

## Case Study 2: Turnover & Retention in Context of Hybrid Working

### Background

Leaders of a software company, employing about 8'000 employees nationwide (see Table 1) are concerned with their workforce development and retention strategy. Competitors from within the industry as well as from other business verticals have shown rising activities at poaching talents by offering greater workplace flexibility.

### Study Objective

Help company draw their work policies guides for different employee categories, based on how critical the role is to the business continuity how critical and costly to replace those roles are, as well as how performance score were effected by shift to remote working.

Department		Total	Junior	Mid-Level	Senior	Manager
IT Development		2,981	754	1,876	302	49
Sales		1,543	980	416	119	28
Product Devel...		903	451	256	189	7
BI & Data Analy...		835	314	411	96	14
Customer Succ...		523	261	179	75	8
Finance & Acco...		385	117	189	73	6
Investment An...		317	116	109	78	14
Software Engi...		269	165	72	21	11
Marketing		164	51	67	37	9
		<b>7,920</b>	<b>3,209</b>	<b>3,575</b>	<b>990</b>	<b>146</b>

Table 1: Workforce Grouped by Department and Seniority.

## Study Approach

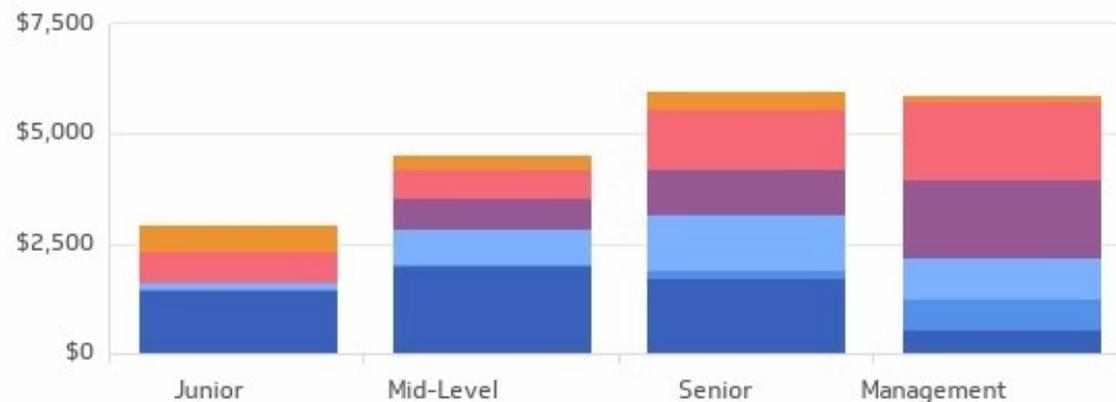
- 1 . Calculate the cost of turnover within subgroups. Define the key profiles which require extra retention measures.
- 2 . Assess risk of losing employees with identified profiles as the result of failure to meet their workplace flexibility expectations (conduct survey).
- 3 . Compare the internal survey results with the external information. Investigate on what are the potential new drivers of employee retention brought up by the remote work context.
- 4 . How big was the effect of shift to remote working for the key performance scores across subgroups?
- 5 . Defined minimum and optimal co-location time for those groups which have shown minimal disruption when shifted to remote working.
- 6 . Defined maximum remote time that should be allowed to those roles which were most affected by shift to remote.
- 7 . Identified the groups at risk, as if their flexibility expectations are met than productivity is at risk. which require deeper investigation, e.g. additional surveys, focus groups or interviews.

## Average Cost of Turnover by Job Groups (department/seniority)

Drill down by department and seniority to see the most costly categories.

Department	Training/Investme...	Termination transa...	Absence/Vacation	Recruitment	Replacement hire c...	Onboarding/training
<a href="#">Finance &amp; Accoun...</a>	\$1,442	\$1,000	\$3,100	\$3,527	\$5,175	\$1,379
<a href="#">Product Develop...</a>	\$1,442	\$1,000	\$3,875	\$2,469	\$5,175	\$1,516
<a href="#">Marketing</a>	\$1,442	\$1,000	\$3,100	\$3,350	\$4,500	\$1,516
<a href="#">IT Development</a>	\$1,442	\$850	\$3,100	\$3,526	\$4,500	\$1,516
<a href="#">Sales</a>	\$1,442	\$1,000	\$3,100	\$3,526	\$4,500	\$1,516
<a href="#">BI &amp; Data Analytics</a>	\$1,442	\$950	\$3,100	\$3,174	\$4,500	\$1,516
	<b>\$8,653</b>	<b>\$5,800</b>	<b>\$19,375</b>	<b>\$19,572</b>	<b>\$28,350</b>	<b>\$8,959</b>

Department:  ▼



## Groups with Highest Turnover Costs

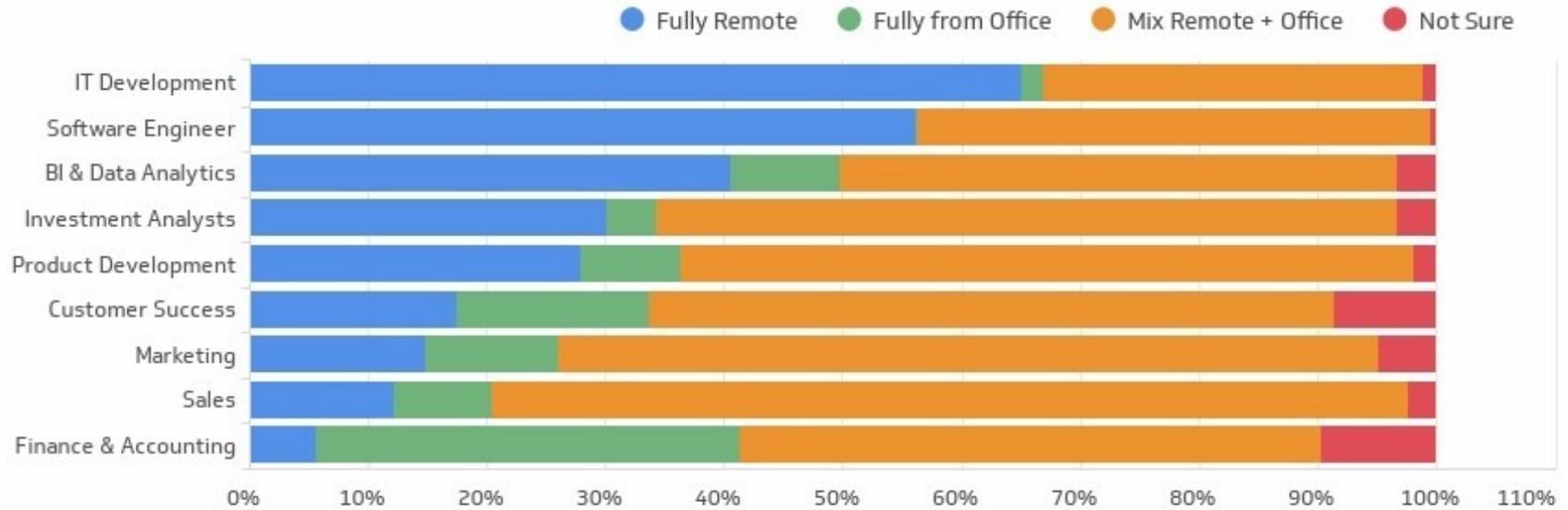
Departm...	Junior	Mid-level	Senior	Manager
Sales	\$2,942	\$4,569	\$5,992	\$5,908
Marketi...	\$4,741	\$6,079	\$5,782	\$2,633
IT Devel...	\$4,062	\$6,079	\$5,782	\$3,338
BI & Dat...	\$5,670	\$5,756	\$4,466	\$3,116
Product...	\$4,436	\$6,358	5797	\$3,213
Finance ...	\$2,954	\$5,055	\$5,335	\$5,908

On an increasingly competitive talent market the costs of turnover are expected to be same or higher than in 2020. On top of that, the compensation package for the external hires would most probably have to be higher than for the current employees.

It is generally advised to retain talents, in particular in key roles. To better understand how extensive should be the efforts to prevent turnover for different employee groups, it is advised to run more detailed analysis, which would include metrics on talent supply on a particular market and remote vs on-site performance score.

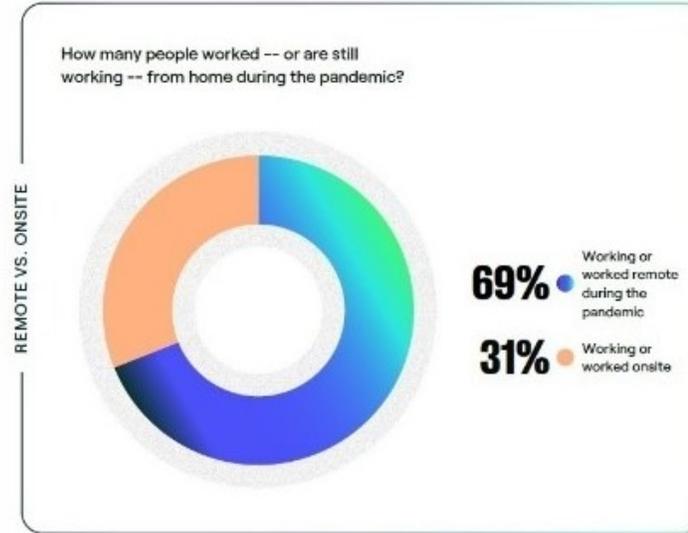
## What do the employees' expectation around post-pandemic workplace look like?

### *Survey Results - Comany Scale View*



## What are the leading drivers of employee turnover related to workplace arrangements?

### Overall Market Data



Of those that specifically worked from home during the pandemic: If they were not able to work remotely going forward...

**1 IN 3 (32%)**

said they would quit their job with an additional 18% still undecided

**MORE THAN HALF (56%)**

would quit or look for a new job that offered flexibility in when they work

**58%**

would expect a pay raise

**NEARLY HALF (48%)**

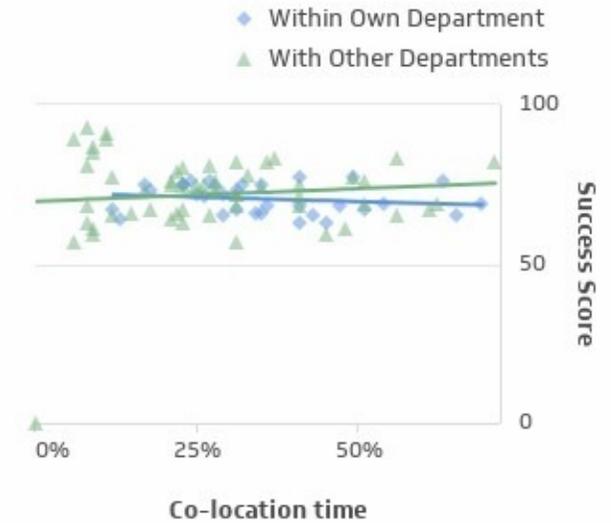
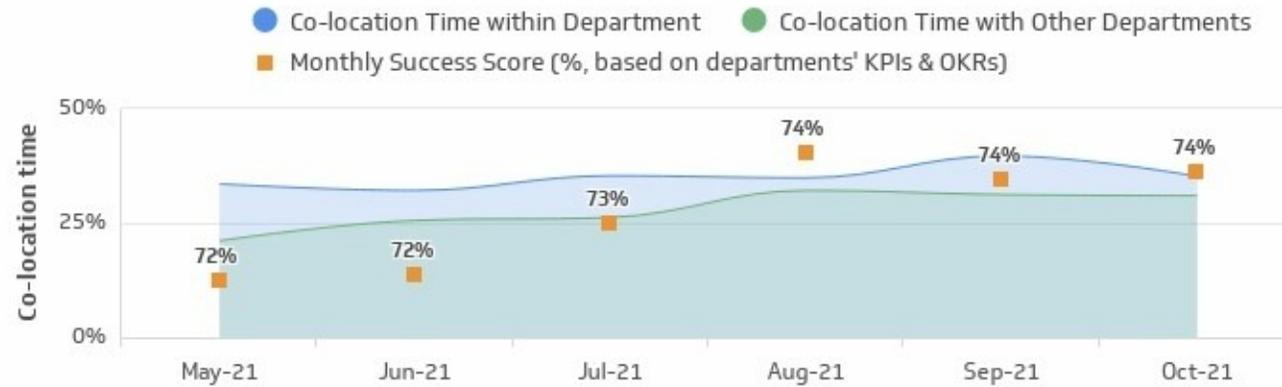
would stay in their current role, but would be less willing to go the extra mile

Turnover / retention Driver	% of survey sample
Flexibility in when they work	85%
Flexibility in where they work	82%
Dedicated desk or office	78%
Ability to work from anywhere	78%
Interested in working from a co-working space	65%

## How big was the effect of shift to remote working for the key performance scores across different departments?

Department:

### How does the amount of co-location time (in-office) correlate with performance score?



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## Results

The results of the study indicate that there is a positive relationship between increased workplace flexibility and employees' satisfaction and loyalty to the employer. This is true for all employee population, however the scale of impact varies significantly among different job profiles. Additionally, for some profiles lack of co-location time can lead to significant drop in operational efficiency. Therefore, flexible workplace policies should be developed with high accuracy and separately for each division and, in some cases, even for each department.

### **Finding #1**

Can we model our workforce to optimize cost, profit, and productivity?

- 2 . Is it better to build, buy, or rent talent?
- 3 . Is internal mobility a source of value or turnover and cost?
- 4 . Do we know the leading drivers of employee turnover? Do we know the leading drivers of retention?