Demographic Change: The Reasons, Implications and Consequences for IT Departments

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ABSTRACT

The skill shortage is becoming an ever-increasing challenge for Information Technology (IT) departments. To allocate the resources in the best possible way is even more important. The challenge is to improve the company not only on the side of the organizational and process level, but to develop new strategies and approaches in human resource management. Only a symbiosis of these disciplines will enable relevant and indispensable employees to promote loyalty to the company. A frequent change of the work place, for a well-trained professional, is so long associated with normality until they find the best environment for their needs and expectations. These expectations are no longer just on a financial level. This work will analyse the previous work on these topics and demonstrate first conclusions regarding a way forward.

Keywords: Demographic Change, Human Resource Management, Information Technology (IT) Management, Psychological Implications on Employees, Skill Shortages

1. INTRODUCTION

In current times, companies are confronted with continuous changes. They have to face new challenges faster and more target orientated, adapt to new circumstances in maintain a high level of productivity. The requirements on companies will increase in the coming years due to the scarcity of various goods and resources. Statistics prove that in the coming decades the aging population will have blatant effects. In 2030 36% of the population of Germany will be aged 60 years or older and only 47% will be aged between 20 and 60 years. This represents a decrease of 8.2 million people compared to 2012 (Federal Statistical Office Germany, 2009).

Therefore companies have to counteract a significant resource problem on the labour level. Professionals will be hard to find not only in specialist positions, but in all areas of the organization.

Nowadays companies must spend a significant financial amount to the most suitable candidate. In some areas of the IT industry is that alone no longer sufficient, as there are far more jobs than qualified applicants. As a result companies cannot serve the demand of the market and lose money every single day.

If it is possible to hire a desired professional, it is important to keep him or her in the company (Sabir & Sabir, 2010). Additionally to the cost of acquiring, the care of the employee is a considerable effort as well. This includes not only targeted training and a good salary, but also expenses for a feel-good effect to produce
well. An example of this expenditure may be to balance work and family.

While the market for young graduates, especially in technical fields is getting worse in the upcoming years (Guildford, 2007), the corporate identification and loyalty of the employees will continue to decrease. This is due to the fact that the frequent change of the work place, for a well-trained professional, is so long associated with normality until they find the best environment for their needs and expectations. Although compensation is critical (Gomez-Mejia, Berrone, & Franco-Santos, 2010), these expectations are no longer just on a financial level.

In addition to the recruitment of appropriate staff, companies have also largely untapped potential (Reinberg, 2004). One example is the better integration of women and older employees. Both groups have individual needs and lifestyles that have to be coordinated with the appropriate economic goals of the company (Krisor, Flasche, & Antonik, 2013). Satisfied employees are the most valuable and productive asset of a company.

To meet the expectations of the employees and the company, new and innovative work models must be developed. That will allow the best balance between work and family. The challenge for the company is, to solve the conflict between a higher degree of temporal flexibility and potentially more leisure time for the employees, while maintaining or increasing productivity. An important aspect in this regard is the consideration of human (Henke & Stantchev, 2009) or usability aspects (Stantchev, 2010) of different technological working environments.

In recent years, on the subject of politics and economy, diverse proposals as a quota for women in business and the current care benefits for mothers were discussed or decided. But often these measures are short-sighted or settled in the wrong places in order to adequately meet the complexity of the problems. This is usually due to a fixation on short-term monetary goals of departments and enterprises that will not meet the long-term nature of a complex challenge like this.

2. SKILL SHORTAGES AND THEIR IMPACT ON IT DEPARTMENTS: A LITERATURE REVIEW

The investigation of the relationship between the productivity of a company and the employed staff is as old as economics itself. It starts with the writings of Jean Baptiste Colbert on mercantilism in the 17th Century (Blaich, 1973), Adam Smith in the 18th Century (Smith, 1863) and F.W. Taylor in the age of the industrial revolution (Taylor, 1911). During this time, the labour developed from a factor of production to an ever more important factor. Marx described in his work in 1844, that the exploitation of workers and the interests of society have an irreconcilable relationship to each other (Marx, 1844). The development and self-determination of the working population in the context of evolving civil rights also led to a further development of the people themselves. At the beginning of the economic development, they were only operational factors. In Europe these days, they become more and more important, a knowledge source and therefore irreplaceable in many areas of the company (Saraswathy, Thamaraiselvan, Senthilarasu, & Sivagnanasundaram, 2011).

2.1. Skill Shortages and the Changes for the Society

Skill shortage became a very popular term in the last years, although it is not a new phenomenon (Ashworth, 1985). There is not a general definition for the term skill shortage but (Franken, 2012) they are all pointing in the same direction. Sue Richardson for example states (Richardson, 2007):

*A shortage of skills is a source of aggravation to firms and, when acute, is likely to hamper the quality and quantity of their output.*

Others follow a similar approach and define skill or labour shortages as a situation when:

*The demand for skilled workers of a particular specialization exceeds the supply of*
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