

JUNE 2023

Retaining IT Talent in a Reactive Recruiting Landscape

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**Constant
Recruitment**

Reactive Recruiting Landscape



In today's skills-short IT market, companies are constantly struggling to attract the right talent and retain their most valuable team members. The "Great Resignation" that began following the pandemic appears far from over.

In the last couple of years, employee priorities have shifted. Team members are increasingly hunting for more flexible working environments and more empathetic employers. Work-life balance is now more important than ever, and candidates aren't afraid to abandon their current company for somewhere better.

The complexity of this landscape and the changing trends in the hiring market have given way to the rise of a more "reactive" recruitment landscape.

55%
OF
EMPLOYEES

in the US and UK are
either in the process of
starting a new job or
looking to switch careers
now



35%
OF
RESPONDENTS

said they plan on moving
to a new role within the
next year.



Reactive Recruiting Landscape



Though companies are still investing in proactive strategies like succession planning and pipeline development, agility has become essential.

Ever-increasing turnover rates and heightened competition for skilled professionals have prompted IT leaders to focus more heavily on talent retention's importance.

After all, while many hiring decisions may be more "reactive" in the current environment, a proactive approach to talent engagement and retention can help business leaders avoid a range of challenges, from talent shortages to lost productivity.

In this report, we'll explore the key factors contributing to the reactive recruiting landscape, the impact reactive strategies have on business growth, and the measures companies can employ to preserve and retain their most crucial team members.

Best Regards

Rachel

Understanding the Reactive Recruitment Landscape

Reactive recruitment is perhaps the most common "traditional" approach to hiring for IT companies, but it's rarely the most effective strategy. Reactive recruitment involves waiting until an employee leaves your organisation before you begin looking for candidates to fill the gap.

In the past, this method was popular among businesses for various reasons. It allowed companies to avoid the expenses associated with building a talent pipeline and ignore the stress of recruitment until it was absolutely necessary.

However, while "reactive" strategies may work in an environment where talent is plentiful, they can be extremely problematic in the current landscape.

Limited access to talent means IT companies often struggle to fill the gaps in their team quickly, leading to significant losses in productivity and time. Unfortunately, the current employment landscape has made reactive recruiting more common.



Understanding the Reactive Recruitment Landscape



Over the last three years, the labour market has grown more unpredictable. While PWC found employee turnover did drop at the start of the pandemic, when employees were uncertain about the security of their future, turnover rates have begun to rise again.

As of 2023, the talent competition and the risk of high employee churn are still significant. Employees feel more confident about pursuing new roles that better match their priorities in the IT space.

This has led to significant problems with organisational stability and growth. Even companies with strong succession plans are experiencing significant turnover problems. Demand for talent exceeds the available candidates in the IT industry, leading to long-term gaps.

These issues are exacerbated further by demographic changes, such as an ageing population a rise in early retirement, and an increase in long-term sickness throughout regions like the UK.



The Factors Contributing to Reactive Recruitment

While 2023 has been named the year of "proactive" recruitment, reactive hiring strategies persist in an environment struggling with employee retention and turnover.

According to PWC, lack of employee opportunity is a major factor. Respondents in the analyst's study said career opportunities and pay significantly impact voluntary turnover. In the past, employers provided employees progression and career development options in exchange for their loyalty and continued work.

However, the uncertainty of the economy has prompted many organisations to reduce access to training, incentives, and competitive benefits.

Indeed, many of the underlying factors contributing to reactive recruitment revolve around issues with employee retention caused by:

- ★ Increased opportunities for candidates
- ★ Issues with organisational culture
- ★ Problems with work life balance



The Factors Contributing to Reactive Recruitment



Factors contributing to reactive recruitment revolve around issues with employee retention caused by:

- **Increased opportunities for candidates:**

Candidates in the IT landscape now have more control over where they choose to work. The market is no longer employer-driven, and remote, hybrid, and flexible working opportunities are growing. This means employees are more actively switching roles if they feel their current employer can't provide the experiences and benefits, they seek.

- **Issues with organisational culture:**

86% of candidates now say a company's culture is crucial to their levels of engagement. Companies failing to invest in a welcoming, diverse, and inclusive culture are experiencing higher levels of turnover. However, community experiences are becoming more difficult to cultivate in a space where remote work is growing more common.

- **Problems with work-life balance:**

According to one study, employees say no amount of money would convince them to sacrifice work-life balance. Since the pandemic, IT employees prioritise their wellbeing more than ever. Companies unable to provide the right work-life balance are, therefore, facing higher levels of turnover.

The Impact of Reactive Recruiting on Organisational Performance



Unfortunately, while reactive recruitment might seem necessary in today's complex environment, it presents companies with various challenges. Depending on the IT vacancy that needs filling and the required experience and skills for the role, hiring time can take weeks or even months.

While, in the past, some companies have viewed reactive recruitment as more "cost-effective" in the short term, the current market is making this strategy a lot more expensive.

Companies are spending more on recruitment costs, paying for countless advertisements and strategies to boost their chances of reaching the right candidate.

At the same time, gaps in your IT team can have other financial implications. Without access to the right talent, companies can find productivity levels drop, revenue dwindle, and new growth opportunities are missed.

In some cases, a long-lasting gap in an IT team can also impact the performance of other employees. While companies try to find the right fit for their vacant role, they risk overworking current staff.



The Impact of Reactive Recruiting on Organisational Performance

This means a reactive hiring process can impact both the financial performance of a company and its organisational culture. Reactive hiring can lead to the following:

- **Reduced workplace morale:**

High turnover and slow hiring processes can significantly reduce confidence in the workplace. Employees struggle to build connections with other team members, workloads increase, and feelings of stress and anxiety begin to rise.

- **Increased burnout:**

As remaining employees are forced to take on higher levels of work, the risk of burnout often increases. This leads to higher absence rates among team members, lost engagement, and productivity issues.

- **Higher turnover:**

If the organisational culture becomes problematic due to a slow reactive hiring process, many employees will be encouraged to "jump ship" themselves. This could lead to even more gaps in your team that need to be filled.



A reactive recruitment process can even have an impact on hiring decisions. As time passes, many business leaders may make bad hiring decisions in desperation to fill a vacancy and eliminate productivity issues. This means companies miss out on the skills they need.

Best Practices for Talent Retention in a Reactive Recruiting Landscape



Reactive recruiting presents several significant problems to IT teams.

Although companies may not be able to eliminate the complexities currently affecting the hiring market, they can take a proactive approach to preserving essential talent.

A proactive approach to talent retention in a reactive recruitment landscape helps to reduce the risk of bad hires and compounding turnover rates, minimise costs, and improve a company's reputation.

While 35% of employees may leave their jobs yearly, many reasons behind employee departures are preventable. Proactively engaging in a retention strategy for your IT team members can prevent you from relying too heavily on reactive recruitment practices.



1. Invest in Employee Engagement Strategies

One of the main reasons employees leave a tech business is they no longer feel engaged by their role. *Only 21% of employees say they're very engaged at work*, and this disengagement costs US employers around \$450 billion per year in lost productivity.

The key to successful employee engagement is understanding what motivates and drives your team members. Sending out surveys, connecting with staff, and learning about their priorities can help business leaders make the workplace more engaging.

Companies can experiment with strategies like:

- **Constant recognition:** Employees who feel appreciated at work stay with a business longer. *Studies suggest companies that recognise and reward employee's multiple times per month are 34% more likely to see increased engagement and 41% more likely to improve their levels of employee retention.*
- **Mentorship and buddy programs:** In the IT workplace, employees often value connections with other team members. Mentoring programs and buddy systems that allow for collaborative learning and growth can lead to higher job satisfaction for mentors and mentees. They can also boost team productivity and performance.
- **Frequent communication:** Giving employees a voice is crucial to maintaining important levels of engagement. Giving team members opportunities to share feedback, introduce new ideas in projects, and interact with others regularly can increase their camaraderie. It also helps employees to feel more invested in the company culture

2. Offer Career Development and Learning Opportunities

The PWC Saratoga benchmarking study found lack of career development and learning opportunities was one of the most common reasons for voluntary turnover in any industry. There's a direct link between low investment in employee development and low retention rates.

Today's IT staff members want to see opportunities for growth in their careers. They're looking for development strategies to help them move into new roles and develop new skills. Coaching programs, internal knowledge-sharing sessions, and other learning opportunities into your workplace can help minimise turnover and increase growth.

Allowing team members to guide their development by asking them about their career goals and needs can also boost engagement. Not only will consistently investing in team development help you to retain your crucial IT talent, but it will also ensure you can imbue staff with the skills they need to thrive in a changing landscape.



3. Optimise Compensation and Benefits

While IT employees want more than a good salary for their career, paying your team members what they're worth is still extremely important. IT candidates are becoming more concerned about salaries in an unstable economy, and low salaries can increase turnover.

Examining the market and benchmarking salaries based on the average compensation for various roles in your business will help your company remain competitive.

Notably, being unable to offer a higher salary than your competitors won't necessarily ensure turnover. The right benefits can help to improve your employee value proposition.

85%
OF
WORKERS

say they feel more motivated at work when they can access incentives, such as tuition reimbursement, wellness rewards, and access to bonuses.

4. Train Managers to Enhance Company Culture

A strong company culture is essential to attracting and retaining top talent. 77% of employees consider a company's culture before applying to a role, according to Glassdoor. Additionally, around half of employees say they would leave their job for a lower-paying one at an organisation with a better culture.

While various factors can contribute to a retention-centric culture, the relationships between managers and employees play a significant role. Almost half of all employees quit their jobs because of a bad manager.

Training managers to be inclusive, respectful, and supportive of all your IT team members can significantly improve retention rates. Managers who are optimistic, assertive, and regularly recognise employee value help to keep team members motivated and engaged.



5. Prioritise Work-Life Balance

As mentioned above, the pandemic spurred many IT employees to focus more on preserving their mental and physical health. Work-life balance has become essential to virtually every team member. Around two-thirds of employees say they would accept a pay cut for better work-life balance and flexibility.

With this in mind, business leaders looking to retain employees in a reactive environment must invest in their staff's wellbeing and support. Offering flexible working arrangements such as 4-day work weeks or customisable schedules is a good start.

However, it's also worth taking a comprehensive approach to minimising employee burnout on a significant scale. Respecting employees' time away from work, encouraging team members not to check email at home, and supporting downtime are essential.

With a focus on work-life balance, companies can reduce the risk of turnover and minimise burnout at a time when around 76% of employees are feeling its effects.



6. Maintain Open and Ongoing Communication

Consistent communication isn't just an important part of keeping employees engaged; it's also crucial to ensuring your team's success over time. Communication should be a consistent part of the employee experience, from engaging with a new candidate to onboarding and beyond.

Authentic, honest, and transparent communication is crucial to collecting feedback from team members about the issues that might be prompting turnover or burnout. You can even conduct "stay" and "exit" interviews with your existing IT team members to learn more about how they view your employer brand.

In today's flexible world of work, it's becoming increasingly important to ensure the right communication and collaboration solutions are in place to keep all staff members engaged. Make sure every team member can contribute and connect with the workforce.



Leveraging Technology for Retention Efforts



While all of the best practices above will help to boost your retention efforts in a reactive recruitment landscape, it's worth considering the benefits of technology, too. Innovative tools have come a long way in the IT hiring landscape.

Today's business leaders aren't just using AI and automation tools to help them scan through applicants and choose candidates for interviews. HR-focused tools can also assist with retention, providing insights into useful information.

Analytical tools can help to identify potential flight risks in your company by showing dips in engagement, productivity, or involvement in various company events. Automated survey tools can help businesses collect insights from team members anonymously for a behind-the-scenes look at issues that prompt rapid turnover.

HR tools can even assist companies in providing employees with a more streamlined and productive workplace experience. They can assist with rapid shift management when employees need to access shift swaps or flexible working opportunities.

Some solutions can even offer insights into potential areas for upskilling and retraining team members. According to a PWC HR Tech survey, around 40% of survey respondents consider using more technology for learning and talent management.



Improving Retention in a Reactive Recruitment Market



The Great Resignation continues to significantly impact the IT recruitment landscape significantly, influencing hiring strategies with rapid turnover rates. The forced "reactive" approach to recruitment presents several significant challenges to today's teams.

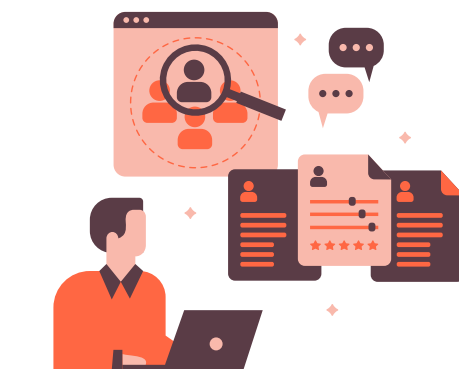
However, it's still possible for companies to overcome these issues by taking a more proactive approach to retention.

In a world where access to exceptional IT talent is dwindling, taking extra steps to preserve the engagement of your existing employees is more important than ever. The right retention strategy ensures you can continue to hold onto your most valuable staff members for as long as possible.

This leads to lower recruitment costs, higher levels of productivity, and a stronger overall company culture. Just remember, the path to retaining IT employees start with hiring the right staff members in the first place.

Working with a dedicated IT recruitment agency will help you pinpoint the talent you need, focusing on skills and experience and the cultural fit each candidate has with your business.

With the right recruitment agency, you can attract employees who will continue to evolve and grow with your brand for years.



About us:

At Constant Recruitment, we are passionate about connecting talented IT professionals with leading organisations across the UK. The right talent can transform organisations and drive innovation and growth, and we are dedicated to matching the right talent with the right opportunity.

Our founder, Rachel Constant-Taylor, started in recruitment in 2006, the same year her youngest daughter was born. With a background in the IT industry since leaving school, moving into IT recruitment was a natural fit for her, combining her real-world knowledge of working in Tech companies with her love of people. She saw an opportunity in 2012 to create a unique recruitment agency of her own that delivered exceptional service and expertise.

What makes us unique is our commitment to delivering a personalised recruitment experience for both our clients and candidates. We understand that every individual and business is unique, and we work closely with each of our clients and candidates to understand their distinctive needs and goals. This allows us to provide tailored solutions that meet their specific requirements, helping them to succeed in a competitive market.

We recruit better than our competitors by providing a seamless and effective recruitment process that consistently supports both our candidates and clients. We value honesty, integrity, and hard work.

Taking a pride in our ability to connect the right talent with the right opportunity. We are committed to delivering the highest standards of service and expertise. To our clients **we are the trusted partner for all IT recruitment needs.**