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Organizational distrust, not compensation, is more likely to send IT pros packing.

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Managing IT Professional Turnover

IT EMPLOYEE TURNOVER is a major concern of CIOs and senior IT managers.[32] It has been for many years. The most recent annual Society for Information Management (SIM) survey of IT managers confirms that concern and attempts to get to the bottom of the issue. Since 2014, IT employee turnover has been on the rise—9% in 2014, 8.6% in 2015, 8% in 2016, 7.3% in 2017, and 8.2% in 2018, with 69.9% of those being voluntary. As if that were not troublesome enough, 6.9% of the IT workforce is projected to retire in the next five years.[32]

These trends have a direct impact on the bottom line of organizations employing IT professionals. Some managers believe the 'revolving door' of IT adds an estimated 20% to their expected costs. Overall, compensation accounts for 35%–37% of the entire IT budget.[32] When an employee leaves a company, it bears the burden of selecting, recruiting, and training a replacement,[5] which amounts to up to 150% of the employee's annual salary, considering the time spent to search for, recruit, and interview a replacement.[29]

Maybe partially reflecting these costs, the percent of IT budget spent on training has accordingly been rising in recent years, standing at a projected 5.9% in 2019, up from 5.1% in 2018 and 2.9% in 2017.[32]

When trying to explain why IT professionals are leaving, IT managers surveyed by SIM blame a strong job market. Indeed, IT talent retention has consistently been ranked in the survey as the second or third "Most Important/Worrisome IT Management Issues" since 2013. Only the combined category of security/cybersecurity/privacy outranks it.[32]

This survey, which also looks at the issue from a socio-psychological angle, finds IT employee trust—in direct managers, teams, and organizations—as the top motivating factor. This perspective compares and contrasts IT employee distrust in the broad organization—which is often beyond the control of managers but toxic to work environments nonetheless[17]—with the constructive actions that IT managers can take to offset that distrust, namely by fostering trust in managers as well as the teams on which IT employees work. This comparison is made within the context of assessing those trust and distrust beliefs against things such as satisfaction with pay, having perceived alternatives, and a sense of obsolescence in one's current position.

Results show that when all the correlations are analyzed together, turnover intentions correlate significantly only to *distrust in the organization*. That is not to say that having perceived

>> **key insights**

■ **IT professional turnover is a continuing major concern in the industry.**

■ **Turnover is related to increased distrust in the organization, a distrust that is increased when IT professionals feel their present position increases their obsolescence, possibly because it suggests their managers do not care to keep them up to date.**

■ **IT managers can reduce that distrust also by increasing trust within the IT team.**

alternatives, feeling obsolete, or lacking trust in managers or teams does not significantly correlate to turnover intentions. Rather, they paled in comparison to such an extent that they became insignificant when analyzed together with distrust in the organization. As important as they may be, they are actually mediated through reduced distrust. Other demographics, including age, gender, education level, organization size, and organizational tenure mentioned in other studies, for instance Zaza et al.,[35] were mostly insignificant.

Trust and Distrust

So why is distrust in the organization, namely, in the broader organizational environment, so important? To understand that one must first look at what trust is about. Trust is "the willingness

of a party to be vulnerable to the actions of another party based on the expectation the other will perform a particular action important to the trustor, irrespective of the ability to monitor or control that other party."[22] Such trust is crucial in many contexts involving intangible social exchanges.

To understand what those intangible social exchanges are and why trust is so crucial in them, one must first look at what a tangible exchange is. A tangible exchange is like going to the store to buy a pint of milk; you know exactly what you are getting and exactly what you are paying. There is little to no emotional or trusting element involved in a tangible exchange because the rules are set in advance and there is no dependency on the goodwill of the other party.

In contrast, in a social exchange the rules are not explicit and are in-

tangible, even if the costs and benefits can still be substantial. An intangible exchange may be telling an IT employee how important she is and showing it by respecting her opinion. The value of that respect is clearly higher than the equivalent minor dollar cost of the time it takes the manager to do so, but it is invaluable. Likewise, showing that the manager is trustworthy and can be counted on to treat employees with honesty, benevolence, and capability[22] is something that cannot be easily measured. Nor can one contract that trustworthiness, because there are no explicit rules of reciprocity in this case.

You cannot tell your IT employees that you will be honest and care about them in exchange for their extra commitment and loyalty. It is expected, but not explicit. Doing so builds trust by

confirming one's trustworthiness; not doing so breeds distrust by creating suspicion.[17] Moreover, if one were to make that exchange explicit, as in, "I will care for you but in exchange you must work a bit harder," the ensuing relationship would be anything but one based on trust.

Compensation is a tangible, mostly economic, exchange, but relying on one's manager, knowing that the team cares about you, and reciprocating accordingly is what makes it a social exchange. And this is the catch: it is precisely because there are no explicit and enforced rules in a social exchange that it is so dependent on creating trust through reciprocity.[2,11] And, by an equivalent measure, lack of reciprocity can create distrust. Distrust is one of the reasons why organizations fail,[17] as well as why countries do not develop economically.[9] Combined, trust enables and determines how employees perceive the fairness of their organization,[6] while distrust ruins it.[9,17]

Practically, this is not to say that typical IT managers should refrain from creating distrust. Sometimes it is just inevitable that the organization as a whole might unintentionally create some level of distrust—because it is so remote and its actions are not always broadcasted or due to the intangible aspects of its social exchanges with the IT employees. For example, an organization inadvertently creates distrust by not making it clear how much the endeavors and overtime invested by IT employees are appreciated. Fortunately, an IT manager can, to some extent, counter that negativity by creating trust in the more immediate environment of the manager and team.

Trust and distrust are not necessarily opposites. When we trust, we make assumptions about how others will behave when they cannot be enforced.[10] This is often based on how trustworthy those others were in the past.[22,26] Making assumptions is necessary in many cases because people are, in essence, free agents and not always even rational ones at that. Without assuming that others will behave in an acceptable manner—in other words, trusting them—the social world would often be cognitively overwhelming. Trust allows one to assume away many possible behaviors by others, and in doing so, re-

When all the correlations are analyzed together, turnover intentions correlate significantly only to distrust in the organization.

duce the otherwise overwhelming complexity of the social world.[10,20]

Distrust, in contrast, is an emotional aversion.[23] More on distrust can be found in Bobko et al.,[3] on the neuroscience aspect and how trust and distrust are related in that line of research in Krueger et al.,[19] on the societal effect on trust in Zhang et al.,[36] on the interplay between institutional and personal trust in Vries et al.,[34] and the interplay between cognitive and affective trust in Fan et al.[8] Research has indeed shown that, accordingly, trust is associated with neural correlates of brain regions known to be involved in rational decision-making, while distrust is associated with those dealing with fear and aversion.[7]

Collaboration is the result of trusting those one interacts with. Seclusion and withdrawal are the result of distrust in the broad social context.[9,17] Distrust can make employees assume malicious intentions even when they were not intended[18] and may result in a loss of organizational control as employees are drawn into passivity, secrecy, isolation, avoidance, blame,[18] cynicism, and lack of motivation.[28]

The Study
This study, which includes 793 organizations representing 23.3% of the U.S. GDP, looks at turnover intention through those lenses, comparing the importance of the trust that IT employees have in those they work closely with—their manager and team—with their overall distrust in the organization. The items in each section of the questionnaire were rated on a seven-point Likert scale dealing with *Turnover Intention*,[4] *Satisfaction with Compensation*,[13] *Trust in Direct Manager*,[6] *Trust in Team*,[1,27] *Distrust in Organization*,[14,30] *Perceived Threat of Professional Obsolescence*,[16] and *Perceived Alternatives*.[33] Demographics known to also affect turnover intentions[35] were added as controls. In this conceptualization, it is assumed that trust-building acts by IT management might offset inadvertent distrust-creating actions by the organization, such as creating an impression of unfairness.

Data was collected through Qualtrics, an online survey distribution company. Each potential participant re-

ceived a recruitment letter via email with a link to a survey, where participants were informed that participation was anonymous and optional. Participants were paid to participate in the survey, which took 5–12 minutes. The survey, restricted to individuals located in the U.S. who self-identified as an "IT professional," was open for two weeks, during which 258 completed responses were collected. Of the 258 respondents, 67% were married, most aged 25–34 (36%) and 35–44 (43%). Not surprising for IT professionals, most respondents were male (71%) and had a four-year (43%) or professional degree (28%). Organizational tenure was mostly 5–10 years (40%), 10–15 years (24%), and 0–5 years (22%).

Data was analyzed using MPlus,[24] a structural equation modeling package that enables analyzing models in which there are many layers of dependent (predicted) and independent (predictor) variables, where those variables may include both explicit measures (such as age) and latent constructs (such as trust) that cannot be measured directly but can be measured as they are reflected through several items in a questionnaire. The latent constructs in Table 1 are shown in bold italics, with the items reflecting each construct below the construct's name. MPlus runs a simultaneous maximum likelihood estimation of the entire model, including both the measurement model (as a confirmatory factor analysis of how measurement items load on their assigned latent constructs) and the structural model (how the constructs relate to each other). The questionnaire items and their standardized loadings in the model appear in Table 1.

All the loadings are significant at the .001 level. Table 2 shows the descriptive statistics of the resulting constructs while Table 3 shows the correlations among the constructs. In both Table 3 and Figure 1, a single asterisk means the path is significant at the .05 level, a double at .01, and a triple at .001. Overall model fit was $\chi^2_{341}=495.20$, RMSEA=.059, CFI=.94, TLI=.93. These values show overall good fit.[12] The degree of explained variance (R^2) was .73 for *Turnover Intentions* and .62 for *Distrust in Organization*.

The analysis included all those

paths, but in the interest of readability, Figure 1 shows only the significant paths. This means that *Distrust in Organization* fully mediated the effects of the other independent variables and the controls. Paths that do not appear in Figure 1, such as between *Satisfaction with Compensation* and between *Turnover Intentions*, are insignificant. (Adding correlations between any of the controls and any of the independent variables into the model in Figure 1 shows that in addition to what is shown in Figure 1, there were significant correlations between *Gender and Satisfaction with Compensation*, *Gender and Professional Obsolescence*, and *Satisfaction with Compensation and Professional Obsolescence*.)

The model in Figure 1 indicates

Table 1. Items by scale and their standardized loadings.

Construct/Items Wording	Loading (std.)
Turnover Intentions	
How often have you considered leaving your job?	.86 (.04)
How often are you frustrated when not given the opportunity at work to achieve your personal work-related goals?	.83 (.04)
How often do you dream about getting another job that will better suit your personal needs?	.82 (.04)
Satisfaction with Compensation (Scale was 'Extremely Satisfied' to 'Extremely Unsatisfied')	
My take-home pay	.93 (.02)
My current salary	.94 (.01)
My overall level of pay	.96 (.01)
Perceived Threat of Professional Obsolescence	
I fear technical obsolescence	.87 (.03)
I feel intimidated	.88 (.03)
I feel the threat of obsolescence	.95 (.02)
Trust in Direct Manager	
I would be comfortable giving my direct manager a task or problem that was critical to me, even if I could not monitor his/her actions.	.74 (.06)
If someone questioned my direct manager's motives, I would give my direct manager the benefit of the doubt.	.78 (.05)
I would be willing to let my direct manager have complete control over my future in this company.	.76 (.05)
Trust in Team	
Members of my team show a great deal of integrity.	.88 (.02)
I can rely on those with whom I work in this team.	.90 (.02)
Overall, the people in my team are very trustworthy.	.89 (.02)
We are usually considerate of one another's feelings in this team.	.89 (.02)
The people in my team are friendly.	.83 (.03)
We have confidence in one another in this team.	.84 (.03)
Distrust in Organization	
I am not sure I fully trust my organization.	.83 (.04)
My organization is not always honest and truthful.	.81 (.04)
I don't think my organization treats me fairly.	.80 (.04)
Perceived Alternatives	
I have many alternative job opportunities including some that are different from what I do now.	.82 (.05)
There are many jobs available similar to mine.	.80 (.05)
I can find another job doing exactly what I am doing now.	.67 (.06)

that distrust mitigates the effects of the other reasons leading to intended turnover. Practically, those results may be interpreted as suggesting that distrust of the organization causes employees to want to leave, while trusting one's more immediate team and other positive experiences and actions can counter that distrust and indirectly alleviate that intent. On a practical level,

distrust also highly correlates with a sense of being professionally obsolete or with employees feeling they have alternatives, possibly indicating telltale signs that managers may wish to pay attention to.

Identifying such employees, and taking steps to keep them from suddenly leaving, resonates with input we received from senior IT managers who

complain their employees sometimes do not bother with their contractual requirement of giving a 14-day leave notice.

The Takeaway

Throwing money at a problem is an easy and tempting approach. Or, in this case, arguing that IT employees leave because they are not satisfied with their compensation. That may be true, but satisfaction with compensation is not the reason in this survey. In fact, the data suggests that in the context of IT employee turnover, it might be primarily a matter of the organization's overall policies that result in distrust and push employees away, rather than about convincing them to stay through issues that are at the direct discretion of their managers, such as building trust in the team they manage.

Such a conclusion is perhaps reminiscent of other research on employee turnover, which argued that organizational commitment, arguably missing when the employee distrusts the organization, reduces turnover intentions.[21] Nonetheless, taking steps to build trust within the IT team, something CIOs and IT managers can take on, can reduce distrust and, hence, turnover intentions. Moreover, as transparency increases trust,[31] managers may wish to consider that line of action too when it comes to reducing distrust. As a caveat to that conclusion, though, it should be added that the direction of the *implied* causality among the perception of having alternatives or professional obsolescence and distrust might be more complex

Table 2. Construct descriptive statistics table.

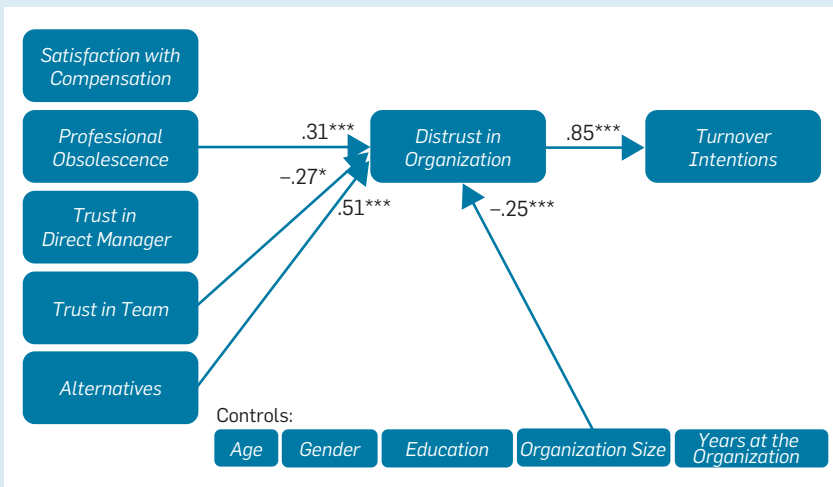| Variable	Mean	Std.	Min	Max
Turnover Intentions	3.61	1.67	1	7
Satisfaction with Compensation	2.47	1.41	1	7
Perceived Threat of Professional Obsolescence	4.16	1.89	1	7
Trust in Direct Manager	2.53	1.23	1	7
Trust in Team	2.13	1.09	1	6.83
Distrust in Organization	4.27	1.80	1	7
Perceived Alternatives	2.94	1.37	1	7

Figure 1. Structural model.

Table 3. Correlation among the constructs.

	Turnover intentions	Compensation Satisfaction	Threat of Obsolescence	Trust in Manger	Trust in Team	Distrust in Org.	Perceived Alternatives
Turnover Intentions	1						
Satisfaction with Compensation	−.04	1					
Perceived Threat of Professional Obsolescence	.49***	.24***	1				
Trust in Direct Manager	−.13*	.56***	.15*	1			
Trust in Team	−.18**	.50***	.11	.62***	1		
Distrust in Organization	.66***	−.12	.44***	−.16**	−.30***	1	
Perceived Alternatives	.43***	.23***	.34***	.21***	.18**	.36***	1
Age	.18**	−.02	.16*	−.05	−.06	.16**	.09
Org. Size	−.09	−.07	.04	.06	.02	−.15*	.01
Org. Tenure	.11	−.12	−.02	−.12	−.04	.06	.03
Gender	.15*	.16*	.10	.06	.04	.04	.10
Education	−.08	−.14*	−.18**	−.11	−.08	−.09	−.15*

than discussed. It should also be added as a note of caution that common method variance is unavoidable in questionnaire data.

Also noteworthy is that *Satisfaction with Compensation* is not only an insignificant predictor of turnover intentions when other factors are included (see Figure 1), but it is even uncorrelated with turnover intentions (see Table 3). This may suggest a need to reconsider, at least in this context, previous suggestions that pay leads to job satisfaction which leads to less turnover.[15,20] Again, it is distrust in the organization that pushes IT employees to consider leaving, rather than pay that convinces them to stay. That it is such a broad, organization-wide issue which pushes IT employees away may also be reflected in the demographics.

As might be expected, employees in larger organizations felt more distrust in their organization (see Table 3). Such a tendency may reflect the consequences of more interpersonal trust-building relationships in smaller organizations compared to the perhaps inevitable greater social distance and disconnect with decision-making in large organizations. The high correlations between *Trust in Direct Manager* and both *Satisfaction with Compensation* and *Trust in Team* merit future research.

The fact that trust in the team reduced overall distrust in the organization may have broader implications for IT managers about the need to better manage the interpersonal relationships within these teams. That trust in the team is highly correlated with trust in the manager may not be that surprising because a key function of any successful manager is team building.

But that trust in the team is highly correlated with overall pay satisfaction is suggestive. A team that is trustworthy allows people to grow and improve their skills, and that is important to people. Satisfaction with compensation, then, might not be just about money; rather, it may also be related to being part of a team one can trust. Being part of such a team also correlates with the perception of having alternatives, adding to the possible risk that an employee might leave, but the strength of the correlations in Table 3

suggests that being part of a trustworthy team carries more weight in affecting satisfaction with compensation than with increasing perceived alternatives. What constitutes a trustworthy team is reflected in the questions that measured it. Trustworthy IT teams are those where their members feel that there is integrity, dependability, and friendliness.

As Ian Fleming once put it: "Surround yourself with human beings, my dear James. They are easier to fight for than principles." That truism might apply to managing IT employee retention, too. Management principles such as compensation,[15,25] high-level managerial policies, and constructive behavior[6] are clearly important. But, at their core, IT employees are human. Fighting for them to retain them is a matter of creating an organization they do not distrust enough to want to leave. ⓒ

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