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Q. Chung  
*Villanova University*

William Wagner  
*Villanova University*

Wenhong Luo  
*Villanova University*

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# LOYALTY OF IT WORKFORCE IN THE DIGITAL ECONOMY

**Q. B. Chung**  
Villanova University  
q.chung@villanova.edu

**William P. Wagner**  
Villanova University  
william.wagner@villanova.edu

**Wenhong Luo**  
Villanova University  
Wenhong.luo@villanova.edu

## Abstract

*From a firm's point of view, regardless of the orientation of the firm and regardless of the business models it embraces, having a competent IT workforce is a critical success factor. Despite the claims prevalent in the IT literature that IT talents are a key factor in successful e-businesses, very little is known regarding what roles the IT workforce plays in the shaping of e-business strategies and how the HR strategies affect IT professionals in making career decisions in the midst of abundant career options available to them. While there is no formula that can help firms predict the career moves of IT professionals, or guide the IT workforce in their career moves, an in-depth study of the firm's internal and external factors can provide a guiding principle in establishing IT labor policies to the majority of current bricks-and-mortar firms that may have to make the 'forced move' toward clicks-and-mortar businesses. The current research is intended to fulfill this.*

## Introduction

In today's digital economy (Tapscott, 1996), in which electronic commerce is a reality and traditional firms (often referred to as *bricks-and-mortar* firms, especially in the context of electronic commerce) strive to stretch their business models to help them 'e-volve' into *clicks-and-mortar* businesses, one of the most daunting challenges is to find and retain information technology (IT) talents that can implement newly conceived business models. Shortage of IT workforce is a global phenomenon, affecting not only well-established traditional firms but the effervescent dot-coms as well. In addition, IT professionals employed by technology-intensive businesses are increasingly expected to play entrepreneurial roles proactively (Roepke et al., 2000) to create opportunities for deployment of technology to serve business needs. In short, reliance of firms on their IT workforce is heavier than ever before.

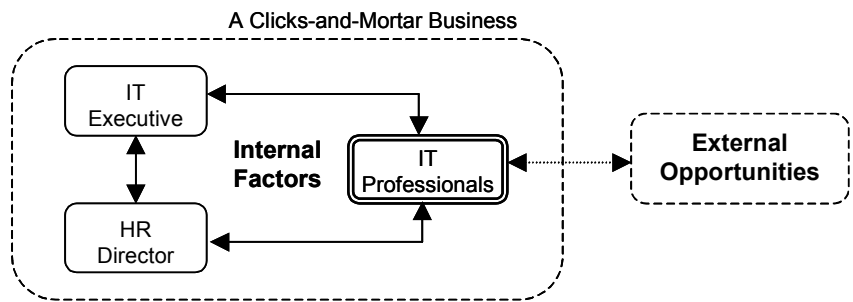
According to the taxonomy of clicks-and-mortar businesses (Gulati & Garino, 2000), firms can choose from four different alternatives (i.e., Spin-off, Strategic partnership, Joint venture, and In-house division) depending on the strategic posture within the separation-integration spectrum. A firm inclined toward separation tends to spin off the online operations, whereas one that desires to integrate the online e-business functions with its existing 'offline' business will keep a dot-com as an in-house division. In this study, clicks-and-mortar businesses belonging to the four different groups will be surveyed (1) to examine the current state of IT workforce employment and (2) to explore the potential forces that may alter the current state, from three different perspectives: the IT executive's, the Human Resource (HR) director's, and of the IT professionals themselves.

## Research Motivation and Objectives

From a firm's point of view, regardless of the orientation of the firm -- whether it is a dot-com or a clicks-and-mortar business -- and regardless of the business models it embraces, having a competent IT workforce is a critical success factor. As a recent Harvard Business School case 'drugstore.com' (Nolan, 2000) describes, IT talents are one of the most critical key ingredients that can materialize a conceived e-business model into a functioning e-business operation.

In the case of clicks-and-mortar businesses, the situation is more complex than that of a dot-com's due to the variety of options available, which makes it even more intriguing to learn the status of IT professionals and their loyalty to and tenure within the firm that is enabled by them. Despite the claims prevalent in the IT literature that IT talents are a key factor in successful e-

businesses, very little is known regarding what roles the IT workforce plays in the shaping of e-business strategies and how the HR strategies affect IT professionals in making career decisions in the midst of abundant career options available to them due to the high demand for such IT talents. From an IT professional’s point of view, high demand means better opportunities for advancement, higher salaries, mobility, and favorable treatments. While there is no formula that can help firms predict the career moves of IT professionals, or guide the IT workforce in their career moves, an in-depth study of the firm’s internal factors (e.g., position and role of IT in the firm’s strategy formulation, business models that determine IT needs, and HR policies regarding IT professionals) and external factors (e.g., perceived and actual attraction of external opportunities) can provide a guiding principle in establishing IT labor policies to the majority of current bricks-and-mortar firms that may have to make the ‘forced move’ toward clicks-and-mortar businesses. This situation is shown as **Figure 1**.



**Figure 1. Factors Influencing Loyalty of IT Workforce in Clicks-and-Mortar Businesses**

**Methodology**

Surveys of IT executives, HR directors, and IT professionals in selected clicks-and-mortar firms will be conducted based on the following research design, shown as **Figure 2**. Factors noted as (a) through (m) will be elaborated in the full-length proposal. Multiple clicks-and-mortar businesses will be selected within each of the four categories. For each firm, an IT executive (e.g., Chief Information Officer) and a HR director will be separately interviewed to gauge internal factors. IT professionals with varying backgrounds will be selected for interviews. External factors will be obtained and cumulated in the process of interviewing for both internal factors and self factors. The three perspectives will be triangulated with factors (j) through (m).

	<div style="display: flex; justify-content: space-between; align-items: center;"> <span>← Separation</span> <span>Integration →</span> </div>			
	Spin-Off	Strategic Partnership	Joint Venture	In-House Division
Examples (Gulati & Garion, 2000)	Barnesandnoble.com	Rite Aid and Drugstore.com	Kbkids.com	OfficeDepot.com
Firms to be surveyed	To be determined			
Internal Factors (IT, HR)	(a)	(b)	(c)	(d)
External Factors	(e) ... Potentially common to all four categories			
Self Factors	(f)	(g)	(h)	(i)
Triangulation	(j)	(k)	(l)	(m)

**Figure 2. Research Model (Abridged) for the Proposed Study**

## **Potential Findings**

This study will help identify (1) patterns of IT talent needs based on their strategic posture, (2) insights into HR policy-making for IT workforce, and (3) options available and attractive to IT professionals, and (4) factors that may contribute to paradigm shifts in IT needs and employment.

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