



RESEARCH REPORT

How IT & People Teams Can Align for Better **Talent Management**

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Introduction


Although layoffs in the technology industry have recently filled headlines, overall trends in available talent point to a crisis for employers. There is just not enough skilled technical talent to go around, and organizations are competing vigorously for the best of the best.

The popularity of remote work has widened organizations' talent pools but has also shifted more power to job seekers because they, too, have a broader range of employers from which to choose. In fields such as software engineering, this talent crisis promises to be brutal. The [US Bureau of Labor Statistics](#) predicts that the software development field will grow by 22% over the next 10 years (compared with the 3.7% average for all occupations) — and that the shortage in the US alone will increase to 1.2M by 2026.

Even organizations that have “won” the hiring competition still face the uphill battle of retaining that skilled talent. During lockdowns across the globe, IT professionals were responsible for deploying hardware, coordinating labor and building and maintaining secure networks that kept businesses running. Many IT departments were stretched thin and bordered on burnout as they shouldered the burden of supporting a newly remote workforce. Without compensation and investment in their talent, many organizations lost valuable people to competitors.

In fact, [65% of employers](#) cite tech talent shortages as their number one business challenge, and nearly the same number (63%) consider retaining talent more challenging than hiring. And these employers are nervous for good reason: IT employee churn costs companies twice. [One and a half to two times](#) of a lost employee's salary is needed to hire and train a replacement, and when IT workers leave, others follow. In 2020, market researchers Vanson Bourne found that [nearly a third of young employees](#) would consider quitting solely due to poor IT performance.

22%




The software development field is predicted to grow by 22% over the next ten years, according to the [U.S. Bureau of Labor Statistics](#).

1.2M

The shortage of tech talent in the US alone is predicted to increase to 1.2M by 2026.

65%



65% of employers cite tech talent shortages as their number one business challenge, according to [IBM](#).


1.5–2x

One and a half to two times of a lost employee's salary is needed to hire and train a replacement, according to [Gallup](#).


Companies struggle to hire, develop and retain technical talent.

The unfortunate truth is that hiring, developing and retaining people is complex, and solutions to talent challenges are sometimes counterintuitive. Leaders may have witnessed mixed results with past people-focused initiatives where soft metrics failed to exhibit a strong ROI. In [one study](#), only 32% of executive leadership felt that their people initiatives had been very effective at improving business performance. When the same was asked of technical specialists, that number fell to 24%.

Unsurprisingly, many leaders are tired, frustrated and confused. They know they have a tech talent problem on their hands but don't understand why and how to change their approach.

32% 

of **executive leadership** felt that their people initiatives had been very effective at improving business performance.

24% 

of **technical specialists** felt the same.

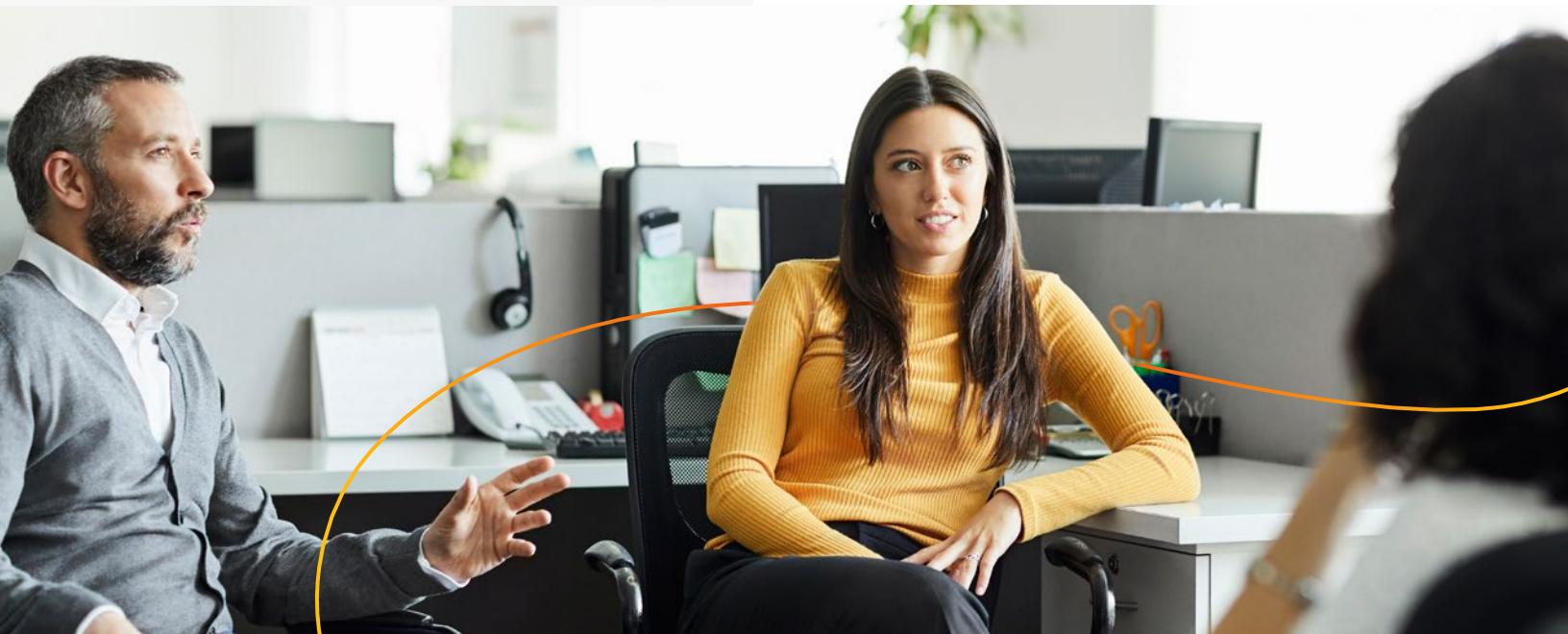
Where are companies now with respect to technical talent?

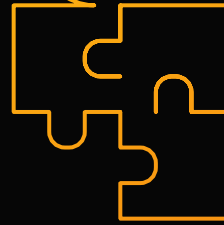
At the end of 2022, we surveyed more than 900 senior leaders from technology, digital, data, product and people (learning, HR and talent acquisition) departments all over the world — a group that spans 20 industries and nine countries across North America, Europe and Asia — to explore what they think about driving digital transformation and experience in their day-to-day work. The questions we sought to answer were:

- How is IT perceived across the company — as a general support function or a critical business driver?
- Do IT and business leaders receive proper training to support digital transformation?
- Do business and IT speak the same language and understand each other?
- How do IT and people departments partner and split roles in hiring, developing and retaining tech talent?
- How do IT and people departments evaluate their technical and people management knowledge to optimize hiring, developing and retaining tech talent?
- What are the reasons that technologists leave a company?

In [part one of our report](#), we talked about leadership roles in driving digital transformation and how leaders inadvertently hinder their company's digital transformation efforts.

In our second and final installment, we'll consider the challenges of hiring, developing and retaining technology talent and share our findings about the ways some companies are not set up for success — and how they can change that.





02

FINDING 1

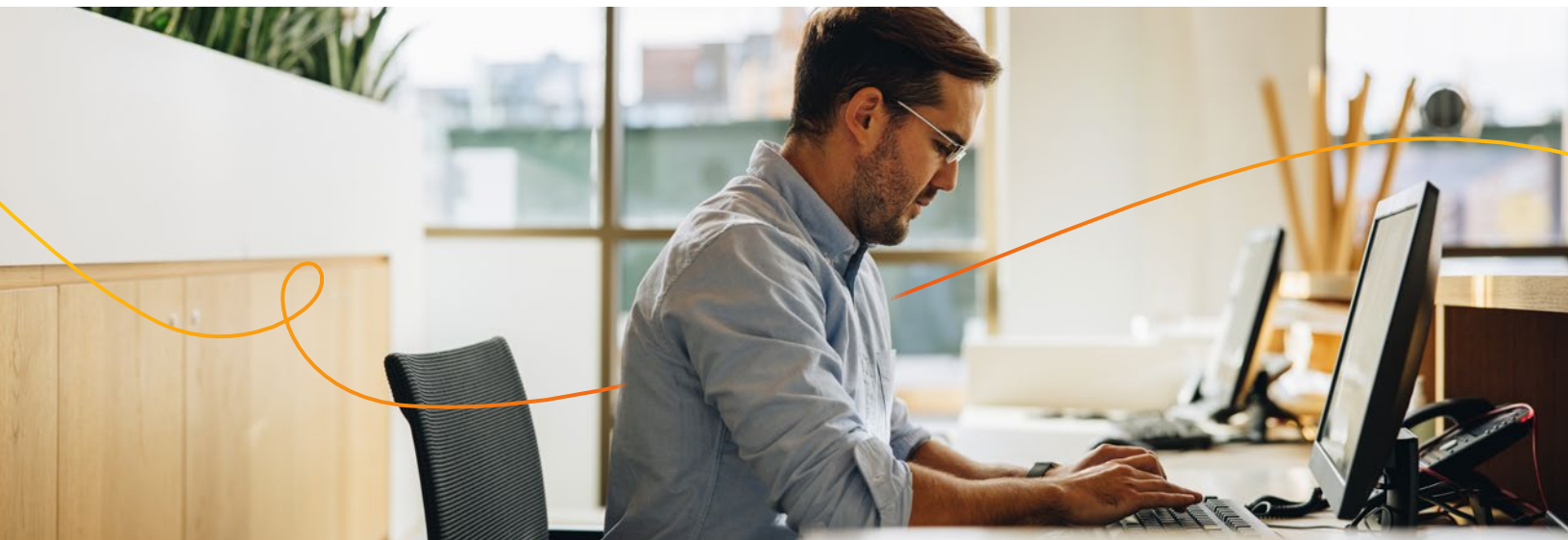
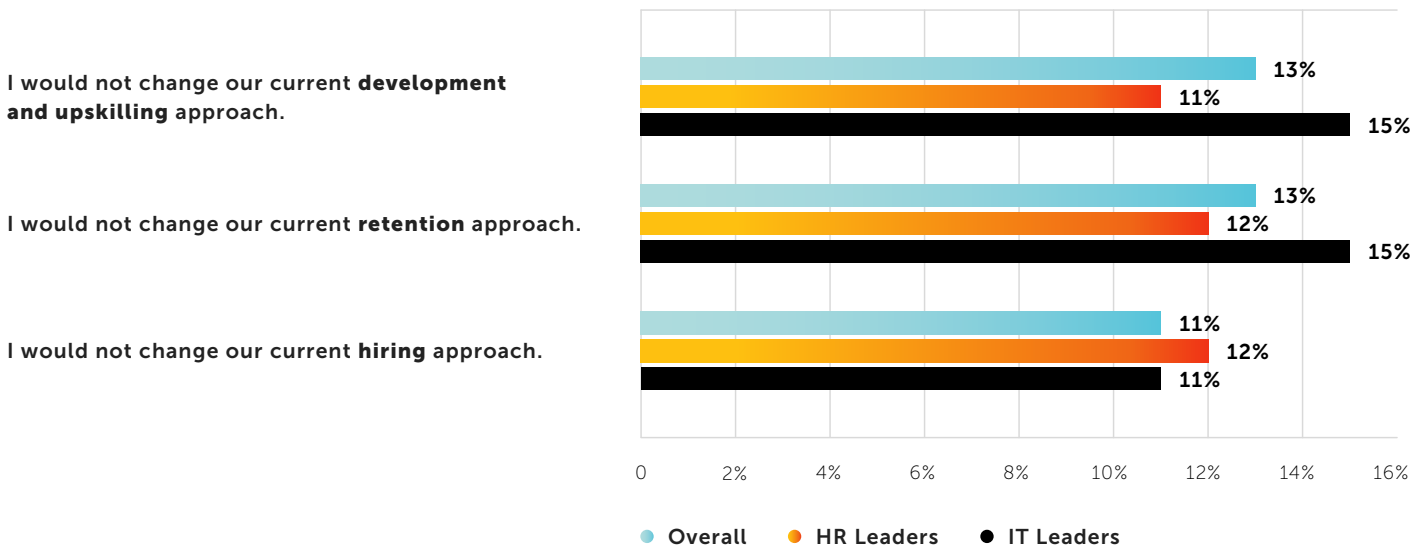
The Current Approach to Technology Talent Isn't Working

FINDING 1

The Current Approach to Technology Talent Isn't Working

Of the more than 900 senior technology and people leaders we surveyed, only 13% are satisfied with their current talent development and retention strategies. When it comes to hiring, that number drops to 11%. This statistic underscores a stark disconnect between the existing approach and the desired outcomes, signaling the urgency for a profound reevaluation of strategies.

Leaders across all departments would like to change their current talent management approach.



Why It Matters

01

Talent Shortage, Skills Gaps & Operational Inefficiency

A lack of effective hiring and development strategies can exacerbate the existing talent shortage and skills gap in the organization. The tech industry is highly competitive, and organizations that struggle to attract and retain skilled technologists may find it challenging to fill critical positions with qualified candidates. This can lead to delays in project delivery, reduce productivity and interfere with the organization's ability to innovate and stay competitive.

02

High Employee Turnover & Increased Costs

Dissatisfaction with hiring and retention strategies often translates into high employee turnover rates among technologists. Skilled tech professionals are in high demand, and if they feel their career growth- and development needs are not being met, they may seek better opportunities elsewhere. Excessive turnover can be costly in terms of recruitment expenses, training investments and the loss of institutional knowledge and expertise.

And, unfortunately, the issue doesn't end with the departures. If the employees who stay feel like their work keeps growing but their teams do not, they are likely to follow their former colleagues, further exacerbating the problem.

03

Diminished Employer Brand & Industry Reputation

Poor hiring and retention strategies can tarnish organizations' reputations as employers, both within the industry and among potential job candidates. Word-of-mouth moves lightning-fast, and if an organization gains a reputation for being unable to retain or develop tech talent, it may struggle to attract the best candidates in the future and necessitate paying higher salaries for those willing to join.

04

Difficulty Recruiting & Retaining Technology Leaders

If a company's strategies are perceived as ineffective, it may struggle to attract and keep top technology leaders. Since tech leaders play a critical role in shaping the organization's culture and strategy, the implications are far-reaching. Companies without strong tech leaders are at risk of diminished innovation, strategic vision and a downward spiral of employee morale and engagement.

What You Can Do



Find Your Unique Value Proposition

To stand out in the competitive talent landscape, identify and communicate a unique value proposition that sets your organization apart. Showcase what makes your company a great place for technologists to work. Highlight opportunities for skill growth, involvement in impactful projects, the benefits of a collaborative culture, your commitment to work-life balance and any other factors that resonate with tech professionals. Effectively conveying your proposition can attract top talent and create a compelling reason for them to stay.



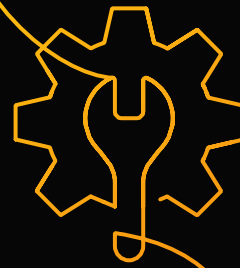
Set Up Solid Governance to Keep Your Talent System Evergreen

When it comes to hiring, development and recruitment strategies, it's important to put a well-structured governance framework in place. This means having clear processes, roles and responsibilities to make sure these practices stay effective and in line with your goals. Work closely together with your technology- and people-focused teams. Such collaboration will allow you to bring insights from both sides to the table and create a dynamic governance framework. By doing this, you'll ensure that your strategies are always under review, being tweaked and fine-tuned to match the ever-changing needs of your organization and your tech experts.



Establish Transparent Goals for Tech Talent Management

Align talent management to your organization's strategic objectives and define clear and measurable metrics that track key aspects, such as time-to-fill for critical tech roles, retention rates of top technologists, skill development progress and diversity within the tech workforce. Create executive-level dashboards that provide real-time insights into these metrics, enabling informed decision-making and allowing C-suite leaders to monitor progress and identify areas for improvement. If necessary, educate executives and even corporate boards on the implications of not aggressively addressing the challenge outlined above.



03

FINDING 2

Technologists Are
Frustrated with Tooling,
Micromanagement
& Processes

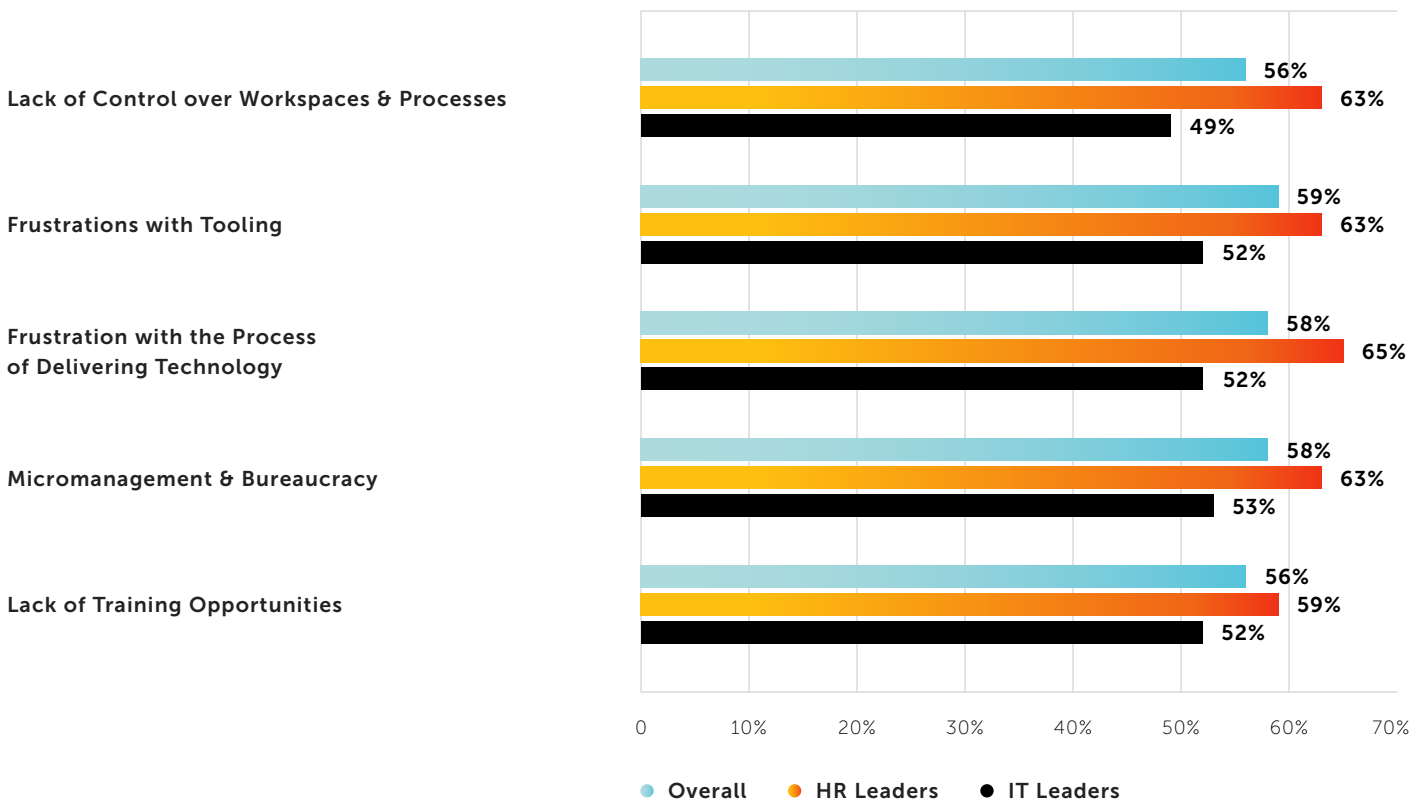
FINDING 2

Technologists Are Frustrated with Tooling, Micromanagement & Processes

Overall, the top three most cited reasons for technologists leaving organizations were frustrations with tooling (59%), micromanagement and bureaucracy (58%) and dissatisfaction with the process of delivering technology (58%).

Tech leaders reported that micromanagement and bureaucracy (53%), lack of training opportunities (52%) and frustrations with tooling (52%) were the top reasons technologists cited for leaving their organizations. Yet, people leaders perceived the top three challenges in retaining technologists were frustrations with tooling (65%) and the process of delivering technology (65%) and lack of control over workspaces and processes (63%).

People and IT teams disagree on reasons for resignations.



Why It Matters

01

Technologist Experience is a Liability

Similar surveys querying reasons for technologist attrition focus heavily on career pathing, development opportunities and compensation and benefits. Our findings support these as key sources of attrition while also suggesting that day-to-day things like tooling, software development processes and bureaucracy and complex decision-making may be even more critical to job satisfaction and retention.

02

Decreased Innovation & Productivity

As technologists seek more favorable work environments, the organization loses valuable expertise, hindering the development of innovative solutions. Micromanagement and process dissatisfaction erode morale and hinder productivity. This drain of talent and diminished efficiency collectively impairs the company's capacity to keep up with evolving industry trends, respond to market shifts and compete effectively in a rapidly-advancing tech landscape. Moreover, frustrations with tooling and process dissatisfaction directly impede technologists' ability to innovate and work efficiently, weakening the development of cutting-edge solutions and impacting overall productivity.

03

Brain & Resource Drain in HR & IT

The challenges highlighted in technologist attrition demand substantial resources from both HR and IT functions. As departing technologists need to be replaced, HR investments are directed toward recruitment, onboarding and talent development. Simultaneously, rectifying issues like tooling frustrations and process dissatisfaction necessitates IT investments to optimize technology stacks and workflows. This diversion of resources from strategic initiatives hampers innovation and growth-focused projects, impacting the organization's ability to remain agile and competitive in a rapidly-evolving tech landscape.

What You Can Do



Put Technologists in the Driver's Seat

The technology organization is uniquely positioned to address frustrations with tooling and processes. They can revamp tooling to align with technologists' needs, implement more autonomous work processes and establish an environment that nurtures innovation and ownership. This approach boosts job satisfaction, reduces micromanagement and enhances process efficiency, directly addressing key attrition triggers. By giving technology leaders the authority to lead change, the organization cultivates a culture of ownership, fosters better communication between departments and demonstrates a commitment to creating an environment where technologists can thrive.



Understand Technologists' Experience & Identify Gaps

Research shows that technologists need a specific combination of tools, processes, motivators and community to maximize engagement and productivity. Conduct thorough surveys, feedback sessions and interviews to gather insights from technologists at all levels. Identify pain points, areas of improvement and potential gaps in strategies, and then prioritize activities based on highest impact. This data-driven approach will provide a clear picture of where your organization falls short in meeting technologists' needs and expectations, and it will generate a roadmap and backlog to guide remediation activities.



Study & Adopt Best Practices

Once you know your gaps, evaluate successful case studies and examples of organizations that have excelled in areas where you struggle. Be sure to look inside and outside your industry and ask for insights from trusted technology partners who have strong technologists and a strong technology culture (they're probably doing something right). Then develop a robust business case that outlines the potential benefits of adopting these practices, including improved employee satisfaction, enhanced innovation and increased competitive advantage. Presenting a solid business case to senior leaders can secure support and resources for implementing the necessary changes.



Be Selective When Designating Technology People Managers

Not everyone is destined to be a people manager. To support technologists who aim to advance without becoming people leaders, offer specialized technical career paths for advanced engineers and create roles for technical leadership and innovation. For technologists who are interested in people management, be sure to offer specialized management training that specifically focuses on the needs of technologists, including tips for mitigating attrition in your organization. To shorten the learning curve and help aspiring managers make informed career decisions, consider requiring successful mentoring of junior colleagues as a prerequisite for becoming a technology people manager.



04

FINDING 3

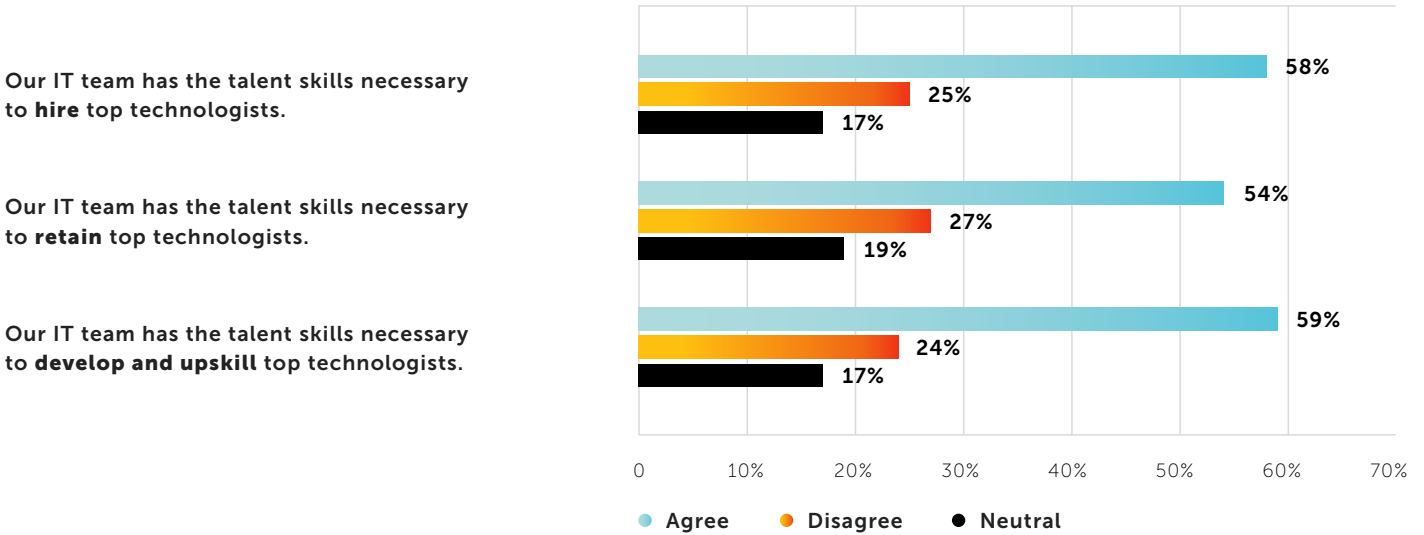
People & IT
Organizations Are
Out of Sync on
Tech Talent Lifecycle
Management

FINDING 3

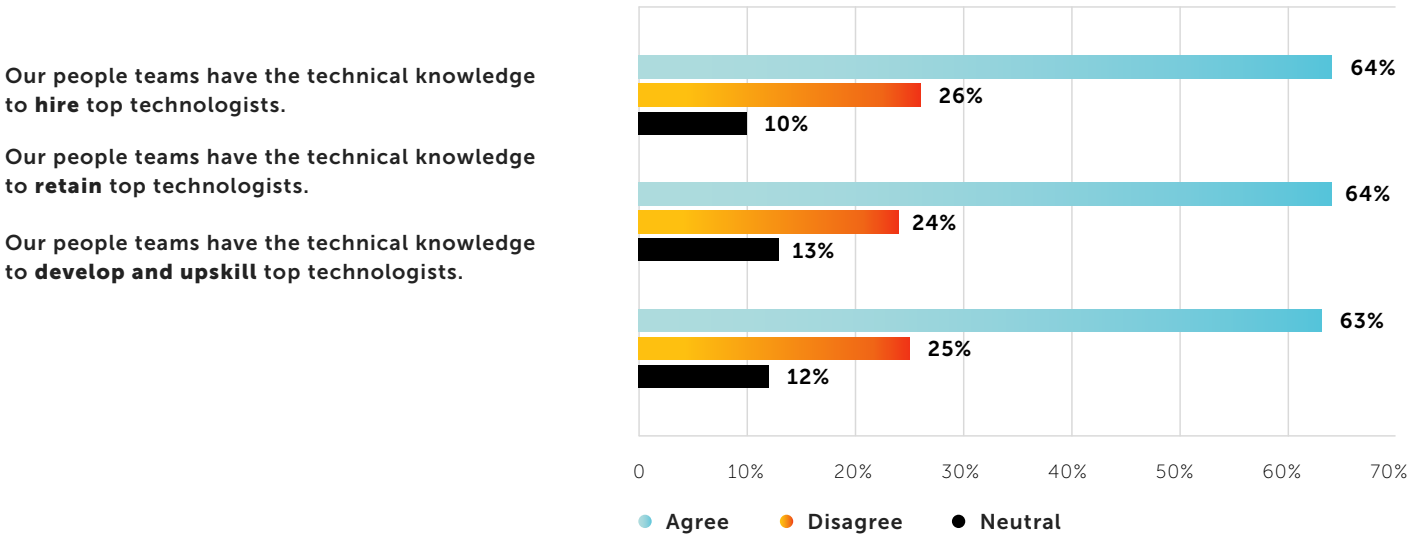
People & IT Organizations Are Out of Sync on Tech Talent Lifecycle Management

Our research suggests a lack of mutual trust between people and tech leaders when it comes to managing the tech talent lifecycle. With just 54-59% of people leaders agreeing that the tech organization has the people skills needed for hiring, developing and retaining technologists and 63-64% of tech leaders agreeing that the people organization has the technical skills necessary for the same tasks, a distinct lack of confidence in each other's strengths becomes evident.

HR leaders are skeptical of IT teams' abilities to hire, develop and retain employees...



...and IT leaders are skeptical of people teams' technical abilities.



There is a breakdown between the people and IT functions regarding the reasons technologists leave. When asked to rate how often technologists cited a variety of reasons for departing the organization, people leaders consistently rated things more severely than their tech peers did. In several instances, people leaders' ratings were over 30% higher than those of tech leaders. This disconnect indicates poor information flow across groups on the critical topic of talent retention and engagement.

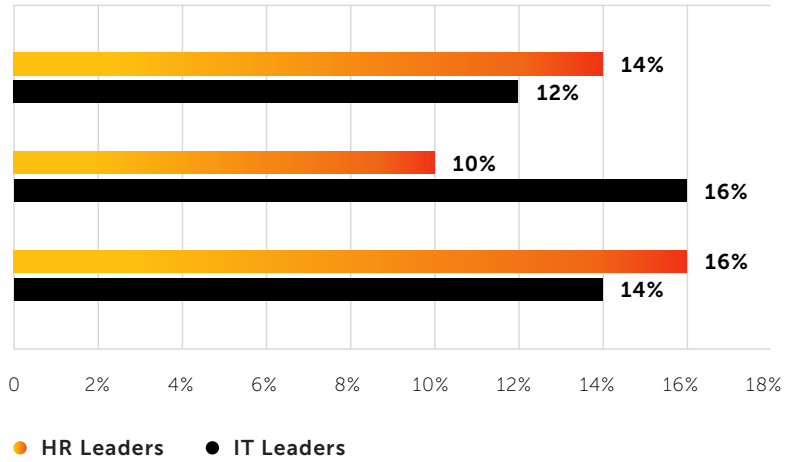
Despite being unequipped on their own, people and tech organizations don't contribute equally. When asked, only 12% to 19% of people and technology leaders believe they are equal partners in hiring, developing and retaining technologists.

HR and people leaders don't feel like equal partners.

IT and HR leaders are equal partners in developing and upskilling technologists.

IT and HR leaders are equal partners in retaining technologists.

IT and HR leaders are equal partners in hiring technologists.



Why It Matters

01

Us-Versus-Them Mentality

A lack of mutual trust between people and tech leaders when managing the talent lifecycle can lead to entrenched positions and reduced collaboration. The resulting skepticism and defensiveness can create barriers to open communication and information sharing, reinforcing insular decision-making and an us-versus-them mentality. This trust deficit can hinder the willingness to consider alternative viewpoints, ultimately impeding joint efforts to optimize talent management. Building mutual respect and understanding is crucial to fostering a collaborative environment that encourages open dialogue and effective collaboration between these crucial functions.

02

Fragmented or Conflicting Remediation Activities

That people leaders rate the reasons for technologists' departure more severely than their IT counterparts suggests that vital information is not being shared effectively. Without collaboration, organizations miss out on the opportunity to develop holistic strategies that consider both the human and technical aspects of talent management. The result is a disjointed approach that may inadequately address the needs and aspirations of technologists, hampering engagement, development and retention efforts while wasting time, energy and resources.

03

Underperforming Talent Management

Hiring, developing and retaining technical talent requires expertise from both the technology and people sides of an organization. Technology professionals bring practical knowledge of critical skills for each role, an understanding of skill and performance gaps in their teams, and insights into why technologists leave. The people professionals bring expertise in employee motivation, market compensation trends, learning approaches and retention strategies. This symbiotic relationship bridges gaps in understanding and illuminates blind spots caused by domain-specific perspectives. However, when these perspectives remain disconnected, the result is a suboptimal approach to managing technical talent.

What You Can Do



Cross-train the People & Technology Functions

Build technology literacy in the people organization and upskill technologists in the fundamentals of modern human-capital management. Given their relative gaps in experience, it makes sense to educate each side on the foundations, values, approaches and goals of the other's domain. The business side should understand the technologies critical to your organization's success, and the technology side should understand how human ecosystems get work done.



Set Up Shared Governance of the Tech Talent Lifecycle

Create cross-functional committees or working groups that comprise representatives from both domains. This shared governance model ensures that decisions and strategies are collectively developed and executed, integrating the unique insights and expertise of each side. Regular meetings and collaborative sessions promote open dialogue, align goals and facilitate the seamless integration of people and technology perspectives. By collectively steering talent management initiatives, you can foster a culture of collaboration, strengthen accountability and drive holistic approaches that cater to both human and technical aspects of the tech talent lifecycle.



Create Joint Incentives to Drive Partnerships

Develop performance metrics and reward systems that encourage collaboration and mutually beneficial outcomes. Aligning key performance indicators (KPIs) of both domains, such as talent retention rates and successful project outcomes, reinforces the need for shared goals. Executives from both sides can work collaboratively to drive performance improvements, ensuring that talent management strategies are integrated and effective. These joint incentives underscore the value of cross-functional collaboration and foster a sense of collective responsibility.



05

Conclusion

Conclusion

The findings from our survey illuminate critical challenges that demand immediate attention from leadership. As organizations strive to maintain competitiveness and innovation, it is evident that the traditional approach to hiring, developing and retaining technology talent falls short of expectations.

The frustration expressed by technologists with tooling, micromanagement and processes not only impacts their job satisfaction but also hampers productivity and innovation. Furthermore, the disconnect between people and IT organizations highlights the urgent need for collaborative strategies to optimize the tech talent lifecycle.

However, these challenges also represent opportunities for transformation and growth. By acknowledging these findings and taking proactive measures, organizations can reconfigure their approach to tech talent management. Leaders must recognize that a revitalized talent strategy — aligned with the organization's strategic vision — can catalyze innovation, improve retention and drive success. Addressing tooling frustrations, micromanagement and process inefficiencies can lead to a more engaged and productive workforce, fostering a culture of agility and continuous improvement.

To bridge the gap between people and IT organizations, fostering collaboration and shared objectives is paramount. By encouraging cross-functional dialogue, establishing transparent goals and creating a unified vision for tech talent management, organizations can unlock the full potential of their workforce and enhance business performance.

The imperative to recalibrate our approach to tech talent management has never been more pressing. As we stand at the crossroads of opportunity and challenge, it is the decisive actions taken today that will shape the future of our organizations. By embracing change, nurturing talent and fostering collaboration, we can create an environment that not only attracts and retains top technologists but propels our organizations toward sustained growth, innovation and leadership in the digital age.





06

Methodology

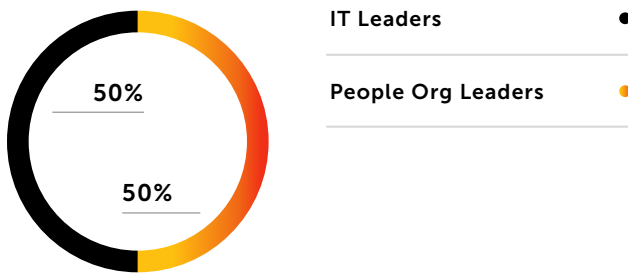
Methodology

The data published in this report is based on a survey of 938 senior leaders from technology and people departments across 20 industries and nine countries including the United States, Canada, United Kingdom, France, Germany, Netherlands, China, Singapore and Hong Kong.

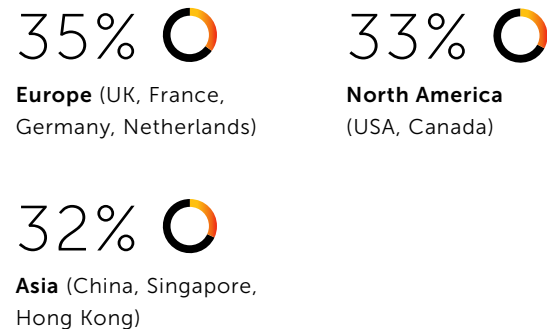
The group of **technology leaders** included directors, senior directors, vice presidents, C-level executives and business owners with data, digital and technology job functions. The group of **people leaders** included directors, senior directors, vice presidents, C-level executives and business owners with HR, people and learning, and talent acquisition job functions.

The survey was conducted between November and December 2022. Survey data was collected in partnership with Censuswide. Data analysis was conducted by EPAM Continuum consultants, using descriptive statistics and mean averages by group.

SAMPLE SPLIT BETWEEN TECHNOLOGY & PEOPLE ORGANIZATION LEADERS



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