Retention service for IT industry

Hilla Lempiäinen

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Abstract

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Author(s)
Hilla Lempiäinen

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Abstract

This study is made for a company called Agile Search, which specialises in IT recruitments and Employer Branding services. The aim of this study, is to create a plan for Retention service and broaden Agile Search's product portfolio. Agile Search works in the field of IT recruitments, the focus will be in retention among IT professionals.

This study will answer two main questions: What are the key factors behind retention among IT professionals and how can companies improve their retention rate with IT professionals. Research is a qualitative action research. Research material is a combination of relevant literature and in-depth interviews. Literature review will focus on employee retention and engagement and what are the main factors affecting to these subjects. Productization process will be presented as well.

Outcome of this study is a plan for Retention service and how it can be implemented to Agile Search's existing product portfolio. The Retention service plan will be created based on the findings from relevant literature and the in-depth interviews conducted for IT professionals. The plan includes internal process guidelines and questionnaire-based service for the potential customers. The plan doesn't include marketing or sales plan for the service.

This study was able to provide answer to the two main questions: What are the key factors behind retention among IT professionals and how can companies improve their retention rate with IT professionals. Also, a productization plan for Agile Search to launch Retention Service is provided. The study shows, that main reasons behind retention were; professional development opportunities, meaningful work, open company culture and good leadership.

Keywords
Retention, employee engagement, IT industry, productization

Table of contents

1 Introduction

In this study, I am focusing on employee retention within IT professionals and how companies could improve their level of retention. In Finland, according to the Finnish Information Processing Association TIVIA, Finland has an immediate need for 7,000 more software development professionals. By 2020, at the current rate, the deficit is expected to widen and reach 15,000. This increasing demand of IT professionals has led to a situation where companies are dependent of the talents they have and retaining them has become business critical matter. (tivia.fi)

Hiring and retaining talent is one of the core elements in Human Resources field. It has been a popular topic for ages but during recent years, companies have been forced to pay more attention to both hiring and retaining their employees. HR professionals are talking about 'War of Talents' in many fields, such as the IT field. As mentioned above, Finland is already lacking approximately 7,000 IT professionals. This means, that there are more job openings han there are professionals to fill them. In my study, the focus will be on Information Technology field and how companies can improve their retention in this difficult situation where there are not enough applicants compared to open positions.

The research is conducted for Agile Search, a company that specialises in IT recruitments. Agile Search was established in 2009 and it operates in Sweden and Finland. Its product portfolio covers IT recruitments, including headhunting, employer branding and embedded recruiter service. They help companies with demanding IT recruitments and provide strategical collaboration for companies and helping them grow through successful recruitments and other professional services. (agilesearch.io)

The need for this study came when Agile Search conducted a 'Buyer Persona' research. A buyer persona is a semi-fictional representation of an ideal customer. This is based on a market research and real data gathered from existing customers. This research was conducted for Agile Search in spring 2018 and it was made by a third-party PR agency. In this research, focus was gaining deeper understanding of Agile Search's existing customers and potential new customers. The PR agency conducted interviews to different byer personas, which were discussed together with Agile Search and also utilized the real data they got from Agile Search web page visitor analytics. (hubspot.com; Agile Search)

One aspect of this research was customer needs from a service perspective. The interviewed buyer persona's mentioned that in addition to provided recruitment services, they would appreciate services related to retention. One interviewed buyer persona pointed out, that recruitment is the easy part of their job and retaining the difficult one. The interviewed buyer personas felt, that this type of service was missing from Agile Search's product portfolio. To be able to provide this type of service for their customers, Agile Search ordered research about retention, focusing on IT professionals. (Agile Search)

2 Research problem

The research problem was chosen based on the needs of Agile Search and how they could provide better services for their customers. The main objective is to study the reasons behind retention among IT professionals. The research questions are:

- What are the key factors behind retention of IT professionals?
- How can companies ensure better retention rate with IT professionals?

Agile Search, focusing in IT recruitments, has a good understanding why IT professionals decide to change their workplace. This knowledge is from conducted interviews in multiple recruitment processes during the ten years Agile Search has been in business. This existing knowledge can be utilized as part of the research. It will provide good general information why IT professionals usually decide to change their work place. This will help understand the matters companies should focus on when they are aiming to improve retention rate.

2.1 Structure of the study

In this study, first I will focus on relevant theories to gain understanding of general reasons behind employee retention. This will include the definition of terms employee retention and employee engagement; what type of strategies exist to improve these in companies and what are the main factors that have positive impact on both employee retention and engagement. I will also explain what is meant with productization and how knowledge or expertise can be transformed into a multipliable product. The methodologies used in this study will be presented in chapters 3 and 4.

After presenting relevant theories, I will collect and present my findings from interviews with IT professionals. The focus will be in reasons why they have decided to change work places in the past, what are the key elements for their retention in their current workplace and what reasons could make them consider changing in the future.

In chapter 7, I will present a suggestion for Agile Search how to provide help for their customers in the field of retention. I will create a plan for new product which can be added to their existing product portfolio. Plan will not include marketing or selling plan and it will focus purely on the retention service.

3 Literature review

In this literature review I am focusing on key elements of employee retention in general level. My goal is to gain understanding why people stay in their workplaces and what are the most common reasons to change it. I will also review literature providing guidance to employee retention and how companies could improve it.

3.1 Defining employee retention and engagement

Employee retention has been part of Human Resource discussion since 1990. Retention means the effort that an organisation does to maintain the current work force they have. Employee retention strategies address the needs employees have for job satisfaction. Aim is to reduce the costs that are involved in hiring and training new employees. (business-dictionary.com)

Employee engagement is one factor that has effect on employee retention. There are many definitions for the word engagement. In 2009, David MacLeod and Nita Clarke produced a report to UK Government and identified over 50 definitions of employee engagement. (Bridger 2015, 1)

In spite that there are many definitions for Employee Engagement, there are some common factors in them. Subjects like involvement, commitment, discretionary effort, collaboration, motivation and performance come up. Because the term doesn't have a clear definition, it is important for companies to have a mutual understanding what it means. This will provide a solid base to start improving engagement in an organisation when you know, what you want to improve. (Bridger 2015, 2)

One way to approach employee engagement is, that it is related to the relationship employee and employer has. The relationship is a complex entity where many different aspects, such as emotional, physiological and physical factors need to be taken into consideration. This approach agrees, that there are many different definitions for engagement and how it can be measured. (Dinnen & Alder 2017, 145)

CIPD, The Chartered Institute of Personnel and Development, is a professional association for human resource management professionals. According to them, engagement is something that brings mutual added value, both for companies and employers. It is internal stage of being when both parties are going the extra mile, feeling valued and passionate about what they do. (Dinnen & Alder 2017, 145)

Engagement is also seen as internal part of organisation which is linked to company goals and values. The employee should be committed to these in order to be engaged and this is also seen as requirement that all employees should full-fill. (Bridger 2015, 5)

> “Employee engagement is a workplace approach resulting in the right conditions for all members of an organisation to give of their best each day, committed to their organisation’s goals and values, motivated to contribute to organisational success, with an enhanced sense of their own well-being.” (engageforsuccess.org, 2018)

There is a tight link between engagement and retention. Engagement should be seen as something that needs fostering and it might change over the time. When employees feel that their work is meaningful and they have the opportunity to develop their skills even further, they are engaged and see that they have a future in the company. Retention can be seen as ongoing talent attraction where you put the same effort to your current employees as you do when you are trying to attract new talent. Committed employees feel that they are appreciated and the work they do is meaningful for the company’s success. (Dinnen & Alder 2017, 150 - 151)

1990, when the term Employee Engagement was introduced by William Khan, he focused on psychological conditions of personal engagement and also disengagement. When talking about personal engagement, Khan extends it to how people employ and express their personal selves at work. Disengagement on the other hand is presented as situation where people withdraw and defend their personal selves at work. Khan identifies meaningfulness, safety and availability as psychological conditions that impact personal engagement at work. (Bridger 2015, 3)

Different definitions for engagement, provide us three dimensions to employee engagement. There is intellectual engagement, in which the employee is thinking about the job and how to do it better. There is affective engagement, in which the employee is feeling positively about doing a good job. There is social engagement, in which the employee is actively taking opportunities to discuss work related improvements and influencing opportunities. (Bridger 2015, 5)

Employee engagement is often measured with surveys. Most of these surveys measure people’s attitudes, behaviours and outcomes. These aspects are difficult to separate and also it is important to understand the reasons why people are staying in a company. Is it because of high engagement, or combination of attitudes, behaviours and outcomes. If a person would stay in a company purely out of outcomes, such as, financial reasons, one could doubt their level of engagement towards the company. (Bridger 2015, 7)

Values are one of the key elements in engagement. Individual values and organisational values need to be aligned. If company values conflict with personal values, it is highly unlikely they will feel engaged to the company. Engagement is a two-way process, where companies need to share their values and provide base to build engagement and on the other hand, employees need to choose to be engaged towards the company. (Bridger 2015, 8)

From an employee's perspective, there are five elements that have effect on their feeling of engagement. One is the enthusiasm towards work and people you work with, second one is understanding the role and how it is linked to company goals and objectives, third one is that there is a clear understanding how a company is going to full-fill its goals and objectives and being able to effect on it, fourth one is that employees are trusted, opinions are heard and there is an opportunity to develop skills and the fifth one is that the organisation has strong and authentic values which are relatable. (engageforsuccess.org 2018)

From employer's perspective, there are five elements that effect on their feeling of engagement. First one is that employees have positive attitudes and behaviours leading to improved business outcomes, second one is that there is pride and loyalty working for the organisation, third one is the trust for employees and their expertise, fourth one is the ability to create deep commitment and the fifth one is that their actions are consistent with company values and promises are kept. (engageforsuccess.org 2018)

Employee engagement can be approached in multiple ways. Employee engagement needs to be integrated into company's strategic roadmap. In order to succeed in this, there needs to be a consensus what the company wants to achieve. The aim for this action, can be for example; related to attitudes inside and outside of the company, related to wished changes in behaviours. Strategy road map is the link between execution and strategy. It aims to be a concrete approach what needs to be achieved in a certain period of time. The outcome should enable to achieve the strategic vision organisation has. (Bridger 2015, 43; jibility.com)

The shared vision for employee engagement strategy should be aligned with the general vision of the company. This is an important step in ensuring your engagement strategy aligns with and supports your company strategy. This is one of the core elements to be able to create a successful engagement strategy. Organisations should make sure, that as many employees as possible should be involved in creating the strategy. This would ensure that the shared vision will be achieved and everyone in the company has the same goal in mind when planning the action steps. Engagement strategies are too often made by senior executive who may not have the same approach to the matter as regular employees. (Bridger 2015, 43-44)

When organisations involve employees to engagement vision and strategy planning, the focus should be in the future. Asking employees to focus on what the future could be like in the company, they will create a vision for engagement and have shared idea of the outcome. When talking about engagement, the discussion focuses too often to negative matters in the organisation. When turning the focus in the discussion to the future, this can be avoided. These five questions can be used in future oriented engagement discussion:

1. Imagine anything is possible: what could it be like to work here in the future?
2. Describe what would be happening: what will it look like and feel like?
3. What will a typical day be like?
4. Why will people want to come and work here?
5. Why will people want to stay?

(Bridger 2015, 44)

In 2014 a globally conducted engagement survey showed that about 30 percent of global employees felt they were highly engaged and 23 percent felt they have a strong connection to their employer. The study also showed that 21 percent of global employees felt that they were undervalued by their employer. This research showed that the most common reasons for feeling undervalued, were lack of internal communications, not understanding the company goal and not getting the needed respond from their managers. One key to engagement is clear values and goals to which the employee can relate to and the feeling of appreciation. Many different academic researchers have come to this conclusion and support that lack of internal communications, not understanding the company goal and not getting the needed respond from their managers fight against the positive drivers linked to employee engagement. (Dinnen & Alder 2017, 147 - 148)

The survey results show the importance to engagement, of how managers communicate, share strategies and ideas with their employees and ask their input to these. In the past engagement was commonly seen as something the HR department should do. Results from the survey show, that managers and how they act have a substantial role in engagement. Business needs focus on four key areas in order to improve and foster engagement. They need to focus on the nature and quality of the work itself, to be able to provide meaningful jobs. Organisations need to focus on management and leadership culture and make sure it is open, communicative, trusting and responsive. Flexibility in the workplace and the extent of self-direction employees have, needs to be addressed and secured. Organisations need to make sure they offer opportunities and support for their employees to learn and grow. (Dinnen & Alder 2017, 149)

When an organisation is planning their engagement strategy, they should focus on leadership, strategic narrative, employee voice, integrity and involvement. The most impactful single aspect to engagement, is leadership. There is an old saying that people join companies but leave managers. Surveys show, that there are some factors that are associated with positive leadership. The common behaviours in positive leadership are: supporting the team, performing effectively and displaying integrity. (Bridger 2015, 74-75)

Strategic narrative has a strong link to employee engagement and in practise it means that leaders are able to provide strong, strategic narrative about the organization: what has happened in the past and where the company is going. Employees roles should be part of the narrative, what is their role in the bigger picture. There should also be congruence between an employee's personal values or goals and how the company can meet these wishes. (Bridger 2015, 90-95)

Employee voice is an important part of engagement. It is important to involve employees to the engagement vision and strategy planning. Giving employees the opportunity to influence and have an impact to company level matters, it will increase their level of engagement. Strong employee voice will create an atmosphere for genuine two-way conversations. Employees voice will show in different levels of the company: their everyday work, the organizational culture, company's products and services, and the general feeling the company has. (Bridger 2015, 96)

There is a link between leadership style that promotes open culture for employee voice. Leaders are the ones who determine whether this type of behaviour is appreciated and encouraged. It is studied that leaders who are open, have good communication skills and are easily approachable will most likely support the culture of strong employee voices. (Bridger 2015, 96)

Employee involvement is a deeper stage of employee voice. Employee involvement means concrete actions, the possibility to make a change in the company. As in employee voice, people are encouraged to have an open dialogue about matters inside the company. With involvement, employees feel more accountable what is happening in the organisation and has positive impact to engagement. (Bridger 2015, 99-100)

Integrity in organisations means that behaviour matches with what is promised. For example, if employees are promised open and communicative environment where they can have impact on organisational decisions, it needs to show and work in reality. If the culture doesn't match with the made promise, this has a negative impact to employee engagement. This sounds easy and something that should be done automatically, but often there is a gab between these two. (Bridger 2015, 100)

3.2 Measuring engagement

Measuring engagement and overall happiness towards work, are important for understanding what is working in the organisation and what needs to be improved. To be able to do this, organisations need to have internally clear and shared idea what is meant with the term employee engagement. This is to ensure, that right factors are being measured. Employee surveys are the most common way for organisations to measure engagement. (Bridger 2015, 191)

Downard Engagement is a popular employee engagement model and it categorizes employees into three different engagement types. First type is Actively Disengaged employees. These employees are unhappy with their work and tend to undermine their co-workers. Second type is Not Engaged employees. These employees perform their basic job and sleepwalk through work days. Third type is Engaged employees. These employees work with passion, they feel connected to the company and help it move forward. (Morgan 2017, 18 - 19)

In the Downard Engagement model, engagement is described as the minimum what companies could expect from their employees. The model doesn't provide measurement for employees who go above what is expected of them. One aspect to measuring engagement is, that we should focus on measuring employee engagement from different perspective. In his approach, engaged level would be the starting point and the measuring would happen upward. (Morgan 2017, 20)

Employee engagement and overall happiness are traditionally measured in annual evaluations, where employees have the opportunity to give numerical assessment about their engagement towards the company and happiness with general matters in the organisation. Commonly employee questionnaires include questions about leadership, colleagues, tools and physical environment, work-life balance and wellbeing. This method has been used for decades and the problem with this approach is, that it doesn't show emotions behind the answers. To really understand the subject more deeply there should be a way to understand the reasons behind answers and why some employees are highly engaged and some disengaged. (Dinnen & Alder 2017, 154)

Feeling of engagement can change time to time. In an ideal situation, organisations should be aware of these changes and understand the real-time stage of employee engagement. For this reason, there is growing number of organisations, that have moved to using pulse surveys. In this method, organisations measure employee engagement frequently with and easy and quick approach. The idea is to measure how people are feeling and what kind of changes there are. Some companies are using this method weekly, some monthly. To make it easy and effortless to answer, mobile application is the most used method. This approach enables companies act fast, if they see that the level of engagement is decreasing. (Dinnen & Alder 2017, 155)

Employee surveys can provide interesting insights about how the organisation is perceived by its employees. Surveys are an employee friendly option to engagement and overall happiness. When conducting an employee survey, there are few points to take into consideration in the planning. (Bridger 2015, 197)

1. Purpose: Ensure that you have a clear understanding why the survey is conducted and how the organisation is going to utilise the results.
2. Have a goal: Have a clear image of successful survey project and what insights are wished to achieve.
3. Prioritise: Make sure there's enough resources for the project and is it conducted by an external partner or someone in the company.
4. Employee experience: Make sure the experience is nice for all employees and they feel that their answers are valued and being used.
5. Involving managers: Think how you can make all managers engaged to the survey process, they have a huge impact to the end result.

(Bridger 2015, 197-198)

Employee engagement measures should be more than just numerical measures. When focusing purely on numbers, organisations might aim for a higher percentage in their engagement level, but fail to understand the reasons behind answers. Instead, companies should focus on understanding the root reasons behind high and low employee engagement. They should also focus on understanding the effects high engagement provides to the company in a broad perspective. (Morgan 2017, 21)

Employee engagement has typically different phases and it is constantly evolving subject. Typically, when people start in a new organisation they are highly engaged and motivated. When this feeling has stabilised, there is usually a drop in their engagement level. When companies notice a drop in engagement levels in their measurements, they come up with uplifting actions, ‘Adrenaline shots’. This means that employees are offered quick fix solutions which have short term effect on employee engagement. Because these ‘Adrenaline Shots’ don’t focus on the real issues behind decreased employee engagement, they don’t provide any real solutions for this problem which means that the engagement number will drop again in the measurements. This bring us back to the conclusion, why companies should focus on root reasons and improving them. (Morgan 2017, 22 - 23)

3.3 People analytics and retention

People analytics refers to a method that can help organisations to make decisions about their employees. The focus in this approach is, that decisions are based on data. People analytics applies statistics, technology and large sets of talent data, providing information to help organisations make better business decision. (cornerstoneondemand.com)

Employees are the biggest competitive asset companies have. Making retention extremely important and companies need to understand why people stay in a company and why they choose to leave. People analytics is one answer to help companies understand people related matters and make decisions based on data. Data driven decision making has been used for decades in marketing and sales, for example. Utilizing data in human centric matters is still quite new and companies are struggling to find a way to combine data and make conclusions of the existing data they have. Organisations collect massive amounts of data of their employees, for example salary, satisfaction and performance. Many cases, the data is quite diverse and it can be organisational or personal level data. In addition, organisations lack the capability to analyse the data and use it decision making. (Morgan 2017, 38 - 39)

People analytics have the potential to help companies predict when people most likely will change their workplace. To be able to have accurate predictions, companies should collect external data as well; such as education information, hobbies, certificates, sport trophies and connections. By collecting a broader data to understand how their employees act, companies can use the data they have in many ways. Collected data can be used to: gain better understanding of good leadership in the company, notice signals of overly stressed employees, tracking what makes employees productive, notice if someone is considering leaving the organisation, or improve the wellbeing of employees. This is possible by collecting and combining different data sources and having a professional to analyse the cause and effect relationships between these sources. (Morgan 2017, 39 - 40)

Subjects in the previous section, are just some examples of utilizing people analytics in business decisions. Large, international companies, such as Google and IBM are already basing their human resource decisions to data. IBM has been able to provide more personalised leadership, coaching and guidance for its employees, due to data utilisation. They have also been able to launch a program which helps people find development opportunities inside the company instead of searching opportunities outside the company. (Morgan 2017, 40)

People analytics is evolving constantly and many companies are just starting to utilise data in a more strategic way. One example of advanced data utilisation is from company called Humanyze. They are focusing to human behavioural measurements through their ID card innovation. The card can measure employee's location at the office, who you are meeting, tone of voice and minutes spent on discussions. Through this information, Humanyze can analyse for example if managers are spending enough time with their teams, is there something that top-performing people do differently and how successful salespersons speak with customers. In a long run, collecting behavioural data, helps companies in team building and structuring the company. (Morgan 2017, 43)

3.4 Physical working environment

Physical working environment, working tools and the overall culture organisation have, are important factors for retention. We can talk about employee experience, which covers three different areas: technological, physical and cultural environments. (Morgan 2017, 11 - 12)

Physical environment has a great impact to employee experience and to overall satisfaction to work. Physical environment covers 30 % of employee experience. To excel in this, companies should focus on four areas: being transparent and welcoming family and friends to visit, offering flexible working solutions, showing their values and providing different workspaces. (Morgan 2017, 60)

By inviting visitors to your office, you are able to boost the pride employees have towards the company, show the excitement and culture and connect with your employees. Flexible working culture allows your employees decide, where they want to work and when. This might mean home office, office space, café or outdoors. By providing this, companies can increase productivity, decrease employee stress and absenteeism, have healthier and happier employees and increase trust. Letting your values show in your physical environment, shows commitment to your employees, boosts honesty and integrity and makes culture more visible. Providing different workspaces is linked to flexible working solutions. Different people need different spaces to be productive. By providing different spaces, companies can show that their priority is to enable employees do their best and understand the different needs they have. (61 - 75)

3.5 Culture and retention

It is studied that company culture has a substantial effect on employee retention. Company culture can be defined in different ways. One definition is, that company culture is the collective mindset and attitude of its employees. Company culture can be seen as something people can feel. Every company has a culture, some spend time to create and design the culture and some companies are letting it exist. Every culture is unique and may show it differently.

To be able to create admirable culture, organisations should keep in mind ten different areas. (Morgan 2017, 89) Organisational culture that address these areas, most likely has a higher retention rate due to employee overall happiness. These areas are:

1. Company is viewed positively
2. Everyone feels valued
3. Legitimate sense of purpose
4. Employees feel like they're part of the team
5. Believes in diversity and inclusion
6. Referrals come from employees
7. Ability to learn new things and given the resources to do so and advance
8. Treats employees fairly
9. Executives and managers are coaches and mentors
10. Dedicated to employee health and wellness

(Morgan 2017, 90)

Companies should pay more attention to their Employer Brand and through that effect on how the company is seen. Employer Brand means describes organisations reputation and popularity among potential employees and current employees. Employer Brand is a large entity and has many different aspects to it, employee happiness being one of them. This has a direct link to how willing current employees are to refer the company to their network. Morgan sees, that if employees are likely to do so, they are engaged and genuinely enjoy working in the organisation, they feel committed. Word of mouth has a huge impact on companies Employer Brand and ability to attract talent. (Morgan 2017, 93, 113 – 114; talentlyft.com)

Compensation, benefits, recognition and ability to influence in company matters are the core elements of being valued. As mentioned in the list above, this is one of the focus areas in order to create exceptional company culture. The feeling of being valued is subjective and all of us have a different take on this. For organisations to be successful in this, they should provide personalised solutions for their employees. For example, benefit packages can be easily customised and employees can choose the ones the appreciate. Companies are struggling to genuinely listen to their employees and provide personalised solutions. (Morgan 2017, 96 - 98)

Legitimate sense of purpose, is related to company vision, values and how employees see themselves linked to these. Why and how they are doing their job, and how it is linked to the greater company goal. This helps employees feel connected to the company and deepen the engagement. 'How' reflects on the company values which act as guidance how the work is done and goals achieved. Employees who share the company values and see that the work is done in the way they believe, are more committed and engaged to the company than employees who don't share the values. (Morgan 2017, 100 - 101, 106)

In today's work life, employees can be part of multiple different teams. Some team might be more stable and long term and some team might be under constant changes and are meant to exist only a short period of time. Regardless of the time frame, people want to feel they are part of the team and have a legitimate reason to be in it. When employees feel, that they are part of the team, it creates trust, psychological safety and improves communication and collaboration. (Morgan 2017, 107 - 109) In addition to focusing on team dynamics, companies need to foster diversity on teams and in the company in general. Diversity increases innovation, productivity, job satisfaction and ability to attract and retain talent. (Forbes.com 2011)

As mentioned in page 11, people analytics is providing one solution to help companies provide development opportunities for current employees so they don't feel that changing a company is the only way to advance or gain personal development. Learning and development and career paths are subjects that have substantial effect on employee engagement and retention. Employees feel they are invested in and they can grow on professional and personal level. (Morgan 2017,107)

3.6 Employee turnover

When discussing of employee retention, we need to understand how employee turnover is calculated and what can be seen as the normal rate of employees leaving an organisation. The term 'employee turnover rate' refers to the percentage of employees who leave an organization during a certain period of time. Organisations usually include voluntary resignations, dismissals and retirements in their turnover calculations. (workable.com)

To calculate an annual employee turnover rate, it requires three numbers: the number of active employees at the beginning of the year and end of the year and calculate the average of these two. Third number needed, is the number of employees who have left during the year. Employee turnover is calculated by dividing the number of employees who left by the average number of employees. Multiply by 100 to get turnover percentage. (workable.com)

When calculating employee turnover, organisation needs to define whether they wish to calculate overall turnover rate, described above, or if they wish to calculate competitive retention. In competitive retention rate, organisations separate voluntary and non-voluntary resignations and retirements. (workable.com)

General employee turnover rate, including both types of resignations and retirement, doesn't provide detailed enough information. It is important to recognise different groups, such as high performing employees and low performing employees, non-voluntary and voluntary resignations and retirements. The general turnover rate doesn't reflect whether the turnover is a positive or a negative event. If an organisation is losing 20 percent of the people, they consider top performers, then the turnover is negative. If the majority of the people leaving are low performers, then a high turnover rate is positive. Instead of focusing overall turnover rate, organisations should focus on the high performer turnover rate. Top performers in an organisation contribute an average of 10 times more than average performers. (monster.com)

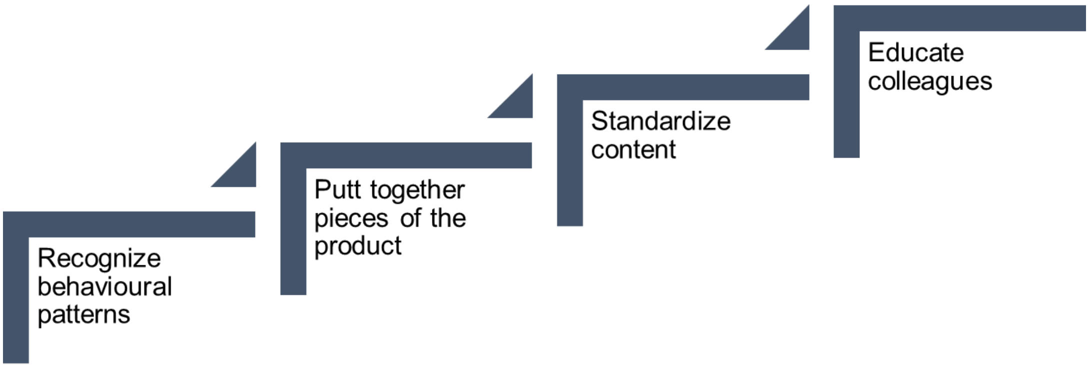
Turnover rates differ between industries, but in general 10% turnover rate can be seen ideal. This means that 90% is the average employee retention rate to aim for. As mentioned above, organisations should pay attention to the fact, who is leaving. The 10%, who have decided to leave an organisation should ideally be low performing employees. (dailypay.com)

4 Productization

There are many different interpretations for the word ‘Productization’, one being:

> “Work that transfers expertise or knowledge into a sellable, marketable and deliverable product”
> (Parantainen 2007, 11)

When a company starts the process of productizing their services, there are four steps to follow in order to build a successful product.



Picture 1. Steps to successful product. After Parantainen 2007.

Recognizing behavioural patterns, means that there you need to be aware of well-functioning working habits which you do always in the same way. These behavioural patterns should be part of the planned productization process. Putting together the pieces of your product means the name and pricing. It is quite normal that at first the pricing and content may vary depending on customer wishes. In the third step, standardizing the content, it can be seen that the content is not changing between customers and pricing is the same as well. Fourth stage means that the knowledge and expertise that is the core of the product, is being thought to colleagues in the company. This is crucial in order to be able to create a well-functioning product, that doesn’t require the ‘original’ expert to be successful. (Parantainen 2007, 13-14)

4.1 Multiplying expertise

When companies start the process of productizing something that is based on expertise, first thought can be that it is difficult and the expertise is too unique, that multiplying it is impossible. It is a quite common misbelief and there are not that unique skills or knowledge that couldn’t be productized. (Parantainen 2007, 15)

In practise, multiplying and productizing expertise, the key is in excellent documentation and planning how the expertise can be transferred to another person. Well-functioning tools to transfer expertise are books, publications and applying instructions, handbooks and working instructions, check lists, forms and document models, videos, charts and animations, process descriptions, systems that support working methods, seminars, courses and trainings, internships and continuous improvement of the product. (Parantainen 2007, 16-17)

Good documentation is one of the key factors in productization. As we can see from the previous list, it is not complicated to productize expertise or knowledge, but it requires thorough documentation and dedication to is. It is easy for professionals to think what type of documentation is needed, but struggle with content. (Parantainen 2007, 17-18)

4.2 Reasons behind unsuccessful productization

Creating a successful service can be difficult and here are three factors that help you recognize a poorly productized service.

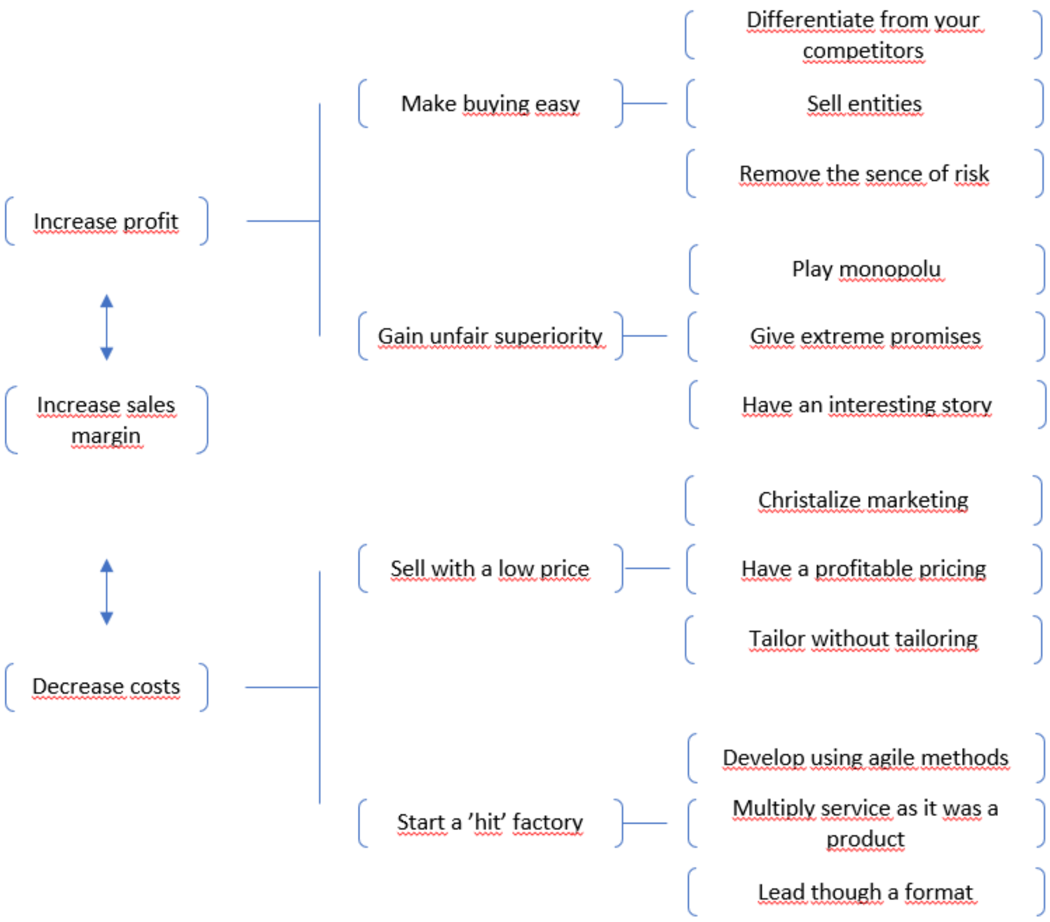
- Pricing is not clear: if the product doesn't have a clear pricing model and it is built again for every new customer, then it is likely that the company hasn't been able to productize the service.
- Content is not clear: if the content is created in sales meetings, this another sign that the service hasn't been productized and sales margins are vague and constantly changing.
- There is no ownership of the product: if no-one in the company doesn't know who owns the product and is responsible of its development and pricing, productization hasn't been done successfully.

(Parantainen 2007, 25)

Common reasons why productizations fail are, in addition to previous reasons to recognize a poorly executed productization process. When planning the product, companies don't want to standardise it and describe the service openly, because they fear competition and copying. It is also difficult to build a successful product if the target group you are trying to talk to is constantly changing. If the customers are changing, this usually means that the product needs to change as well which might lead to starting the process from the beginning. (Parantainen 2007, 25-26)

Organisations and individuals starting the productization process, often make similar mistakes. Many hide the expertise they have in the fear of competition. Organisations fear that after launching a new service, their competitors will copy the idea and steal their customers. Another common mistake is to change the target group constantly, which will make the service unclear and impossible to productize, because the organisation doesn't have an answer to whom they are targeting the service. Some fail because they do not believe in the benefits of productization and decide not to follow the process accordingly. Common mistake is defining customer needs without consulting them and basing the service on own believes or trying to solve a problem that doesn't require solving at the moment. Also focusing on technical details that are not valued by the customer or underestimating the needed work load and making unrealistic promises are also reasons why organisations fail in their attempt to productize. (Parantainen 2007, 28)

The aim in productization is to increase profit and minimize costs at the same time. Chart below presents steps to achieve this goal.



Picture 2. How to double sales margin with productization. After Parantainen 2007.

4.3 Value proposition

Understanding your customers' needs is important to build a product that will have demand in the target market. You can create the demand by offering an interesting product, but before you can do this, you need to understand what is needed. Many successful products have been built this way when there has been gaps in the existing market. Demand rises after there is proper supply, because quite often the customer itself is a competitor to offered product or service. (Parantainen 2007, 28-29)

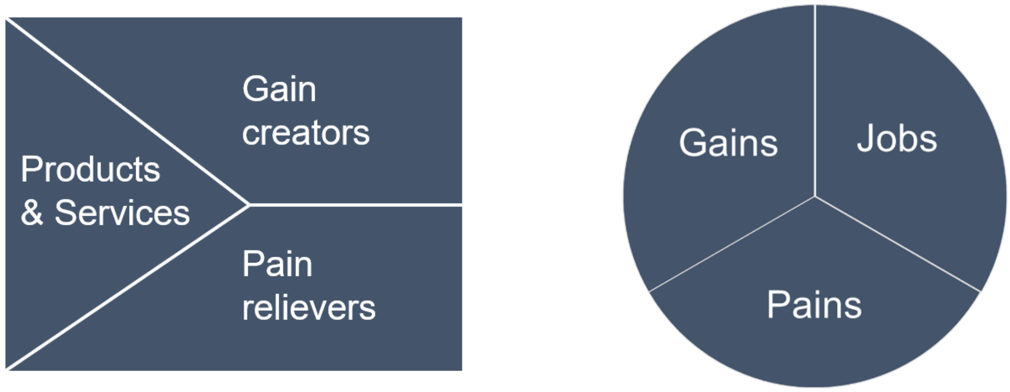
To be able to offer customers added value, product or service need to have a clear value proposition. The term is defined as the promised benefits that can be expected from the offered service or product. (Osterwalder et al. 2014)

To create a powerful value proposition, you need to be able to identify the benefits your product offers, describe why these benefits are valuable, understand your customer's problem, connect this problem with the product benefits and differentiate yourself as the number one provider for this product. (hubspot.com)

Value proposition canvas is a tool, which has been created to help organisations visualise and make concrete, what is their value proposition to their customers and how it answers to their problems. Value proposition canvas consists of two sides: customer profile and value map. Customer profile helps organisation to understand and clarify customer needs. Value map describes how the organisation is able to create value to the customer. (Osterwalder et al. 2014)

Customer profile is a combination of three different segments: jobs, pains and gains. Job refers to what the customers are trying to achieve and get done in their work, expressed by their own words. Pains refers to bad outcomes, risks and obstacles the customers have related to their job. Gains refers to the outcome the customer wishes to achieve or to concrete benefits they are seeking. (Osterwalder et al. 2014)

Value map brakes value proposition down into concrete products and service the company has. In the map, these are divided into three different segments: products and services, pain relievers and gain creators. Products and services refer to a full list of the offering the value proposition is built around. Pain relievers refer to how the products and services alleviate customer pains. The gain creators refer to how the products and services can create the customer gains. When the value map meets with the customer profile, there is a fit and your value proposition brings added value to the customer. (Osterwalder et al. 2014)



Picture 3. Value Proposition canvas. After Osterwalder et al. 2014

When Value Proposition Canvas process starts, the focus should be in Jobs section of the customer profile. There are three different job types and supporting jobs, that customers in general have. Functional jobs which refer to a specific task they need to do or problem they need to solve. Social jobs refer to actions where a company tries to look good or gain power or status and effect on how others perceive them. Personal/emotional jobs refer to actions where a specific emotion is sought. In addition, there are also supporting jobs that customers are focusing. (Osterwalder et al. 2014, 12)

Customer pains section consists of matters that are seen annoying and overwhelming in their work. These matters are on their mind before, during and after they are trying to do their job, or even preventing them of doing it. These might be matters that they don’t like, they are not functioning as they should or they don’t feel good. Pains can be matters that are creating obstacles to their work or preventing it. (Osterwalder et al. 2014, 14)

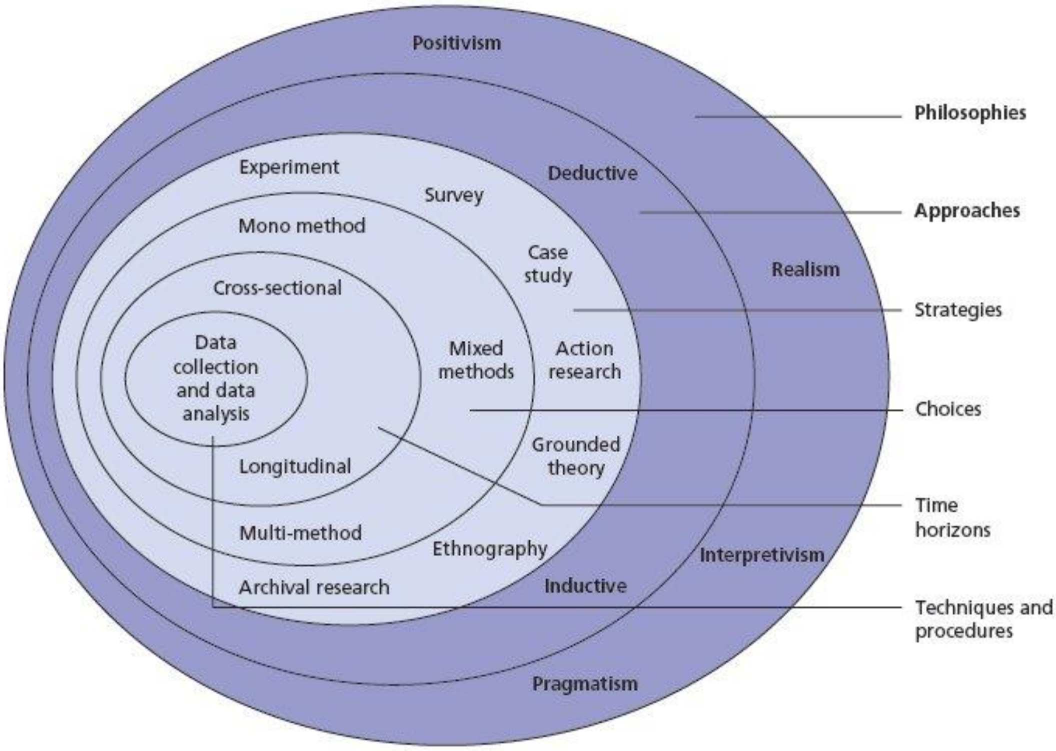
Customer gains section in Value Proposition Canvas, refer to the outcomes and benefits customer wishes to see. Some of the outcomes are required and expected. These are commonly basic wishes that the customer is hoping to get and is the reason why they would buy a service in the first place. Some outcomes are desired. Meaning that these outcomes are not expected, but the customer would want to see them happening if asked. Then there are outcomes that are unexpected, which are exceeding all expectations and desires the customer had. (Osterwalder et al. 2014, 16)

When thinking all of these three customer profile segments, it is important to think these through the eyes of the customer. After everything is listed, they need to be categorised segment at a time. Customer profile should be done for one target group at a time, not mixing multiple ones. Jobs segment should be categorised from important to insignificant jobs. Pains segment should be categorised from extreme to moderate. Gains should be categorised from essential to nice to have. When the categorisation is done, there should be a clear plan for a value proposition that has most added value for the company. To be successful in this, Value Proposition Canvas needs to be created to one customer group at a time and evaluated from the customer perspective. (Osterwalder et al. 2014, 20-24)

In the Value Proposition Canvas process, Value Map is the second step after creating the customer profile. This starts by listing all products and services you have. These belong to the Products and Services segment. Next step is to think Pain relievers which consist of solutions how exactly you are able to alleviate the specific customer pains. There should be a pain reliever to all pains listed in the customer profile. The last step is to list Gain creators. In this segment the focus is on how you are able to produce the outcomes and benefits the customer is seeking. You can focus on the most relevant ones and there is no need to come up with an answer to all gains listed in the customer profile. Focus should be on matters that bring savings to the customer and exceed expectations. (Osterwalder et al. 2014, 33)

5 Research methodology

In this chapter I will explain which research methods have been used and what has been the research philosophy. I will explain these utilizing 'The Research Onion' presented in the book 'Research Methods for Business Students' by Mark Saunders, Philip Lewis and Adrian Thornhill, presented below.



Picture 4. Research Onion (Saunders et al. 2016)

5.1 Research question

The aim of this study is to be able to give an answer to 'What are the key factors of employee retention in IT sector?' and 'How companies in IT field can improve their retention rate?'.

5.2 Research philosophy

My research philosophy is interpretivism. Interpretivism emphasises that humans are different from physical phenomena because they create meanings. In interpretivist research the aim is to create new and in depth understanding and interpretations of social world and contexts. (Saunders et al. 2016, 140) In this study, I am trying to develop deep understanding of employee retention and reasons behind it, especially in the IT sector.

Interpretivist research tries to take account that different people in different roles have differing experiences and that brings richness to the research. For example, the CEO, customer service professionals and managers working in a same company, may have differing experiences. Gender, age and ethnic/cultural background can have an effect on the felt experience. (Saunders et al. 2016, 140-141) I will take this into consideration when conducting interviews, because they are working on different roles and organisations.

More detailed, my approach has been phenomenologist. In this interpretivist approach, existence is being studied and the focus in on participants and what kind of experiences they have. Because the focus is on the richness and complexity and there are multiple interpretations, interpretivism is subjectivist. As a researcher, I need to understand that my own beliefs and value play a crucial role and effect on my interpretation of collected data and research material. (Saunders et al. 2016, 141)

5.3 Research approach

In this study, the approach to theory has been inductive. The purpose is to have an understanding of the nature of the problem and what is the current situation. Inductive approach often starts with observation and in this research, observation is based on the researcher’s observations trough professional context. The outcomes evolve into generalisations and ideas. Often qualitative research methods are being used and reflected to existing theories. The outcome of the research may be same as in existing theories. Developing an understanding of the current situation and experiences, is seen as a strength in inductive research approach. (Saunders et al. 2016, 147; research-methodology.net)

5.4 Research strategy

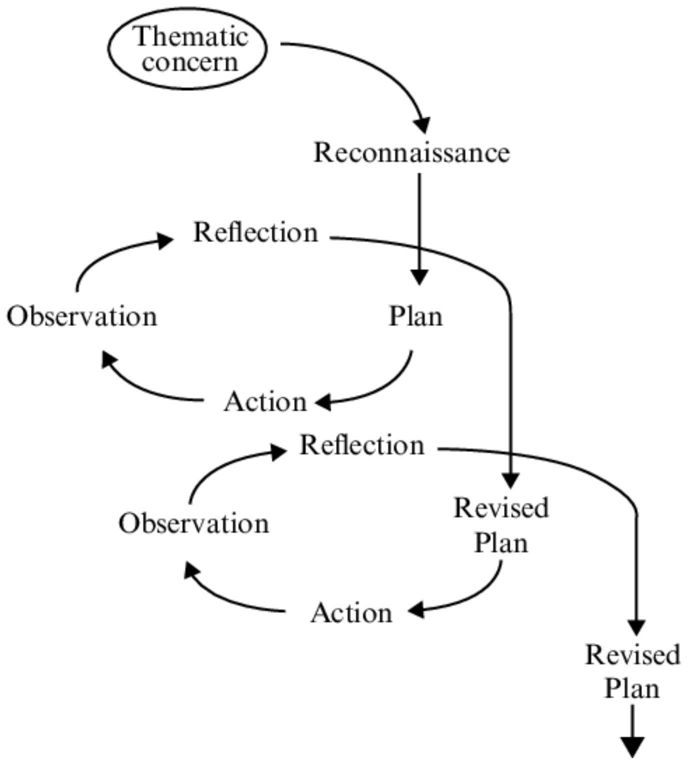
In this study the research strategy is action research. In this research strategy, research can be defined as “an approach in which the action researcher and a client collaborate in the diagnosis of the problem and in the development of a solution based on the diagnosis”. This means, that action research is commonly conducted for an organisation to solve a needed problem and the researcher is doing the research in collaboration with the organisation. (research-methodology.net) In this research the researches is an employee of Agile Search, to whom this research is conducted.

Action study is based on the assumption that world is constantly changing and the researcher and subject being research are both part of the change. Action research can be divided into three categories: positivist, interpretive and critical.

Positivist approach, also known as ‘classical action research’ sees research as a social experiment where hypotheses are tested in a real-life context. Interpretive approach, also known as ‘contemporary action research’ sees business reality as socially constructed and focuses on specifications of local and organisational factors. Critical action research, as the title implies, has a critical approach towards business processes and aims for improving them. (research-methodology.net) In this research, the approach is positivist and the focus is on testing hypotheses in real-life context.

The benefits of action research are high level of practical relevance to business research, both quantitative and qualitative data can be used and the approach enables to gain in-depth knowledge of the chosen problem. The disadvantages of action research are difficulties in recognising action and research and ensuring that both are applied, completing the research may be delayed due to variety of reasons and there might be lack of repeatability and rigour. (research-methodology.net)

Action study is a participatory study and it consists of self-reflective cycles. Each cycle includes planning, implementing (acting), observing the process of implementation and consequences, reflecting the process and proceeding with revised plan. (research-methodology.net)



Picture 5. Action Research Spiral (researchgate.net)

5.5 Research choices, time horizon and techniques

This study focuses on a particular phenomenon which is happening at a particular time. This means this study is cross-sectional, seeking to describe the incidence of a phenomenon. (Saunders et al. 2016, 200)

Only qualitative methods are used in this study, making this a mono method research. In this study only single data collection technique is being used, a semi-structured interview. (Course.css, 2018) Interviews are used in qualitative research to gain deep understanding of relatively small amount of people and their insights about the studied problem. There are three different approaches to interviews: structured, semi-structured and unstructured. As mentioned before, semi-structured interview is being use din this research. (research-methodology.net)

In a structured interview, the questions are pre-determined and all respondents answer to them in the same order. Data analysis is straightforward because researcher can compare and contrast different answers given to the same questions. In an unstructured interview, the questions are not pre-determined which makes it the least reliable from research point of view. This approach can be associated with high level of bias and comparison of answers is difficult because the questions might be formulated differently to respondents. In a semi-structured interview, the approach is a combination of structured and unstructured interview. Interviewer prepares a set of questions for all of the interviewees to answer. Additional questions might be asked during interviews to clarify and/or further expand the asked issue. (research-methodology.net)

6 In-depth interview conducted to IT professionals

Information technology professionals are in a situation that there is more demand for their skills than there are qualified people. This means the work market has changed and terms like talent war, employees' market etc. are commonly used. For the IT professionals this creates a situation where they are being offered job opportunities frequently. Companies need to make sure that they can provide a work environment that is appealing to these professionals and the turnover rate isn't too high. In the research conducted by Advance b2b for Agile Search, one interviewed buyer persona pointed out, that "Losing a good guy costs us ten times more than hiring a new one." Which emphasis the need to make sure talented people feel engaged and wish to keep on developing their careers in the company. (Agile Search)

To gain more insights about retention factors among IT professionals, I conducted four semi-structured in-depth interviews to IT professionals. I chose to interview professionals, who have been working with the same employer more than three years or they have recently changed their workplace. From four interviews, three were conducted to persons having worked with the same employer for more than three years and one person had recently changed his work place. The interview questions can be divided into three sections: Background information, Reasons behind previous changes and Current workplace. The interview was anonymous and any of the company names are not mentioned.

6.1 Background information

The four interviewed persons all have been working over six year in total. The lengths of their careers were: six years of total experience from two different employers and two different roles; ten years of total experience, four different employers and roles; fourteen years of total experience, twelve different roles and four employers; twenty-eight years of total experience, nineteen different roles and ten employers.

In average, the interviewee's have spent two years in one role and majority of them have had multiple roles in one company. The length of their current employment were five months, three and a half years, four years and seventeen years.

6.2 Reasons behind previous changes

All of the interviewee's had multiple reasons behind their previous changes. Some were related to personal life situation and the work or workplace didn't play a role in their decision. Common reason for all, was lack of development opportunities and that the work wasn't providing them enough challenges. In these situations, the interviewees didn't find the work itself interesting and it didn't provide them enough challenges. All of the interviewee's thought that development opportunities can be many things, and they didn't feel promotion or different role would have been the only way to ensure sufficient professional development. All felt that, learning opportunities and possibility to develop professional skills were more important. They felt that in the companies they decided to leave, the culture didn't support personal development. Interviewee's mentioned that insufficient budgeting and time allocation were key factors they felt this way.

The interviewee's who had been in work life more than ten years, felt that their requirements towards work have changed with seniority. For these interviewee's the meaningfulness of work was one factor they had changed their workplace in the past. They also mentioned that compensation is not as important for them as it used to be and in the past years, they haven't changed their workplace due to insufficient compensation. One interviewee mentioned salary being one of the main reasons he decided to leave his past employer.

All of the interviewee's raised also that freedom towards their own work was one of the reasons they have changed their work place in the past. They felt that they weren't given the freedom to do their work as they would have wanted to and there was too much micromanagement in the company.

When discussing about these issues and their activity bringing these up in their past workplaces, all of the interviewee's said they had tried to do so, in some way. None of them had actively tried to change the situation. They felt that these issues weren't important enough for the company and there wasn't room for negotiation. They didn't feel that they could change these issues and for them the better choice was to find a new employer who could provide them what they felt was missing.

6.3 Current workplace

When discussing about the interviewee's current workplace and what they value the most, all mentioned freedom and trust. With these they meant that they have the freedom to do their work as they see is the best way. I many cases they had the possibility to choose the content of their work as well. With trust they meant, that they have minimal supervision and they feel that their supervisors have 100 % trust in them and what they do.

Freedom shows also in the possibility to join interesting projects inside the company and innovate new ones. Still they are trusted that they can meet their goals. One interviewee mentioned, that not everyone in the company has same amount of freedom or they may not want it. He feels, that he has earned the freedom and it works for him.

All of the interviewee’s said that they value the development opportunities they are being provided. All had the feeling that they had enough time and money to ensure sufficient development in their work. They also mentioned that challenges, new projects and possibility to learn from team members, were important for them and support their professional development. Two of the interviewee’s mentioned that they value intellectual challenges their work provides them and felt this is important from their personal development perspective.

None of the interviewee’s had issues they would like to be changed in their current company. All felt that the compensation level was sufficient and additional benefits as well. All of the interviewee’s said that benefits are nice and the appreciate them, but not that meaningful when they think where they would like to work now or in the future.

When we discussed how many job offers or contact requests they get from recruiters, the number varied from one in a month to couple a week. All of the interviewee’s said, that they ignore them in most of the cases, because they are not relevant for them.

When the interviewees were asked what would make them change for a new company, they brought up dramatical changes in their current workplace, for example losing their freedom. One mentioned that reason to change could be a more senior team and possibilities to learn from more experienced professionals. One mentioned that change could be considered, if there would be a conflict with his own wishes towards his career and the company.

6.4 Reliability and validity

Reliability in research refers to replication and consistency. Meaning, that if the researcher would be able to replicate the study and achieve same findings, the research can be seen reliable. Validity refers to methods used in the research such as accuracy of analyses made of the results and how well they can be generalized. (Saunders et al. 2016, 202)

In my research, I am focusing on ensuring external reliability when collecting data through interviews. This means that, if another researcher would conduct the interviews, findings would be the same. (Saunders et al. 2016, 202) There are multiple threats to reliability, which are good to acknowledge.

Threat	Definition and explanation
Participant error	Any factor which adversely alters the way in which a participant performs. For example, asking a participant to complete a questionnaire just before a lunch break may affect the way they respond compared to choosing a less sensitive time
Participant bias	Any factor which includes a false response. For example, conducting an interview in an open space may lead participants to provide falsely positive answers where they fear they are being overheard, rather than retaining their anonymity.
Researcher error	Any factor which alters the researcher's interpretation. For example, a researcher may be tired or not sufficiently prepared and misunderstand some of the more subtle meaning of his or her interviewees
Researcher bias	Any factor which includes bias in the researcher's recording of responses. For example, a researcher may allow her or his own subjective view or disposition to get in the way of fairly and accurately recording and interpreting participants's responses

Table 1. Threats to reliability (Saunders et al. 2016, 203)

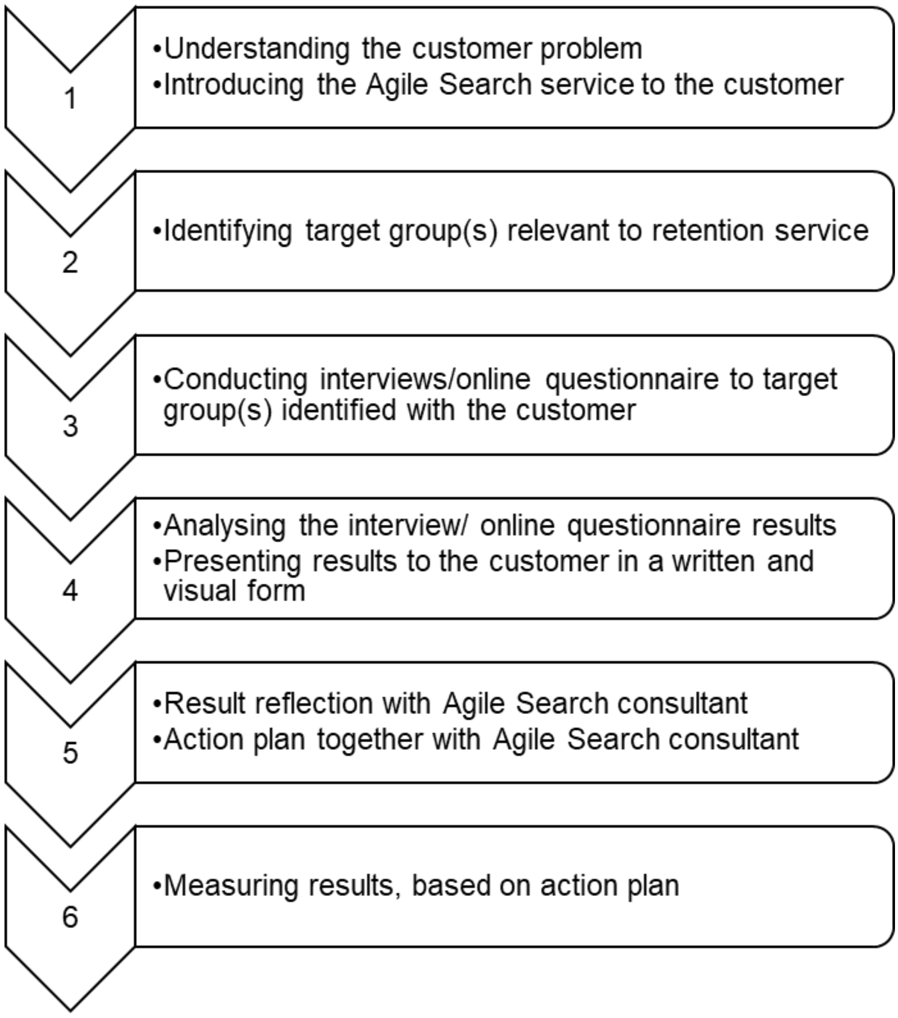
To minimize possible threats mentioned in table 1, I used same questionnaire with all the interviewees. All the spaces, the interviews were conducted, were private. It was clear to all interviewees, that the interview is anonymous and names or companies are not named and the discussion is confidential. I acknowledged that I have existing prejudices to the subject we are discussing about. I followed my interview questions and recorded everything interviewees said.

7 Suggestion for Agile Search

Based on the literature review and findings from the interviews, I have created a proposal for Agile Search to provide retention specific service for their customers. In this chapter, I will present my suggestion for Agile Search and implementation plan to successfully integrate it to their existing product portfolio. Proposal is a service plan which doesn't include marketing or sales plan.

7.1 Process plan for retention service

Below, there is a process description for the retention service. The aim of this plan is to pride an internal tool for Agile Search to follow when they start a retention service process with their customers. In the following chapters, I will go through the action steps from one to six in a more detailed way.



Picture 6. Retention service process plan

7.2 Retention service as a product

To make sure the retention service will provide added value for Agile Search customer's, there needs to be a clear value proposition. Value Proposition Canvas method can be used to clarify this. Agile Search needs to create a Customer profile and start by listing the jobs their customer has, pains they face in their work and gains they are hoping to see. After creating a customer profile, they need to create their own Value Map. This process starts by listing all the services and products Agile Search offers. Second step will be answering how they can solve pains the customer have. Third step is to see how they are going to produce the outcomes and benefits the customer is seeking to have. This will be the base for the retention service. Customer profile needs to be created to all different customer segments they have, in order to be able to create a successful value proposition.

After understanding what will bring the most added value for their customer, the focus needs to be on understanding the core of retention: which matters affect to it and how they need to be addressed. In chapter 3, Literature review, it was mentioned that engagement is tightly linked to retention. Retention is built on shared values by the employee and the employer. Company goals and values should be clear and transparent for all and employees should understand what is their part in achieving the goal. (Bridger 2015, 5)

Organisations to be able to create high engagement and high retention, engagement should be seen as something that needs fostering and it might change over the time. When employees feel that their work is meaningful and they have the opportunity to develop their skills even further, they are engaged and see that they have a future in the company. Retention can be seen as ongoing talent attraction where you put the same effort to your current employees as you do when trying to attract new talent. Committed employees feel that they are appreciated and the work they do is meaningful for the company's success. (Dinnen & Alder 2017, 150 - 151)

In the literature review leadership was mentioned as one of the most important factors for employee engagement. Different sources agree that leadership should be open, communicative, approachable, trusting and responsive. Leadership is seen as the biggest single factor that has the highest impact to employees and the culture company has. Leadership style has effects to other parts, such as; being valued, sense of purpose, personal development and possibility to effect on company matters. (Dinnen & Adler 2017, 149; Bridger 2015, 71)

In addition to leadership, company culture is another core element of retention. Company culture and engagement have many common factors. It can be said that culture is the base of engagement. Exceptional company culture is built on these building blocks:

1. Company is viewed positively
2. Everyone feels valued
3. Legitimate sense of purpose
4. Employees feel like they're part of the team
5. Believes in diversity and inclusion
6. Referrals come from employees
7. Ability to learn new things and given the resources to do so and advance
8. Treats employees fairly
9. Executives and managers are coaches and mentors
10. Dedicated to employee health and wellness

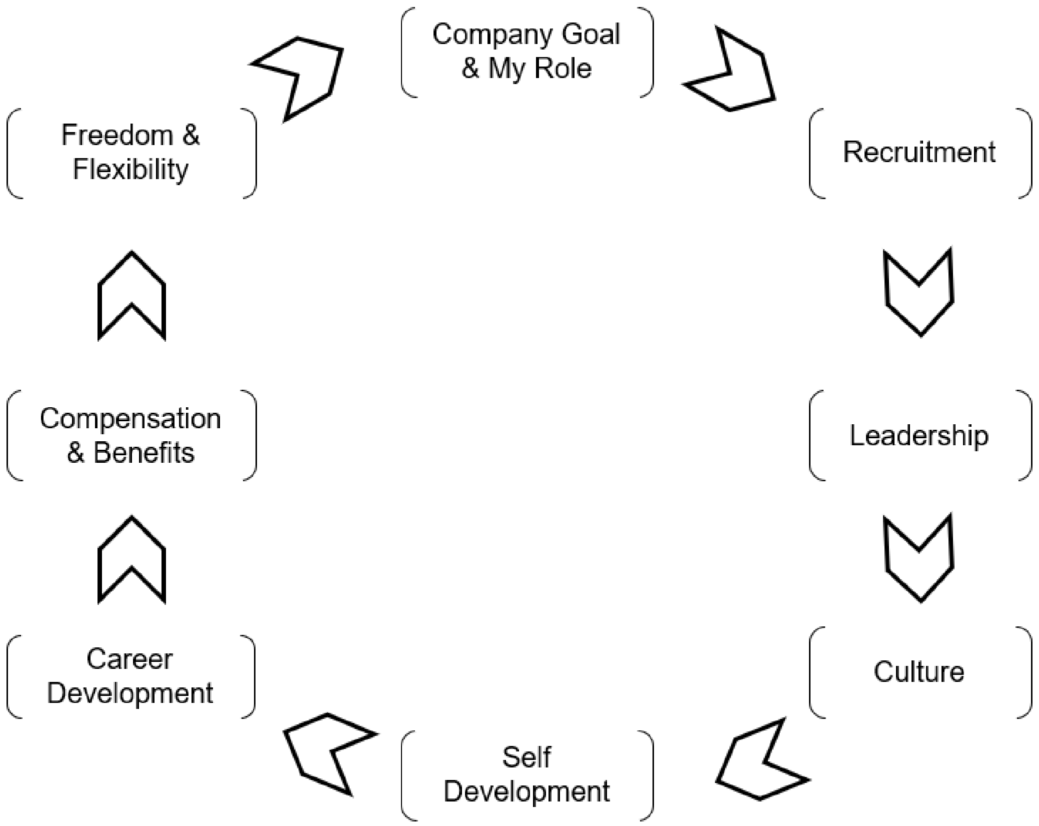
(Morgan 2017, 90)

As we can see, there are common factors that come up in multiple different sources. These are: sense of purpose, being valued and leadership. All of these subjects were brought up in the in-depth interviews. These will be the core elements in the Retention service plan for Agile Search.

7.3 Retention circle

To fully understand, how engaged the employees are and how happy they are to stay with their current employer, we need to have a truthful image of the current situation. If an organisation feels that they have issues with retention, we need to understand why people are leaving. In the picture below, you can see 'Retention circle', which will be core tool in analysing employee retention. Idea of the circle is, that the same questions are asked from top management and employees. Depending of the company size, questions can be asked from all of the employees or from a chosen target with low retention. As discussed in chapter 3.7, the company should be focusing on high performing employees and how to make sure they would decide to stay with the company.

After discussing with both interview groups, company representatives and employees, we have gained valuable information about matters needing attention in the organisation. There might be different views on how company level matters are seen and therefore top management hasn't been aware of what needs to be improved in the organisation. In order this to be successful, it requires honesty and openness from both parties.



Picture 7. Retention circle

The discussion with the top management will be conducted as an interview. With employees, depending of the quantity, mixed methods will be used. With employees, an interview will be preferred and used with the most critical groups. Online surveys can be used to support the interviews. As mentioned in sub-chapter 3.2, surveys positive aspect is, that they can be fully anonymised and can encourage employees to answer in a more honest way. The negative aspect is, that in many organisations, employees are over loaded with different surveys and the response rate might be low. (Bridger 2015, 191)

The same set of questions will be asked from both, employer representatives and employees. This will be the core of the product and enables Agile Search to point out any possible misconception's there might be. The topics are chosen based on matters that, according to research, have the most impact on employee retention. The whole circle of questions needs to be asked, in order to gain full understanding of the matters affecting retention. The company representatives will be asked to name critical groups, with which they feel retention is business critical, needs in-depth investigation and the customer is not happy with the retention rate.

For the employees being interviewed, it is crucial to emphasize that the interviews are confidential and results will be presented as an entity and no names will be mentioned. Managers have a crucial role when this is communicated in the organisation. All interviewees need to feel that their opinion is valued and they are encouraged to speak in an open and honest way. It should be clear for them how the interview results will be used and also communicate the outcome openly inside the organisation. For the interviewees, it is important to share, that also the top management together with HR will be participating and they will be interviewed as well. This approach will support the view, that employee involvement and transparency will have positive impact on retention.

7.4 Retention circle questions

Next, I will break down in sections, which questions are asked in the interviews and surveys. Under each section, there will be 2 - 4 questions. The number of questions is limited, in order to keep the answering time in under 30 minutes.

Questions to be asked: Recruitment

- How was the company described in the interview process?
- How well did the description match with reality? If something didn't match, describe what were the differences.

Questions to be asked: Leadership

- How would you describe the leadership style in your organisation?
- How happy, in a scale from 1 to 5, you are with the leadership style?
- What do you value most in your organisation's leadership style?
- Is there something you would like to be improved? If so, what would it be?

Questions to be asked: Culture

- How would you describe your company culture?
- What do you value the most in your company culture?
- Is there something you would like to see less and more in your culture? If yes, what would it be?
- Have you considered changing your workplace during the past 6 months? If yes, what was the situation?

Questions to be asked: Self Development

- How happy, in a scale from 1 to 5, you are with your current self-development opportunities?
- Do you feel there is enough opportunities and encouragement towards self-development?
- How would you improve self-development opportunities in your organisation?

Questions to be asked: Career Development

- Do you have a career development plan?
- How happy, in a scale from 1 to 5, you are with the career development opportunities in your organisation?
- Do you feel that your organisation can provide you sufficient career development opportunities in the future? If no, why do you feel this way?

Questions to be asked: Compensation and Benefits

- How happy, in a scale from 1 to 5, you are with the compensation in your company? And benefits?
- Is there something you feel should be improved in your organisations compensation policy?

Questions to be asked: Flexibility and Freedom

- How important factors flexibility and freedom are to you?
- Do you feel you have enough both in your current role?
- Is there something you feel is working extremely well? What is it and why do you think it is working well?
- Do you feel there is something that should be improved in the fields of freedom and flexibility? If yes, what would it be?

Questions to be asked: Company Goal and My Role

- Do you think that the company goal communicated clearly and you understand what it is? If yes, how is it done? If no, why do you feel this way?
- Do you have a clear understanding, how your role is linked to the company goal? If no, why do you feel this way?

7.5 Added value for the customer company

After both interviews are conducted, the results will be analysed and compared to see, if there are any issues employees and top management have differing views. The findings will be presented in a visual form to the customer company. There will be two sections: issues that both interviewed parties agree and are seen as an asset for the company and the second part will focus on issues where the views were differing. There will in-depth information why the views were differing. Presentation results will be presented in a meeting, where the customer company will have an opportunity to ask additional questions and share their thoughts on the presented results. Agile Search will also provide visual material to be shared with the whole organisation. This is important part of the process to show employees how their effort has been used to improve their organisation and their opinions are being valued.

The third part of the presentation is action plan for the company which will include Agile Search consultant’s action recommendations for the company. These recommendations will be placed in priority order according to the impact they have in retention. This will be based on the topics discovered in the literature review and interviews with IT professionals. Recommendations will include concrete proposals for the company to start implementing in their processes. If company receives multiple recommendation, it is wise to start with the most important ones. It will be agreed together with Agile Search consultant, which actions the company will implement and in which time frame. It is important to communicate this clearly to employees that heir voice is being heard and changes will happen.

7.6 Measuring results

As discussed in chapter 3, employee engagement and retention are constantly changing subjects. For this reason, you need to measure if the made actions have had impact that was wanted. To be able to do measure employee retention and engagement, it is important to have a common understanding what is meant by these terms. If this is not clear, there is a high change, organisations are not measuring relevant matters from the retention perspective. (Bridger 2015, 191)

Part of the retention service will focus on measuring the impact of the service. After Agile Search has done the survey and based on that has given action recommendations to the customer company and together the company and Agile Search consultant, have agreed which actions will happen first, and in which timeframe. After the agreed timeframe, Agile Search will discuss with the customer company to see if the agreed action plans have happened. To understand how the employees are feeling, Agile Search will conduct an online questionnaire to the employees who participated in the first interview. The questionnaire will focus on the actions the customer organisation decided to focus on.

Through the follow up questionnaire, Agile Search can advise the customer company, whether their actions have had the wished impact or is there something they need to change. The customer company will be advised to measure their progress regularly and remind them that retention actions are something companies need focus on constantly, and it is not a one-time project. Companies should be aware of the changes and understand the real-time stage of employee engagement. For this reason, pulse surveys are recommended. In this method, organisations measure employee engagement frequently with and easy and quick approach. (Dinnen & Adler 2017, 155)

7.7 Implementing the process to Agile Search

To be able to create a successful product to Agile Search product portfolio, there needs to be a plan how to transfer needed knowledge inside the company. It is a common misbelief that knowledge or expertise cannot be productised. There are common reasons why productizations fail; pricing, content and ownership of the product are not clear. Fear of competition is also why productization might fail, companies are afraid to openly communicate what their product is including. (Parantainen ,25)

To avoid these common reasons behind bad productization, there will be a named owner for the product who is in charge of the product development and ensuring that the process will be standard, regardless of the person conducting the service. Product owner will also be in charge of sufficient training and documentation of the product. Pricing will be agreed before testing the product with customers and it will be in line with other products Agile Search is offering.

As discussed in chapter 3.9, the key to successful knowledge transformation, is in excellent documentation. The product owner of the new retention service will create a training presentation based on this research. The training presentation will include key points and theory gathered in this report. The product owner will conduct the training for relevant employees at Agile Search. This report will be available as background material. The product owner will make sure that the documentation includes pre-made interview questionnaires and base for measuring the results.

After first projects, the product owner will evaluate if the product needs improving and will implement them to the process. Making sure the needed documentation is done and changes are well communicated in the company. Product owner will make an example presentation that is handed to the customer and which consultants may use in their cases, just by adding the right customer data into the presentation. Finalised projects will be documented and the information gathered will be used to improve the product to match the changing environment of retention research.

7.8 Feedback from Agile Search

To make sure the Retention product is what Agile Search expected, I presented my findings to the IT recruitment specialists in the company together with the CEO and co-founder. In the presentation, I focused on providing them general background information, such as, common reasons why people leave their employers and what are the most valued factors. I presented my findings from literature review and interviews conducted to IT professionals.

After general background information, I presented them my suggestion for the service plan and how it can be implemented to Agile Search product portfolio. The internal process plan was presented. After presenting the suggestion to Agile Search, we had an open feedback discussion. Discussion was part of Agile Search's annual planning days which were held in January in Stockholm. Feedback was given verbally part of open discussion. After discussion, I concluded the improvement suggestions with the participants.

The Agile Search team thought the plan is feasible and clear. They suggested that if possible, the interview should be made to employees who have already left the customer company or are in their notice period. These employees have already made the decision to leave the company and could have valuable insights for the customer company. The Agile Search team also thought, that it could be easier for the leaving employee to talk to an outside consultant about the company.

It was also stated, that the Retention service needs to have at least one pilot case before active selling. Based on the pilot case and reflection, needed improvements will be done. Pilot case can be used as a reference case for new potential customers.

Based on the feedback gotten from the company, in the target group to be interviewed, persons already left the company or who have recently resigned will be interviewed as well. For this target group there will be a question regarding their reasons to leave the company.

8 Discussion

In this chapter I will conclude my findings and how this research project answers the given research questions. I will also present my recommendation to Agile Search for further development. In the last chapter I will reflect my own learning through this process.

8.1 Research objectives and key findings

The aim of this research project was to answer two main questions:

- What are the key factors behind retention to IT professionals?
- How can companies ensure better retention with IT professionals?

To be able to answer these research questions, I conducted 4 in depth interviews with IT professionals and studied research material about the subject. Combining these two methods, I was able to answer these two main questions and utilize the information to create a Retention service to be added to Agile Search product portfolio.

During my research I found out that the main factors behind retention among IT professionals were in line with general factors behind retention, according to studied literature. These factors are:

- Professional development opportunities
- Freedom towards own work
- Full trust from the employer side
- Interesting work projects

In addition, company culture, colleagues and compensation were mentioned as an important factor with both IT professionals and general audience.

According to my study, professional development opportunities and the possibility to do so, was extremely important. The concrete actions, how to develop professional skills varied from mentorship, skilled colleagues to online courses. They key factor in professional development is personalisation, meaning that every employee has the opportunity to choose the method suitable for them.

Freedom towards own work and full trust can be seen as matters supporting each other. The importance of these, was obvious in both interviews and literature review. Freedom was seen as opposite of micromanagement. It was seen that when you are trusted in your work and you have the opportunity to influence on your daily work, you have the sufficient freedom. This approach had positive impact on employee overall happiness in the company which has a direct link to retention. In my interviews, two of the interviewees mentioned, that micromanagement have been a reason for them in the past to change a company. Freedom and trust was also linked to leadership and what type of management culture the company has. Open, trusting and respectful leadership was seen as a positive factor and micromanaging and hiding leadership style as a negative factor for retention.

Also an important factor for retention was the work itself, how interesting it is. What interesting means for individuals, is subjective. In this part, the company values and mission played a strong role. In many of the cases, if a person can relate to the company vision and it matches with their personal values, they are more likely to feel that the work itself is valuable and interesting. In the interviews, all of the interviewees saw that the meaningfulness and how interesting the job is, is related to professional growth and possibility to develop their skills. The interviewees mentioned, that the work itself got boring and uninteresting after they felt it didn’t provide them sufficient professional challenges.

When it comes to the other factor, company culture was also related to individual values. It was discussed in the literature, that the more common factors the company values, vision and mission have with employees individual ones, the more engaged they are to stay in the company. In the interviews, culture was mentioned as an important factor and all of the interviewees described that their current company's culture is open, trusting, respecting and treats their employees well. Colleagues were seen as part of the culture and also it has link to professional development. It was appreciated that you have the opportunity to work with people you are able to learn from and that way develop your professional skills.

Compensation and benefits were also mentioned as an important factor in both literature and interviews. Compensation has a direct link on how much the company values your work and professionalism. Three of the interviewees mentioned that they have changed their workplace in the past for insufficient compensation. The sufficient compensation level is also subjective and linked to the work requirements. If an individual feels that the compensation received from the job is not matching with the requirements, then it will have a negative impact to retention.

To be able to answer the question ‘How can companies insure better retention?’, we need to understand the current stage of the company focusing on the key factors found in my research. To be able to help companies, we need to know, if they have some key areas they are not seen as an ideal employer and employees are deciding to leave their jobs because of that. For this, I have created the Retention service, which aims to understand the company representatives point of view and how the employees are seeing the company. By providing visual material to the company, to showcase any differences on their views or subjects that are seen as negative things, the service can point out to which matters the company needs to focus. As part of the Retention service, the customer company will get an action plan and which matters need to be prioritised. If they follow the action plan and make positive changes according to the plan, Agile Search can help them to improve their retention level.

8.2 Recommendations

Retention and matters affecting to it are personal and changing constantly. This requires active product development and following the common trends in employee retention. Agile Search has a good situation in understanding why people in IT industry decide to leave their employers, and they should be utilising this information to support product development. Agile Search consultants, working in IT recruitments meet weekly large number of professionals who are in a situation that they would like to chance their workplace. This silent knowledge that each consultant is holding, should be gathered and used when helping their customers in retention projects.

When trying to launch a new product, I would recommend that Agile Search has a trial customer, with whom they discuss that the product is new and during the process, it can be improved based on the results. After the project, Agile Search should have an in-depth feedback discussion with the customer and based on that, make immediate improvements to the product.

I would also recommend, that Agile Search ensures that they have enough resources for the product development and productization process. As mentioned earlier, many new products may fail because companies are lacking ownership for the product.

8.3 Reflection to own learning

For me, the most important factor was, that through this research I was able to provide added value for Agile Search and create a product that could be added to Agile Search product portfolio. During the process I learned, that after you have a clear vision what you wish to achieve, the productization part is not difficult. This was a doubt that I had in mind when starting this research project. It will be interesting to see how the product is going to change in the future after the first pilot customer project. It will be interesting to see how well Agile Search can keep on following the productisation plan and execution, making sure there will be enough documentation and continuous improvement.

During the process I learned, that retention and factors affecting to it are simple and nothing that companies wouldn’t be able to provide. From my perspective, as an employee, it should be clear that the work you are doing is challenging and providing professional growth. You should be compensated accordingly and the company culture should be open and respectful. I realised that these have been the reasons why I have decided to change my work places in the past. Some of these factors have been missing. As discovered in the research, leadership is one of the main reasons behind retention and when making the decision to change a company. Through my own experiences, I can concur to this and leadership has been a big factor in my choices. To my surprise, there a lot of companies that fail to provide excellent leadership, professional growth and meaningful work to its employees. I feel that Agile Search can make a meaningful impact with the retention product and help both employees and employers.

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Appendix 1. Interview questions

Background information:

- The length of your whole career so far?
- How many different positions you have had?
- Average number of years spent in one position
- Have the positions been in same company? For how many years + roles in total?
- In how many different companies you have worked in?
- How long have you been working in your current role?

Reasons behind previous changes:

- Think of those situations, that you have changed a company. What were the main reasons to change?
- If there were some pushing factors in the previous company, did you address them in some way?

Current work place:

- What are the key factors that effect on your retention?
- What do you value the most in your job?
- What do you value the most in the company culture?
- Is there something that would make you change your current company?
- How many job offers / contacts you get on average a week?