Chapter 60
The Compensation Benefit of ITIL® Skills and Certifications

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ABSTRACT

Information Technology Service Management (ITSM) is a quality management approach for managing IT services that meet business needs. The most broadly accepted ITSM framework is ITIL® (Mann, 2012) and its adoption by organizations across the globe has grown over the past decade. A study conducted by Forrester and itSMF (2013) found that IT service providers that employ ITIL® enjoy better service quality and higher operational productivity as well as cost savings. Therefore, IT professionals with ITIL® knowledge and skills are likely valuable to organizations and earn a higher wage than their peers. This paper investigates whether or not there are salary benefits for IT professionals that possess ITIL® knowledge and skill and what are the estimated benefits, if any. Using a human capital model and employing data from an on-line survey of a large set of IT professionals (16,632 responses) conducted at the end of 2013 this benefit is confirmed and quantified.

INTRODUCTION

Information Technology Service Management (ITSM) is a quality management approach for managing IT services that meet the needs of the business (van Bon, de Jong, Kolthof, Pieper, Rozemeijer, Tjassing, van der Veen, and Verheijen, 2007, p. 481). It is an approach philosophically centered on the customer's perspective of the Information and Communication Technology (ICT) group's contribution to the business. ITSM is significantly different from traditional ICT (Information and Communications

Technologies) management approaches that are technology-centered. ITSM focuses on the effective and efficient operation of ICT processes (Galup, Dattero, Quan, & Conger, 2009). After the millennium, the popularity of ITSM has increased considerably (Pollard & Cate-Steel, 2009).

The most broadly accepted ITSM framework is ITIL® *(*Mann, 2012) and its adoption by organizations across the globe has grown over the past decade. Forrester forecasted in 2005 that ITIL® adoption among billion-dollar companies would increase to 40% in 2006 and to 80% by 2008 (McNeill and Mendel, 2005). IT service providers' enjoy better service quality and higher operational productivity as well as cost savings according to a study conducted by Forrester/itSMF (2013). The study found that 73% of service management professionals report that ITIL® has a positive impact on service quality and improve productivity. The study also reports that 42% of respondents listed ITIL's impact on operational expenses as beneficial. (Bartlett, March 17, 2014)

The Forrester/itSMF (2013) report shows an increasing popularity of ITIL® knowledge and skills and ITIL® professional certifications. The report states: "Both the return on investment (ROI) of certifications and the number of service management and automation (SMA) professionals with certifications have grown. In 2013, "high return" was the most popular choice when respondents were asked how beneficial they found their ITIL® certifications to be, while none of the respondents deemed them useless. Also, the number of those who do not have a certification dropped down to 6% in 2013, from 13% in 2012. Certification is an investment of both real time and real money — this proliferation of certification indicates a strong interest and commitment by senior management of ITIL® adoption and awareness." (Bartlett, March 17, 2014, p.6)

In this research, we show that there is tangible economic value in possessing ITIL® knowledge and skills (including ITIL® professional certification). We use the well-established Human Capital Model (HCM) from Economics to demonstrate the salary premiums for possessing ITIL® knowledge and skills and ITIL® professional certifications. In the next section, we provide an overview of the ITIL® framework. An essential part of the ITIL® framework is the Service Lifecycle. So the ITIL® Service Lifecycle will be thoroughly described. Following this, statistics regarding ITIL® professional certifications will be given. Next, ITIL® related summary statistics from an on-line survey of a large set of IT professionals will be presented. Then, the Human Capital Model (HCM) from Economics will be described and this model will be fitted using the survey data. The paper concludes with a discussion and some final remarks.

OVERVIEW OF ITIL

Originally, ITIL® was an acronym for the Information Technology Infrastructure Library but now it is just a copyrighted name not an acronym (http://en.wikipedia.org/wiki/ITIL). ITIL® provides guidance to IT service providers on the provision of quality IT services, and on the processes, functions, and other capabilities needed to support those (Cannon, 2011, p.3). A service is defined to be "a means of delivering value to customers by facilitating outcomes customers want to achieve without the ownership of specific costs and risks" (Cannon, 2011, p. 451). From the customer's perspective, service value is a combination of two components: service utility -- what the customer gets in terms of outcomes supported and/or constraints removed; and service warranty -- how the service is delivered and its fitness for use, in terms of availability, capacity, continuity and security (Cartlidge, et al., 2012).

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