constraints and pressure to complete projects. Having formalized skill development processes ensures that learning plans are followed up, rather than left to chance, and that employees are less likely to look to other firms for training and career development opportunities.

Why do I need to address performance management and skills development?

Having the right skills in both technical and broader capabilities (such as communication and project management) is imperative, yet often difficult to maintain because of the constantly evolving nature of IT. Taking an active role in developing employees' skills is important in optimizing their career paths and contributions to the firm. Offering and supporting opportunities for learning can be an added attraction for potential employees.

Performance management ensures that skills are actively maintained and developed in alignment with firm and employee goals. Cross-nationally among WANE respondents, one of the most common reasons cited for not receiving formal training is that employers did not offer it. Although approximately half of respondents report they have the skills they need, most are interested in formal training and feel it is needed to keep up with their job and to progress in their career.

Good practice from WANE research firms

Facilitating a culture of learning

- Regularly assess whether training measures are necessary or desired
- Where possible, support staff training endeavours, financially and/or through the provision of time – e.g., allow employees to research and learn using firm internet resources for a pre-determined amount of time each day or week
- Maintain up-to-date, in-house libraries to help workers maintain and enhance skills
- Develop a culture of openness and reliance on each other for learning— amongst employees and between workers and management
- Support this culture through regular meetings and the provision of technology (e.g., intranet, messaging, mobile/cell phones and other wireless devices)

Promoting learning through knowledge sharing

- Match the skills and strengths of different workers
- Recognize the value of experience held by older IT professionals that can be passed on to younger colleagues, especially with legacy systems and broader skill sets
- Supplement knowledge sharing amongst employees with regular meetings where managers can report on progress and share information about products and clients
- Facilitate sharing using technological solutions: for example, one study firm hosted an intranet with Knowledge Centres, where colleagues could post on and discuss project-related topics

Engaging people in learning through opportunities to socialize

Not all workers are able to spend time outside of work on training, so one research firm created a Working Group where employees meet on a monthly basis to exchange knowledge and experiences gathered during project work.

- Participation is voluntary, but management registers if employees attend
- Meetings take place during working hours and are organized as social events
- Working Group content deals with application-oriented questions and recently acquired knowledge that can be tried out on the spot

Most employees participate, not only because it is expected, but also because it is a social event.

Employees assess their experiences with the Working Group as very positive. One respondent believes it to be an “*efficient way of learning*,” since they deal with practical knowledge. Another interviewee, a young programmer without family obligations, describes the Working Group as “*a good opportunity to profit from the experience of others*.”

The company also provides financial support for training and encourages people’s efforts to train themselves. Employees do not need to seek permission. Every six months, appraisal interviews take place to determine whether and which training measures are required.

2.4 Career Management across Life Course Transitions

“A career path? It's um... there's no roadmap.”

-- Software developer in his 30s

“There's no blueprint, right? My father grew up at a time where there was a manufacturing core...so you kind of knew your place, which means you probably knew how your career would unfold. There's no roadmap here. This whole industry's still emerging.” -- Company President, early 40s

What is career management?

The nature of IT work tends not to fit traditional, linear career pathways, in which a foundation is achieved in one's 20s, followed by development and consolidation, then exit at retirement age. IT work is dynamic, often project based, short term, and highly vulnerable to changes in the market.

People are increasingly likely to have more than one career or substantial change within a single career. Learning and development act as essential enablers along the way. In the WANE study, there are many examples of individuals whose employment trajectories can be described as non-standard. In fact, the notion of career structure and pathways do not apply in most of the small-medium case firms.

Career management refers to ways in which employers and employees can link the development of career goals, broader life considerations, and operational requirements to create a directed and optimized career path that meets both the firm's needs and the individual's aspirations.

Why do I need to address career management?

In the WANE research, there is some dissatisfaction with the firm's role in career development: 50% of U.K. respondents, 60% of Canadians, 69% of Australians, and 73% of U.S. respondents feel their firm is doing a 'good job' of helping develop their career.

Moreover, the most common major reasons for leaving previous jobs are to further career development and to seek out challenging and interesting projects. Quality of management and seeking a better working environment are also important factors.

In some cases, there is tension between building skills that benefit the business and those that will benefit the individual in their future career, which is likely to be continued elsewhere. Respondents feel they are lacking broader skills necessary to support career advancement, such as planning, communication, project management, client/vendor relations, time management, and people management.

Good practice from WANE research firms

Tailoring employee career plans

- Have regular discussions about career management between managers and employees
- Assist employees to develop a career plan with an outline of the skills that they would like to obtain
- Align career plans with an employee's individual life stage, life plan, and personal interests

Aligning career management with the diversity and pace of change in IT

Awareness of global IT industry and skill requirements can be used to construct careers adapted to high performance:

- One firm gears performance to career progression by structuring career paths that enable it to selectively deploy talented workers to particular tasks
- Regular mechanisms for interchange serve to consistently manage performance and provide employees with opportunities to discuss their work

“And that’s exactly the reason we do it, is to make sure that they’re happy with what they’re doing and to give them the opportunity to talk about issues to do with their career structure and career development and general happiness.” -- CEO, mid-40s

- Under this system, employees are able to rapidly adapt to the short term and episodic nature of their projects
- Workers respond favourably to this collaborative form of career development

“They lay down a challenge and said basically, we're willing to share the successes and rewards of this company if people are prepared to get involved in, you know, every aspect of it, so there's an opportunity for people to put their hands up and do things.” -- Developer, early 30s

An individualized approach to career management

Another study firm employs personalized career plans:

- Management aims to integrate career management with individual life course issues
- Career planning discussions with employees take these issues into account

“Part of our procedure that I undertook in December was my debrief with each one of them. I took an hour with each person and part of that debrief was on their personal life, what were their goals, what were their intentions, and I was then trying to invite them to see how that matched up within their career goals. So we’ve undertaken that as a journey. As to the fineness to the structure of that I’m still very open, how do you put it, ‘the blind leading the blind’ sort of thing, because I’ve never been privy to it on the receiving side.” -- Managing Director, mid-50s

A highly structured approach to career paths

One business provides a highly structured career pathway for its staff:

- At the first level, employees have the status of learning consultants, with younger and older employees working in tandem
- At the second level, employees attain the status of consultant – that is, they are able to visit clients on their own, with beginners normally requiring two years to acquire the necessary skills.
- At the third level, those employees who have a range of skills become advanced consultants
- The highest level is the status of expert, usually pertaining to older IT employees

Different status levels entail different wage levels. Beyond these levels, employees could establish their own company within the holding company.

2.5 Work/Life Balance and Flexibility

“I think I was very tired and grumpy and not particularly nice to be around. I just noticed it when I came here, how much of a happier person I was in all aspects, pretty much, just because I had time to have a life outside of work.”

-- Analyst, mid-20s, new to firm

“They are saying that personal life’s probably more important than work life. I think most people at the firm, including the bosses, would say family comes first. Even if there’s a deadline or something like that, family comes first. I know they’re all family men and they all adore their families. I think they would basically encourage us, to say forget about work, just take care of your families.”

-- Programmer, early 30s

What are work/life balance and flexibility?

In the demanding environment of the small-medium IT firm, workers usually struggle to manage work/life balance. Stress and burnout are common contributors to leaving the sector, as people pursue more manageable working arrangements.

Work/life balance examines processes involved in redesigning or reorganizing work to both retain productivity and enable workers to choose a pattern of working that allows them to balance work with family responsibilities and other non-work activities.

Considering how work—the content, process and/or structure of jobs—may be reshaped can offer IT workers opportunities to work flexibly and perform work more suited to their skills, abilities and interests.

Redesigning work for employees as they age has been linked to reduced health and well-being costs and increased retention of workers who may otherwise plateau in their interest, exit the workforce through illness or injury, retire, or leave in search of more flexible work. Designing work to support work/life balance can also provide people with continuing challenges and work variety.

Examples of flexible work arrangements include flexible start/finish times, part-time hours, remote working, study leave, or purchased leave. It is important to consider both worker preferences and operational requirements when developing flexible options. This will lead to a flexible work offering that is enjoyed by workers and that can be realistically managed within business constraints.

Why do I need to address work/life balance and flexibility?

By offering greater flexibility and providing access to reasonable work/life balance, your firm will appeal to a broader pool of prospective employees and the productivity of current employees may increase. WANE research finds that many firms are able to address flexibility within the restrictions of project deadlines and the related need for long hours.

Flexibility is often understood by employees as a ‘trade off’ for lower paid work in the industry rather than as a standard part of the package. Cross-nationally, a significant proportion of WANE respondents report that they work to tight deadlines and work very quickly most or all of the time. Additionally, the vast majority feel the pace of their work is client-driven: Australia=92.3%, Canada=93.8%, U.K.=78.9%, U.S.=90.9%.

Work-related stress is high among study respondents. As an example of the pressure, one respondent describes a ‘Wild West mentality’ in some firms, which can place considerable strain on workers:

“It’s almost as if you go into a potential client and there’s nothing you can’t do, or nothing that you won’t try to do and that’s how you’ve got to take risks. There’s going to be times where [you] have your sales and marketing guy say, ‘Oh yeah, we can build that.’ And then he goes back to the office and says, ‘Guys, can we build that?’” -- Analyst, late 40s

WANE research finds that while informal flexibility is usually offered, this often leads to staff being unsure about exactly what is on offer and how much they can actually make use of it. In one firm, workers do not want to be seen as ‘taking advantage’ of management’s ‘generosity,’ and so they do not make use of flexible hours, except in times of real need.

Thus, it is important that your firm has formal policies and procedures regarding flexible work practices.

Good practice from WANE research firms

Flexibility options

The WANE project identifies a range of approaches to flexible work being enacted in various firms, on both short and long term bases.

Reasons for using flexible options include parenting or other care responsibilities and having more personal time for hobbies and/or learning. Technology, such as teleconferencing, messaging, and the use of mobile/cell phones or wireless devices can help facilitate flexible options.

Flexible time

- Some firms offer flexible starting and ending times, with start times usually between 7:30 a.m. and 9:00 a.m.
- Other firms offer varying degrees of flexibility in overall hours, leaving employees with the option of arranging working hours around care responsibilities, appointments, and in some cases, personal preference

Part time/reduced hours

- Part-time work is available in some firms; however, in some areas, such as sales, working on a part-time basis is considered difficult to perform effectively
- In one development unit, only 40% of employees work full-time (40 hours); the majority work 28 to 32 hours per week
- Some respondents report working 80-90% of the regular hours, putting in shorter days or taking a day off every two weeks – for example, one respondent has been working four days per week for eight years; Friday is his ‘daddy day,’ which he spends with his daughter

Remote/home work

- Travelling to and from work are reported to be time intensive and the option to work from home provides more time for personal use (and better balance)
- Home-based or field-based work by one person may also be carried out in conjunction with an office-based colleague – for example, one firm employs front-facing consultants involved in initial client work, with office-based staff taking over once this phase of the client relationship is completed

Promoting a culture of work/life balance

Some firms have been successful in establishing flexible work tailored to different life course phases as part of their workplace culture. Flexibility options enable employees to conduct work at their discretion and respondents provide positive evaluations about integrating work within their lives.

- One firm has its employees work no more than 40 hours per week; another firm offers staff a rostered day off per month
- Some firms are mindful of accommodating staff lifestyles and needs in their structure: employees choose how to organize their working day around an agreed number of working hours
- In another firm, employees are encouraged to keep to reasonable hours for good balance, and if they stay late more than twice a week, they are offered help with their work
- Technology facilitates balance in some firms: for example, the distribution of Blackberry devices to staff allows one owner to monitor activities from any geographical location and facilitates flexible working for employees

Research suggests that employees do not work fewer hours, but rather that having flexibility enables them to conduct their work at times convenient to them. In fact, many respondents report enhanced creativity and productivity.

Flexibility as a retention tool

For one respondent, being offered greater flexibility changed her decision to leave her position permanently:

“Once, I was just fed up with working all the time. My life consisted only of working, eating and sleeping. I wanted to quit but my colleagues told me that I should go for holidays and think it over. ... I was offered to work part-time, performing a certain amount of hours per month. Because I really loved the work I could not turn down this offer. I started to work part-time in 2002 having a contract of 40 hours per month, but in fact I worked 20-24 hours per week or sometimes even more, depending on the ongoing project.”

– IT Manager, early 30s

2.6 Remuneration and Reward

“Ah, well, I have a lot of friends who work in a lot of industries but I don’t know anyone that works more hours than young IT people. I mean, it is, I mean so much to the point that I wouldn’t necessarily recommend it to new people because, I mean there’s a lot of other jobs that make comparable salaries that don’t work anywhere near as much.” -- Manager, early 30s

What are remuneration and reward?

Remuneration and reward for IT workers include both the financial and non-financial incentives that a firm offers. WANE research suggests that while IT workers demonstrate high levels of attachment to their employers, significant numbers have also contemplated changing jobs.

Respondents, however, are often not motivated to look elsewhere for work solely on the basis of increasing their income. Other factors include isolation, time pressure, and unsuitable hours.

The WANE study finds that respondents’ attachment to their current job seems to be linked more to the business itself or being part of a ‘good team’ rather than pay. They generally understand that small companies often cannot afford to pay high wages and that rewards are in the total employment package rather than the pay cheque.

Why do I need to address remuneration and reward?

Only 56% of Canadian and Australian respondents report that their pay is ‘good,’ compared with 70% of respondents from the U.S. and 89% from the U.K. The sense of fair remuneration is the lowest in Canada and the U.S.: only 57% and 59% respectively agree that they are ‘paid fairly for their work.’ By contrast, 64% of Australians and 80% of British respondents feel their pay is fair.

Offering other benefits such as flexible hours, career management, working outside the office, training and paid courses, unpaid leave, and disability and life insurance varies between countries and among individual firms. The level of satisfaction with pay across the countries suggests that it may be worthwhile to address other benefits provided to employees in small-medium IT firms.

Good practice from WANE research firms

Companies that institute the following types of policies and practices tend to have highly satisfied employees and fiscally responsible compensation packages.

Clarity and transparency:

- Some firms are very good at clearly articulating how an employee will be compensated for their work and have open lines of communication between management and employees in this regard

Working at a remote location:

- Although the possibility to work away from the office exists in many firms, only a few translate the policy into practice
- Having employees work from home all days of the week is not feasible in most companies; however, some firms successfully allow employees to work from home on set days, with their office phone forwarded to their homes

Flexibility:

- Many IT workers re-evaluated the appeal of stock options in the wake of the technology bust
- Firms have had success offering choices in non-financial compensation—such as flexibility options

Performance reviews:

- Employees appreciate performance reviews, especially when they are directly linked to financial compensation
 - e.g. annual bonuses/salary increments based on meeting company targets (bonuses can be paid quarterly, with a percentage held back in case numbers change over the course of the year)
- Few study companies conduct performance reviews linked to compensation on a regular basis

Approaches to negotiating remuneration

In order to avoid layoffs, one firm, in consultation with their staff, stopped paying raises and bonuses during a particularly difficult financial period.

- This demonstrates an extraordinary level of employer commitment and resulted in the retention of most of their staff
- As a result, they also retain institutional knowledge and encourage a strong team mentality within their group.

In another firm, remuneration is negotiated on an individual basis, with the overall package linked to the individual's particular circumstances—e.g. support with purchasing a house.

- Though salaries are high, they often come without benefits such as a company pension
- Staff feel they have a stake in the company and senior staff have personally assisted junior staff financially

Security as part of the employment offer

In one firm, management places much emphasis on job security, to the extent that redundancies are resisted for as long as possible

- If there is a lack of orders, staff will not be laid off and the costs are borne by the company
- If threatened by redundancies, the company responds with working time reductions and greater flexibility

Compensating for intense work periods

At one company, regular working time amounts to 40 hours per week; however, some projects require staff to work between 50-60 hours per week

- As compensation, employees can take flex days and/or longer holidays at the end of the year

2.7 Health and Well-being

“It was kind of, going through that boom and bust was a bit much. I was like, ‘Oh, maybe I’ll take a break and evaluate if this is really what I want to do.’ ... all told, I didn’t have to work for a couple years, if I didn’t want to, and I kind of took a year off in that time. I think a lot of people did.” -- Programmer, late 30s

What is health and well-being?

Health and disability factors figure strongly in both voluntary and involuntary early retirement behaviour, with 26% of people in Australia, for example, retiring early due to sickness, injury or ill health.³ This highlights potential gains to be made from a strategic focus on health and well-being.

Extensive research concludes that chronological age is at best a rough indicator of health or performance capacity. For this reason, healthy aging strategies are most effective when begun early and continued throughout life.

Why do I need to address health and well-being?

IT work often involves periods of intense concentration, working quickly, and meeting tight deadlines. WANE research finds that for many employees, this is the chronic condition of work. Work-related stress is extremely high; it is the most commonly cited work/health issue in three study countries. Half of Canadian respondents report suffering from work-related stress (53%); while stress also rates highly in the U.S. (60%) and Australia (64%).

The Work Ability Index⁴ indicates that an employee’s capacity for current and future work can be improved by addressing a range of health measures, including physical, mental and social. Research has found that health, physical activity, and lifestyle promotion strategies serve to promote ‘work ability’ among older workers in particular. This includes factors such as damage reduction (e.g., non-smoking), protection against damage (e.g., improving ergonomic intervention, job design and good nutrition), and prevention of loss through lack of use (e.g., sustained or increased physical activity).

Health and well-being is highly correlated with other elements of the framework, particularly job design, as health status directly impacts quantity and quality of participation.

³ ABS 2006, Cat. 6238.0

⁴ The Work Ability Index was developed in the 1970s by the Finnish Institute of Occupational Health and tested rigorously over more than 30 years

Good practice from WANE research firms

Private space:

- A number of firms provide open concept space in combination with private or sound-proofed areas where workers can achieve maximum concentration when meeting deadlines

Client services support:

- Some firms created a position(s) specifically geared to customer support/training to alleviate the time that developers spend on this assignment, away from programming and technical tasks

Decompression time:

- Firms with weekly, in-office rituals during work hours (e.g. pizza day, video game competitions) report lower levels of stress

The importance of individual control over work

One firm maintains that a mechanistic and technical approach is prevalent in IT, while they believe the key to success is management of the human dimension. As a result, the company pays attention to both the physical and psychological well-being of workers:

- Minimizing management control and maximizing individual control is viewed as central to reducing stress levels
- One employee is transitioning from another employer where the working environment was difficult and management has encouraged this person to obtain therapeutic support in order to make the transition easier

3. KEY QUESTIONS TO CONSIDER AND IDEAS FOR ACTION

3.1 Recruitment

Key questions to consider:	Ideas for action
How do I overcome poor outcomes from external recruitment agencies?	Develop good in-house recruitment practices.
How do I need to respond to workforce aging?	Consider the recruitment of older workers – they are the fastest growing group in the labour market.
How do I find and recruit high-skilled workers?	Broaden your approach to developing skills in new and potential employees – e.g. internships/apprenticeships. Consider the current profile (age, gender, ethnic background) of your workforce and the gains that could be made through achieving greater diversity.
How do I attract more female and/or ethnically diverse candidates?	Proactive recruitment of workers through gender neutral and/or active promotion of equal opportunities. For those involved in recruitment, build awareness of your desire to increase the profile of women and visible minorities in your workforce. Screen on the basis of skills, qualifications, and experience only. Have in-office activities that all workers will enjoy or can participate in.

3.1 Recruitment (continued)...

<p>How do I attract staff at different stages in the life course?</p>	<p>Offer flexible work arrangements and highlight them in the promotion of your job opportunities.</p> <p>For those involved in recruitment, build awareness of your desire to increase the profile of workers at different stages in their lives.</p> <p>Consider a candidate's previous life/work experiences that may fall outside of IT.</p>
<p>How do I develop appropriate selection criteria, particularly for cultural fit and interpersonal skills? (e.g., client liaison)</p>	<p>Be aware of potential bias in assessing "fit".</p> <p>Consider the daily activities that the person in the position you are hiring for will have to carry out.</p>

3.2 Managing Performance and Skills Development

<p>Key questions to consider</p>	<p>Ideas for action</p>
<p>How can I take on some responsibility for keeping my employees' skills up to date?</p>	<p>Offer reimbursement for mutually beneficial employee training opportunities.</p> <p>Schedule time for in-house research (non-project related) to allow employees to maintain and enhance their skills.</p> <p>Encourage knowledge sharing through informal and formal processes.</p> <p>Allow employees time away from work for conferences and industry networking.</p> <p>Maintain up-to-date, in-house libraries to help employees maintain and enhance skills.</p>
<p>What if I have few resources available to support my employees in keeping their skills up?</p>	<p>Offer employees opportunities for mentoring and to develop diverse skills through project work.</p> <p>Promote knowledge sharing amongst employees and between employees and management.</p>

3.2 Managing performance and skills development (continued)...

How do I deal with people's changing skill base over the life course?	Cross-train staff to perform multiple tasks and roles in the firm. Implement teamwork and/or mentoring relationships where possible.
How do I go about organizing career planning for workers that takes into account different stages of the life course?	Plan skill development to enable transitions between types of work – e.g., from IT specialist to project management. Recognize and allow for employees to have different abilities to remain up-skilled according to life stage.
How do I know which skills will be useful to my firm in the future so I can utilize skills that employees' gain from training?	Draw on the insight of your team to identify emerging skill needs.

3.3 Career Management across Life Course Transitions

Key questions to consider	Ideas for action
How do I manage employee career movement/aspirations within an informal or 'flat' structure when there is a mismatch between skills being developed and availability of relevant promotion within the company?	Develop a multi-skilled team so that people can be exposed to the full variety of tasks and roles available. Be open to and encourage workers' ideas about potential projects or directions for the firm.
How do I overcome industry assumptions regarding age and specific abilities? (e.g. younger = technical, older = administrative/managerial)	Hold open discussions with your people about the career risks associated with working in IT as they age. Work with staff to develop alternate approaches that will challenge traditional approaches and age stereotypes.
How do I support my employees' career management?	Develop an actionable performance policy and program Support ongoing learning and training.

3.3 Career management across life course transitions (continued)...

How do I support employees with short term work patterns to build career paths?	Develop standalone career development plans with employees, separate from performance appraisals. Provide learning opportunities for marketable skills.
How do I support career development for women and older workers?	Ensure that barriers to participation in training and working are identified with these groups and plans developed and followed through.
How do I develop a career path for people who do not have the skills or desire to take on a managerial role?	Ensure that people trained in and are deployed on emerging technologies.

3.4 Work/Life Balance and Flexibility

Key questions to consider	Ideas for action
How do I keep employees' work hours at a reasonable level most of the time, in an environment of client-driven deadlines?	<p><u>For the individual:</u></p> <ul style="list-style-type: none"> - Flexible start and finish times - Use a roster/scheduling system to ensure all hours covered - Vary hours of work: part-time, casual, full-time, nine day fortnight - Extended leave arrangements - Permanent seasonal work - Remote working <p><u>For the team:</u></p> <ul style="list-style-type: none"> - Job rotation - Team structures - Multi-skilling - Project based teamwork
How do I offer flexibility in hours and location in an environment of client-driven deadlines?	
<p>How do I manage the fact that over the life course employees have differing levels of commitment outside of work?</p> <p>– e.g., parenting, caring for elderly parents, caring for grandchildren, wanting extended travel time or personal time</p>	

3.5 Remuneration and Reward

Key questions to consider	Ideas for action
<p>How do I balance employees' satisfaction with the firm's compensation package and fiscal constraints?</p> <p><i>This was one of the key challenges that almost all of the small firms in our study faced.</i></p> <p>WANE research finds that opportunities to work with cutting-edge technologies and to learn new skills, recognition from managers and freedom to perform tasks in ways that suited individual employees are considered equally important to financial rewards.</p>	<p>As your firm grows, you have the opportunity to outline HRM specifics in a proactive way:</p> <ul style="list-style-type: none"> - Maintain open communication by providing clear, written guidelines that are easily accessible by employees - Directly address issues such as: compensation for overtime, vacation, sick time, leaves (e.g., parental, bereavement, study), and flexibility options - Consider the health and extended benefits requirements of your staff - Implement flexibility options and encourage work/life balance in tangible ways, such as working from home on set days - Institute bonuses, annual projected increases, or other financial incentives - If financial incentives are not possible, consider implementing flexibility incentives, such as those described under 'good practice' <p>Clarity and transparency are important:</p> <ul style="list-style-type: none"> - Create a booklet/document outlining policy in a way that maintains flexibility while communicating on HR issues - Hold regular team meetings to update employees on strategic directions and emerging news - Consider ways in which communication with employees can be improved

3.6 Health and Well-being

Key questions to consider	Ideas for action
<p>How can I help to positively impact my employees' individual physical factors? (e.g., strength, cardiovascular, etc.)</p>	<p>Promote health and well-being within mainstream human resource initiatives.</p>
<p>How do I reduce the risk of injury such as repetitive strain, eye problems, and back pain for my employees?</p>	<p>Employ ergonomic design consistently in all workspaces as well as training in and implementation of safe work practices.</p>
<p>How do I create a good physical work environment?</p>	<p>Improve work organization and the physical work environment (e.g., heating, cooling, lighting, clear walkways, etc.)</p> <p>Consider providing private areas for concentration within your office. Open concept designs are great for many things but others require uninterrupted private time and space.</p> <p>Undertake assessments of physical, environmental and organizational risk factors in the workplace for older workers.</p>
<p>How can I help to positively impact non work related factors? (e.g., lifestyle, exercise, social environment, etc.)</p>	<p>Provide training and other resources that enable workers to maintain their performance capacities.</p> <p>Canvass priority health issues in your workplace and tailor health promotion and support offerings to fit the identified needs.</p>
<p>How to I ensure that flexible work arrangements work for both the firm and my employees?</p>	<p>Implement flexible work arrangements after you have researched and evaluated staff needs and the firms capabilities to meet these rather than on an ad hoc basis.</p>
<p>How do I take care of staff health and well-being when they work under non-standard employment arrangements including consultants working in client's workplaces, and from home?</p>	<p>Ensure employees have appropriate equipment to complete their work safely and are aware of and using safe working practices.</p> <p>Set reasonable work targets.</p>

3.6 Health and well-being (continued)...

<p>How do I balance ensuring projects are completed within tight deadlines with managing staff work hours and stress levels?</p>	<p>Informal atmosphere and casual dress code where possible.</p> <p>Positive and relaxed work atmosphere and team orientation.</p> <p>Consider implementing or revitalizing in-office rituals such as pizza days or outings. These rituals allow employees to decompress and build morale.</p> <p>Consider incorporating in-office rituals more regularly during work hours.</p>
<p>How do I support employees with declining motivation due to reaching a career plateau or other late career factors?</p>	<p>Provide development opportunities or performance support that enable older workers to maintain their performance capacities.</p> <p>Promote employee autonomy.</p>

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