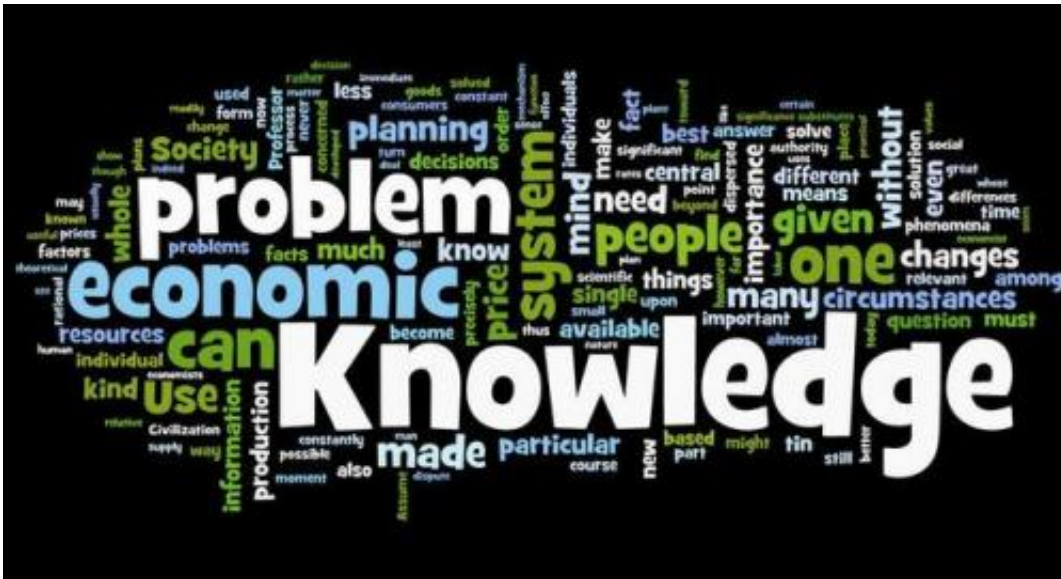


Others can learn from the ways tech firms find and keep staff

October 6 2014, by James Hayton



The knowledge economy still needs footsoldiers. Credit: purplelog, CC BY

Tech businesses are among the most innovative organisations because they have to be – they face a fast-changing industry of rapidly advancing technology, evolving consumer needs, and competitors emerging from all corners of the world. They need to be adaptable.

Tech firms are [knowledge intensive](#): they are significantly more dependent on [knowledge](#) than other industries. This also means they depend on their employees for knowledge and new ideas and on the ability to transfer and use that information within the organisation. It is

vital that they attract and retain smart, dynamic employees with the key knowledge and skills they need.

Such expertise tends to be widely dispersed across the workforce, so tech firms, compared to other more traditional industries, must also be able to motivate their employees to learn, share, and collaborate in generating new ideas.

Ways of managing

In this context, management styles tend to be more participative. The term "[management by walking around](#)" was coined to describe the style of Dave Packard, co-founder of electronics giant Hewlett Packard, who would drop in on staff to get a sense of staff morale and progress. Tech businesses also pioneered the "[flat](#)" hierarchy, eliminating hierarchy and status distinctions as barriers to the flow of knowledge between staff.

The challenge for managers and those designing people management systems, is to ensure knowledge flows quickly and easily. The need for speed (and responsiveness) places a premium on horizontal knowledge flows among experts as much as vertically up and down a corporate hierarchy.

Communication and culture

It is much easier to share knowledge and learn where there is a common understanding among colleagues. On one level this means understanding the jobs that others do – which can present difficulties of its own, if you imagine marketing, engineering and finance trying to communicate. On another level it is an understanding of the organisation, its informal rules, culture, and strategy.

It is this need for talent, knowledge sharing and common understanding that is significantly affected by management style. So it's no surprise that technology firms often buck the trend in how they go about it. Recent examples are music streaming service [Spotify](#) and hotel booking site [Laterooms](#), which emphasise the importance of culture and that the candidate's values fit those of the company.

Google has also shifted approach from its infamous "[brainteaser](#)" interview questions (such as "How many golfballs fit in a school bus?") to an approach that attempts to measure how the candidate's experience will suit the company.

Some may think that salary is very important, but arguably it is not the top priority for employees in the intellectually stimulating environments provided by leading technology businesses. Pay packages in leading tech firms are not always as stratospheric as one might imagine, coming in second behind the intrinsic benefits of working with other smart people, designing world-class products and creating things that make the world better.

Treating each other well reaps benefits

It's important for firms to hire people that fit, but also to retain them even in hard times. Historically some of the worlds most long-lived and successful businesses emphasise a long-term relationship with their people. This creates the trust and confidence required to encourage employees to give their all for the business, in good times and in bad. Avoiding cutting staff is often difficult and costly.

IBM has recently undertaken a [programme to retrain employees](#), while asking them to take a temporary pay cut. This allows IBM to balance the cost of retaining employees with outdated skill sets, with the value created when the company signals to employees: "We can be trusted to

care for you." Employers that keep the social contract with their employees will reap the benefits of commitment, trust and greater effort from employees reciprocating that care.

Tech firms are more likely to show creative approaches attracting and keeping staff, they are more likely to organise [work in collaborative teams](#), empower [employees](#) with greater autonomy, invest in training hard and soft skills and to commit to their long-term job security. These kinds of practices are commonly found in knowledge-intensive industries and will bring significantly greater benefits to them than to more traditional industries.

A quick thought experiment reveals the wisdom of this view: how many high-tech firms do you hear about using a factory metaphor, versus using a campus metaphor?

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Source: The Conversation

Citation: Others can learn from the ways tech firms find and keep staff (2014, October 6) retrieved 25 April 2024 from <https://phys.org/news/2014-10-ways-tech-firms-staff.html>

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