Lack of leadership and organizational loyalty, along with poor compensation, technology, and communication are a few reasons for high employee turnover.

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Voluntary Employee Turnover: Why IT Professionals Leave

Although turnover in the information sector of the US economy appears to have held steady from 2004 to 2005, the portion of *voluntary* employee turnovers ("quits" in the terminology of the US Bureau of Labor and Statistics) is on the rise, as Figure 1 shows. At the same time, a 2004 Forrester Research estimate put the cost of replacing an IT employee at anywhere from 25 to 100 percent of salary ("Turnover is Expensive," John Surmacz, *CIO Magazine*, 15 June 2004). When long-time employees leave, they also take with them vital information that is difficult to replace.

So unless you are one of the fortunate few IT managers who haven't had much turnover in the past year, these facts alone should indicate that it's important to spend at least some time considering why good employees leave and what you can do about it. My own inquiries led to a survey and follow-up phone interviews, both of which also focused on potential differences between Generation X IT workers and others. This study was conducted to fulfill the requirements of this author's dissertation for the degree of Doctor of Management in Organizational Leadership at the University of Phoenix.

GENERATION X FACTOR?

One theory surrounding voluntary employee turnover is the predominance of Gener-ation X—defined as those born between 1965 and 1980—in the IT worker population. The theory purports that, as a group, Gen Xers are more likely to leave. According to some research, these self-motivated individuals often feel as if they are being micromanaged by the older baby-boomer generation—born between 1945 and 1964 (Jeffery Marshall, "Managing Different Generations at Work," *Financial Executive*, July, 2004, pp 18-19).

According to Marshall, Generation X individuals tend to be creative and enjoy working toward a goal with little direction. They thus can sometimes reject authority, a tendency that disappoints the baby boomers who occupy many management positions. There is a certain perception that Generation X employees refuse criticism, do not have good people skills, know only how to interact with a computer program, and believe that they know the solutions to all problems (Marshall).

These factors, in turn, lead to the perception that Generation X is causing the trend toward voluntary employee turnover. However, my studies revealed that within IT, this trend cuts across both Generation X and non-Generation X employees.

THE STUDY

The basis for my study of IT employee retention revolved around earlier work ("An Unfolding Model of Voluntary Employee Turnover," T.W. Lee and colleagues, *Academy of Management J.*, 1996, pp. 5-36). These researchers theorized that decision paths among certain groups are moti-

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vated by a "shock" or disruption in the system. They describe two decision paths in which an individual chooses to remain with an organization because staying is the best of all alternatives. Another path leads employees to leave an organization because of job dissatisfaction.

To determine what makes individuals want to leave their current organization, I conducted a mixed-method study of both quantitative surveys and qualitative interviews, using the unfolding model of voluntary employee turnover. I surveyed 52 IT professionals of both Generation X and non-Generation X profiles and interviewed 20 of those respondents. In my study, I used descriptive, frequency distribution, and correlation analyses to determine if shocks lead Generation X and non-Generation X IT professionals toward a particular decision path.

I divided overall responses into separate variables that might be considered shocks by each group of interviewees. Out of the 130 asked to participate in the survey, 40 percent participated. Twenty individuals participated in the follow-up phone interviews. Questions ranged from whether they had left their workplace within the past year to whether there was a particular event that led them to start thinking about leaving.

Interview questions were more open-ended and focused on the actual factors that led to the decision to leave. The study showed that the true motivations behind voluntary employee turnover were lack of organizational loyalty, trust, leadership, open communication, and the failure to keep up with technology.

Of the 52 surveyed, 10 left their former employment voluntarily. The data revealed that Generation X and non-Generation X IT employees share in the trend to leave organizations in three to five years. The primary reason for voluntarily leaving was lack of loyalty, according to the study. Of those individuals interviewed, 14 percent felt their organizations had little or no loyalty toward them, and 85 percent reported a lack of stability in their work environment. Trust of leadership was a major concern even though 60 percent of Generation X individuals indicated that they would like to continue to work for their current organization.

Loyalty and trust

If an employee does not trust that leadership is providing a stable work environment, the employee might decide not to be loyal to an organization. Of the Generation X interviewees, 28 percent tended to distrust their organizations. Fourteen percent of non-Generation X individuals said they were concerned about employer loyalty, and 14 percent of both groups feared replacement by outsourcing. Winning the trust, and therefore the loyalty, of its

Figure 1. Turnover in the information sector; statistics from *Job Openings and Labor Turnover Survey* (US Bureau of Labor and Statistics, 2004).

employees appears to be an organization's major weapon in employee retention.
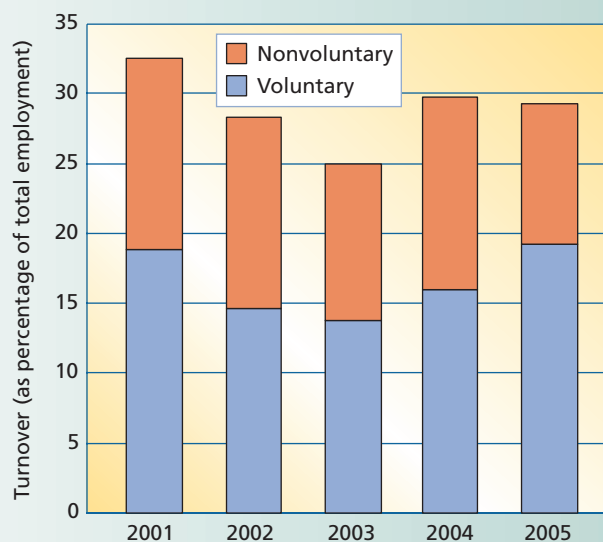
New technologies

Thirty-five percent of those interviewed were concerned with the lack of technology their organization provided. Generation X and non-Generation X employees are striving to stay current with the latest technology to remain marketable. When organizations do not stay current with the latest technology, an IT professional is left in a stagnant and mundane work environment where no new learning takes place. This leads to lower job satisfaction, experienced by 37 percent of those interviewed.

Without a growing and changing skill set, IT pros cannot make significant improvements to their resumes. In my survey, 78 percent of Generation X individuals and 68 percent of non-Generation X individuals said they kept their resumes up to date. If they begin to feel their employment within an organization is in jeopardy because of the leadership's decision-making, employees are apparently ready to leave. These individuals would rather voluntarily leave their organizations on their own terms than to be caught off-guard with involuntary layoffs.

Leadership changes

Employees might choose to voluntarily leave when an organization's leadership changes. A change in management style can lead to communication style changes. Management style changes that led to a lack of trust in

Further Reading

➤ **"Generations at Work,"** http://www.aimnt.com.au/ntatwork/genx_research.asp: Australian Institute of Management's white paper on the differences between Generation X employees and others.

➤ **"It's Costly to Lose Good Employees,"** Jac Fitz-enz, *Workforce,* 1 Aug. 1997: An early work by Fitz-enz, a noted researcher in the field of human capital, founder of the Saratoga Institute (a consultancy devoted to measuring employee value and performance), and author of *The ROI of Human Capital: Measuring the Economic Value of Employee Performance* (Amacon, 2000).

➤ *Job Opening and Labor Turnover Survey,* http://www.bls.gov/jlt/home.htm#data: A report and set of data updated by the US Bureau of Labor and Statistics each month.

➤ **Online Employee Turnover Calculator,** http://www.uwex.edu/ces/cced/publicat/turn.html: If you're interested in what factors go into estimating this cost, check out this calculator from the University of Wisconsin's Center for Community Economic Development.

➤ **"The Cost Of Turnover In IT: It's Worse Than You May Think,"** Craig Symons, Forrester Research, 30 Mar. 2004: The original report quoted in the article from CIO Magazine.

decisions prompted 95 percent of those interviewed to consider leaving.

A lack of trust in leadership led 57 percent of Generation X individuals to feel that their managers have poor communication skills, which might have something to do with 35 percent of them reporting that their management treats them unfairly. These factors add to the lack of trust that is making these individuals consider leaving their organizations. If employees do not feel they can communicate honestly with their management, or they feel that their management is treating them unfairly, then there is no foundation for them to stay. Honest, open communication is another key to keeping an employee with an organization.

Compensation

Compensation at a market value rate and lack of a promotion path are also factors that lead IT professionals to leave an organization. Fifty-seven percent of the Generation X individuals and 71 percent of the non-Generation X individuals interviewed felt they were not compensated at market value and that there was no set structure for promotion. To save money, organizations sometimes leave little room for the promotion of individuals who have been with the organization for years. Establishing multiple layers of positions and including management opportunities might help these individuals feel they are actually moving up an organization's ladder.

Other findings

Both groups appear to use networking as the preferred method for changing employment. Generation X individuals said that when it came time to leave an organization, 73 percent of them talked to friends and relatives; 59 percent of non-Generation X individuals used this method. Fifty-three percent of Generation X individuals and 50 percent of non-Generation X individuals reported talking to fellow employees about changing employment.

Forty-three percent of Generation X interviewees who voluntarily left organizations stayed in the same profession in subsequent jobs. The non-Generation X group reported that only 27 percent of them planned to leave the IT profession. The majority of all individuals said they enjoy working in the IT field and do not desire to change professions.

IT organizations must recognize that the reason many employees leave is distrust between management and employees. To fix this problem and counter voluntary turnover, open two-way communication must flow between IT employees and senior management. Leaders must listen to the concerns of valued employees about new technologies and provide a voice for employees to contribute to the organization's future. Without these improvements, an organization risks considerable costs that it can ill afford in highly competitive business environments. ■

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