Visier Insights™ Report

Stop the Exit

A data-driven approach to retaining top talent

October 2021

Executive Summary

Attracting and retaining top talent remains high on CEOs' list of priorities,[1] however resignations have been trending up throughout the summer of 2021.[2] It is even more concerning that organizations experience a talent drain by employee populations that hurt the most: tenured, experienced professionals, and more women than men showed a dramatic increase in resignations compared to the pandemic-ridden year 2020. This impacts the businesses ability to sustain its performance as well as progressing with increasingly public diversity goals.

> **Tenured, experienced professionals, and more women than men show a dramatic increase in resignations compared to the pandemic-ridden year 2020.**

The current resignation wave is a worrying trend, especially in a time where employees are considered the most important stakeholder for an organization's long-term success.[3] However, generic mitigation efforts by organizations trying to counter increasing resignation levels can prove to be costly or ineffective in a rapidly-changing business landscape.

The ability to assess voluntary turnover risk within an organization, to identify and use targeted mitigation strategies for the most critical populations, and to monitor progress in reducing employee exits has become critical. HR leaders require nuanced data about the population with the biggest exit risk, the key drivers causing their unexpected exits, and the specific pockets in the organizations that require interventions on the systemic or local level.

> **What leaders need is data and insight that enables targeted action to mitigate future resignation risk.**

To support business and to help HR leaders understand the specific talent issues related to voluntary turnover, we analyzed data from Visier Community People Data, a unique database of anonymized, standardized workplace records,[4] and consulted external research to explore the following questions:

- What are the current resignation trends, and who is most at risk of leaving?
- Why are higher than normal resignation rates a problem for business?
- How can leaders use data to mitigate the resignation wave in their organizations?

1 2021 Fortune/Deloitte Survey, deloitte.com/us/en/pages/chief-executive-officer/articles/ceo-survey.html

2 visier.com/clarity/trends-in-employee-resignation-rates-watch-out-for-summer-2021/

3 2021 Edelman Trust Barometer Special Report: The Belief-Driven Employee. edelman.com/trust/2021-trust-barometer/belief-driven-employee/new-employee-employer-compact

4 Visier's database includes 10.7 million employee records from around 5,000 companies. For the analysis in this report, we used available data from a subpopulation of over 50 enterprise sized US organizations across industries and filtered for US employees. Weighted averages account for different headcounts per each organization.

Trends and demographics behind the resignation wave

Voluntary turnover in the form of resignations is a common occurrence and happens across industries and for workers of all demographics. However, these are special times and data published by the U.S. Bureau of Labor Statistics shows an increasing quits rate since June 2020.[5]

2021 is different: Resignation rates continue to show an upward trend.

Results of our queries into Visier's Community Database for changes in resignation rates since 2019 are shown in Figure 1.[6]

What makes 2021 distinctive is not only a continued increase in resignation rates until August 2021, but also the fact that resignation rates so far are elevated well above their 2019 and 2020 levels. For example, the annualized resignation rate for organizations in our database for January to August 2021 was a staggering 25%, compared to 22% in the same period of 2019, and 18% in a pandemic-ridden period January to August of 2020.

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While many organizations have been forecasting an elevated level of exits based on survey data of employee sentiment, this data found in the Visier Community People Data demonstrates that employees are following through on their intent and actually making job changes in record volumes.

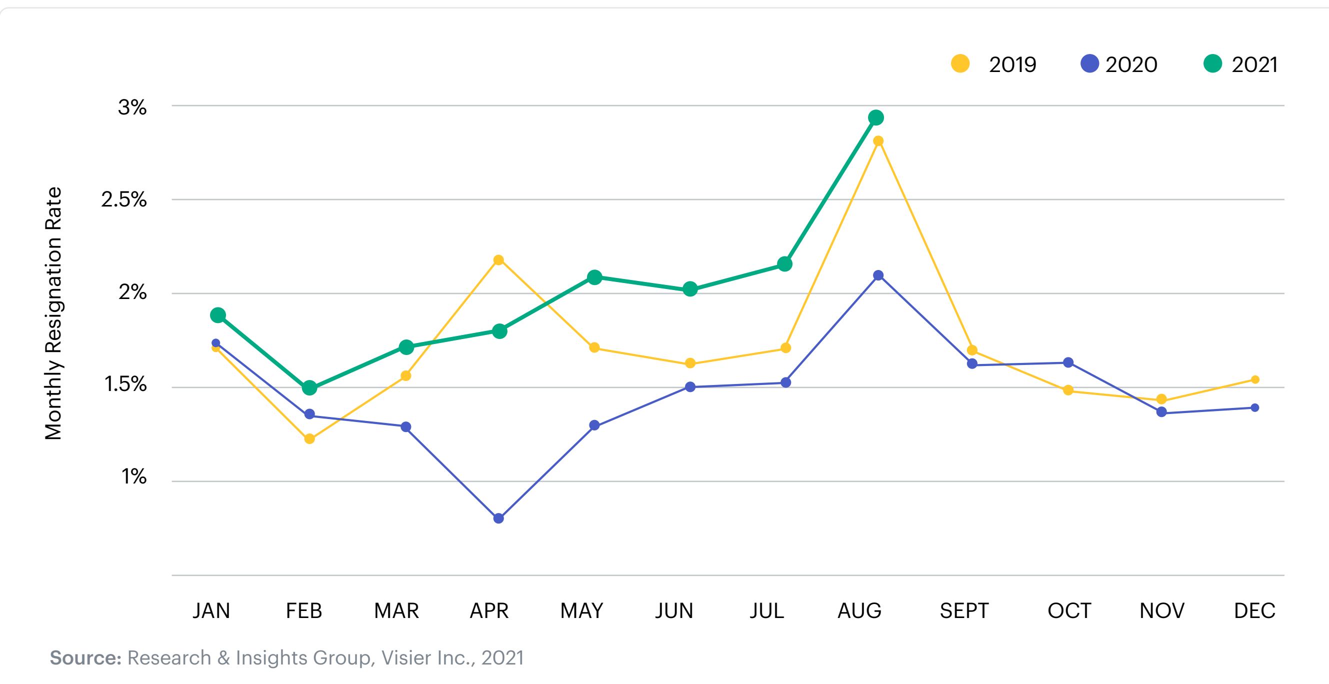


Figure 1: Monthly resignation rate across industries and demographics

[5] bls.gov/news.release/jolts.t04.htm

[6] Resignation rate is the measure which shows the percentage of the working population that chose to leave their current employer during a specific period of time. If the number of total employees = 100,000, and there are 1,000 exits per month, it results in a 1% resignation rate. The chart shows monthly mean resignation rates for the years 2019, 2020, and up until August 2021.

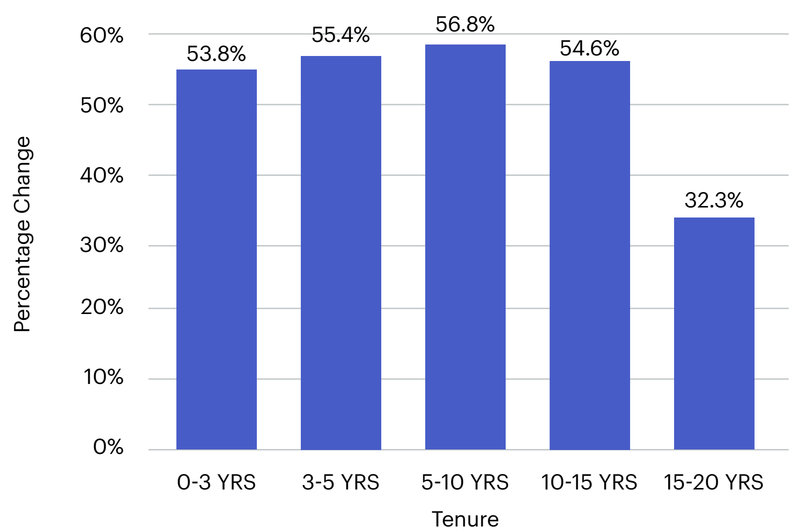
Talent drain at the heart of organizations

Recently published data by Gallup show that 48% of the working population in the United States is actively job searching.[7] But what does this mean, and who may these statistics be referring to?

As we explored our data about the characteristics of employees who drive voluntary turnover in organizations this year, we found that in *addition* to usual resignation trends by younger, less-tenured employee populations, this year shows unprecedented resignation rate changes of employees across tenures, higher resignation rates for employees aged between 40-45 years, as well as higher resignations rates for women, compared to men.

1. Employees across tenures are leaving

Usually, resignation rates across tenures have shown a similar pattern over the years, with employees in less tenured groups leading in overall resignation rates. A closer look at the rate changes between 2020 and 2021, however, reveals that resignations by tenured employees have significantly increased when compared to last year and compared to the rate of change for less tenured employees[8] (Figure 2).



Source: Research & Insights Group, Visier Inc., 2021

Figure 2: Resignation rate percentage increase between 2020-2021 by tenure

[7] gallup.com/workplace/351545/great-resignation-really-great-discontent.aspx

[8] The data shown represents a relative difference in the resignation rate measured between January and August of each year.

For example, we found that the resignation rate of employees with a 5-10 year tenure is 56.8% higher than in 2020, and that for employees with a 10-15 years tenure is 54.6% higher in 2021 than in the same period of 2020.

This resignation percentage change is more stark given that the rates in 2020 for June and August were not substantially lower than the rates for 2019 as shown in Figure 1.

The fact that we are seeing increases in the rates for longer tenured and more experienced employees is indicative of the disruptive nature of this resignation wave.

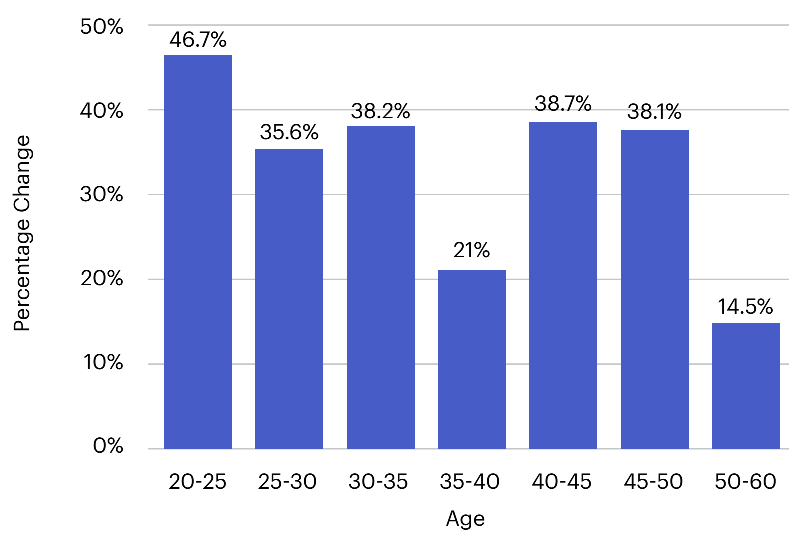
While some of the increase between the two years is due to the effects of the pandemic in 2020 which kept resignation rates lower as job uncertainty prevailed, comparisons between the 2021 data with the two previous years show that organizations are experiencing a talent drain across tenure ranges and hence, are losing some of their most experienced, and often, most valuable employees.

2. Mid-career professionals resign at high rates

A closer look at the age comparison between the years 2020 and 2021 reveals two key findings. As anticipated, the 20-25 year old group that likely delayed career moves due to the COVID-19 pandemic, increased their rate of resignations the most. More surprisingly, the rate of increase for the age groups that are typically more stable and slow to change has also increased at a significant rate: employees aged 30-35, 40-45 and 45-50 have all increased their resignation rates by over 38%[8] (Figure 3).

When combined with the insights about resignation rate by tenure, the insights based on age provide evidence that this resignation wave is different. Part of it is made up of young people looking to accelerate their career. However another substantial part of it is made up of experienced and knowledgeable employees who are changing their approach to their employer or perhaps work overall.

> **More experienced employees are rethinking their work situation.**



Source: Research & Insights Group, Visier Inc., 2021

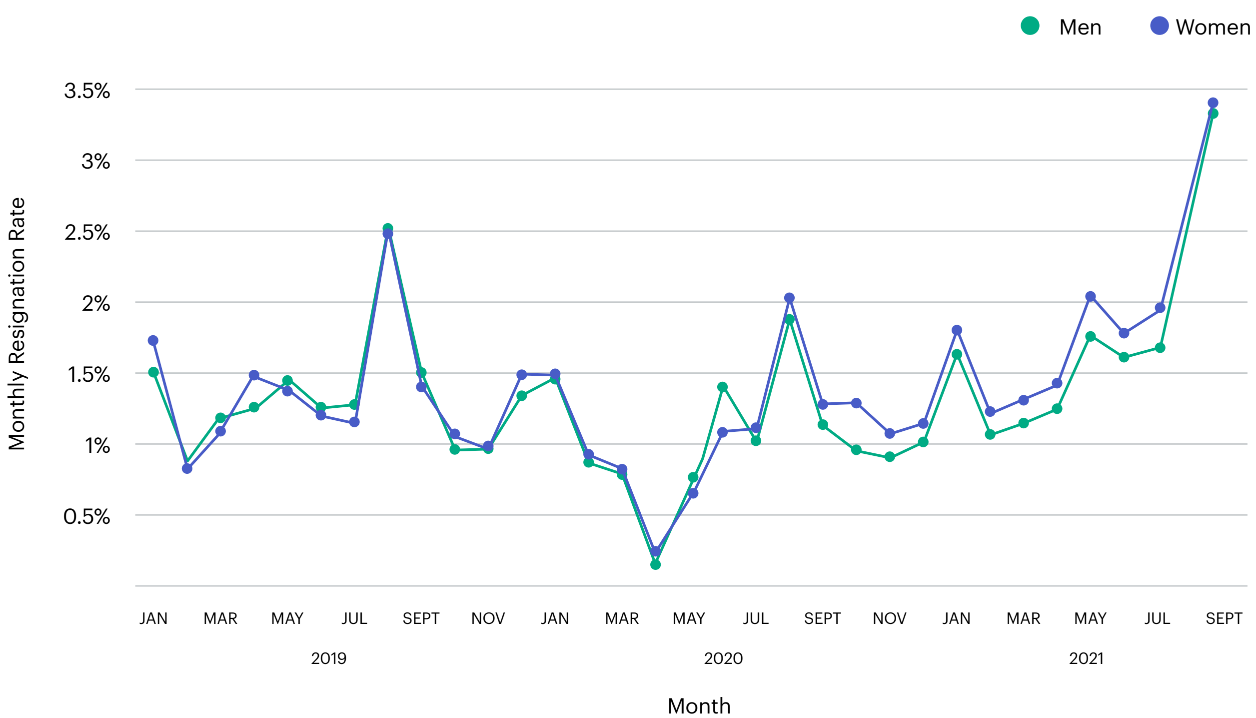
Figure 3: Resignation rate percentage increase 2020 to 2021 by age group

[9] Visier does track exit data for people over the age of 60. However our client organizations categorize these events differently, some as retirements and some as resignation. For this reason we have not included the results in this study.

3. Resignation rates are higher for women

Women and men have been showing similar patterns in resignation rates over the years, with men resigning at slightly lower rates than women. (Figure 4).

This trend is continuing this year. In the first 8 months of 2021 we saw significant growth in the resignation rate for both men and women compared to 2020 (55.4% growth for women, 47.2% growth for men). While both genders saw increased growth in the resignation rate, the growth rate for women was 17% higher than men, indicating that women's rate of resignations is growing faster than the rate for men. (Figure 5).



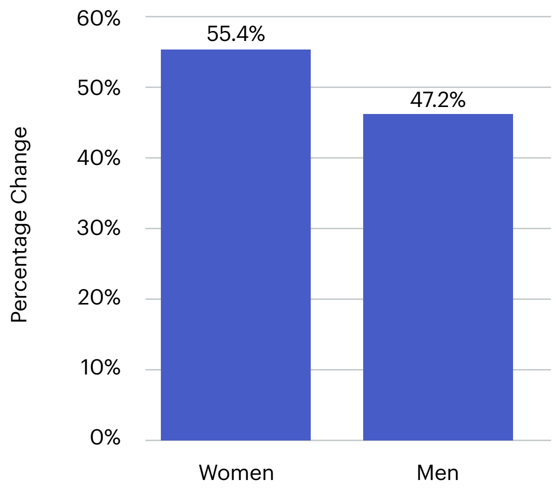
Source: Research & Insights Group, Visier Inc., 2021

Figure 4: Monthly resignation rates by gender

The percentage difference of women compared to men is 17%, indicating that women's rate of resignations is growing faster than the rate for men.

The continuing pattern of a resignation gap between women and men that is apparent both in Figures 4 and 5 reaffirm previous analyses from the Visier benchmarks[10] which showed that since the onset of the COVID-19 pandemic, resignation rates for women remained higher than that for men during the second half of last year.

When considered together, these data show more women are shifting roles than men which is a challenge for employers who are losing their gender diversity and an opportunity for employers who are able to create conditions which support women to engage in the world of work.



Source: Research & Insights Group, Visier Inc., 2021

Figure 5: Resignation rate percentage increase 2020-2021 by gender

The above presented data demonstrate how workforce analytics can provide insight about specific workforce trends such as resignation rates, and thereby help HR and business leaders gain a thorough understanding about the reality of the situation they face and how to best respond.

In the case of the current resignation wave, it becomes clear that the increasing resignations by tenured, mid-career—and therefore experienced—employees, as well as women leaving for different opportunities in other organizations should give reason for concern—and action.

There are many reasons for resignations, some of which we address in the next chapter. However, it is clear from this analysis that larger, more experienced and tenured sections of the working population are reassessing their work situation, which indicates that the reasons for their resignations have become more multifaceted than before the pandemic.

[10] visier.com/clarity/trends-in-employee-resignation-rates-watch-out-for-summer-2021/

The impact of employee resignations on organizations

Unexpected and rising resignations are a concern for a variety of reasons, chief among them is the cost of replacing workers is high both in terms of monetary and cultural impacts.

Research suggests that the cost of replacing an employee can be up to two times an employee's annual salary, or up to $100,000[11]. Numbers will vary, up or down, depending on the highly specialized skills required or the level of the employee in the organization—e.g., from frontline to senior-level executive ranks. But increasing resignations can also have indirect costs in the form of turnover contagion as peers of the resigning employee question their own reasons for staying.[12]

The cost of replacing an employee can be up to two times their salary.

(Gallup, 2021)

Lost productivity is an obvious immediate organizational cost. In addition, companies face the added cost impacts of the time it takes to recruit and hire a replacement, the cost of onboarding new employees, the potential added cost of needing to pay a contractor or agency to get the work done until the position can be filled, and the loss of institutional knowledge when key, and long-term, employees leave.

Replacing workers is expensive - in monetary and cultural terms.

Most importantly though, for each organization, these numbers will vary, for example when it comes to highly specialized and skilled workers or employees in management roles.[13]

[11] gallup.com/workplace/351545/great-resignation-really-great-discontent.aspx

[12] Porter, C.M. & Rigby J.R. (2020). The turnover contagion process: An integrative review of theoretical and empirical research. Journal of Organizational Behavior. https://doi.org/10.1002/job.2483

[13] Try our Manager Turnover Calculator with preloaded benchmark data visier.com/manager-turnover-calculator/

Why employees are leaving their jobs

Resignation waves naturally lead to the question behind the reasons of employees voluntarily calling it quits with their current employer and looking for better opportunities. Reasons for resignation rates are plentiful, not least in the past 18 months where the COVID-19 pandemic began to change peoples' mindset about how and where they want to work.[14] More concerted research efforts for understanding some of the key reasons for voluntary turnover found the following reasons:

Recognition:

SHRM[15] lists the following drivers as the leading reasons behind resignations by employees:

- The desire for better compensation and benefits
- The need for better work-life balance
- A lack of recognition for the work they do

Burnout:

DDI recently found that employees in leadership roles in particular are at risk due to burnout.[16] Similarly, a recent Visier survey[17] revealed that burnout, a key driver of voluntary turnover, can be fueled by:

- Being asked to take on more work,
- A toxic workplace culture, or
- Being asked to complete work faster

Workplace Culture:

Gallup indicated that the current resignation rate is an effect of "workplace issues" linked to lack of engagement or even active disengagement.[18]

In sum, however, it is unlikely that industry research reports and speculative media articles will be particularly helpful for HR and business leaders who intend to assess and mitigate the exact dynamics and reasons for worrisome resignation rates. Instead, they may consider a tailored, data-driven strategy that focuses on events in their specific organizations.

[14] npr.org/2021/06/24/1007914455/as-the-pandemic-recedes-millions-of-workers-are-saying-i-quit

[15] shrm.org/hr-today/news/hr-magazine/summer2021/pages/reducing-turnover.aspx

[16] ddiworld.com/about/media/glf-2021

[17] visier.com/clarity/new-survey-70-percent-burnt-out-employees-would-leave-current-job/

[18] gallup.com/workplace/351545/great-resignation-really-great-discontent.aspx

Defining a tailored, data-driven resignation mitigation strategy

Traditional approaches to mitigating employee resignations, or voluntary turnover, have often taken a one-size-fits-all approach, such as:

- Conducting compensation reviews across the workforce
- Creating recognition programs for key talent
- Conducting surveys to get feedback on employee experience levels
- Aligning roles and performance to market rates

While these approaches may be partly helpful, if conducted in the absence of data specific to individual organizations it can be hard—if not impossible—to pinpoint the type of actions that need to be taken. In order to gain a thorough understanding of the scope and location of turnover within a business, the trends and the severity of the issue may be overlooked or treated ineffectively.

For example, resignations within a rapidly transforming retail industry where e-commerce affects sales dynamics in brick-and-mortar stores may be seeing vastly different drivers than companies in various occupations in the media and entertainment industry.

In the absence of data about a company's increasing resignation rate, it's hard to target the issue at hand.

When Pitney Bowes identified a pocket of turnover among its truck drivers, the company took strategic steps to identify root causes and to design interventions.[19] Their approach:

- Clearly explaining to leaders the true costs of turnover and how just a few percentage points shift could add millions of dollars to the company's bottom line.
- Tracking data by business unit on hiring, promotion,and retention to help identify the right mix of talent diversity—then making hiring decisions with that data in mind.
- Quantifying the return-on-investment that could be delivered through targeted retention initiatives to help "sell" these initiatives to senior leadership.

[19] visier.com/customer-stories/pitney-bowes/

Resignation mitigation strategies based on past and predicted resignation risk can help HR and business leaders:

- **Understand** the key reasons behind unexpected resignations *in their organizations*. Media reports and articles may be interesting, but the insights they provide are general and may or may not address individual company situations.
- **Identify** the pockets in their organizations that require action on a *systemic and local level*. Even within an organization there will be different drivers of resignations and retention.

Depending on what they find, data-based mitigation strategies can focus on efforts that might include increased development opportunities, improvements in working conditions, opportunities for more employee engagement in special projects and, if appropriate and relevant, compensation adjustments.

The bottom line is that interventions should be based on objective, concrete, and organization-specific data.

Three steps to get there:

- **Measure better.** Instead of relying on average scores from surveys that can lead to a focus on the wrong issues in the wrong place, collect the right data to establish your organizations' resignation risk, establish your benchmarks, identify and act on mitigation opportunities, and monitor progress of resignation risk mitigation.
- **Identify specific business and talent challenges** instead of relying on broad surveys or calculated guesses, identify which populations the business cares about most and then go deep into their specific issues. This can mean drilling into the actual data around current exit events and balance this against the sentiment data from surveys.
- **Take targeted actions.** Instead of generic programs and initiatives, remember that retention strategies need to be personalized to the population in question, and enacted by managers in collaboration with HRBPs (Human Resource Business Partner) on a local and a systemic level.

When BBVA started to address turnover issues, they first benchmarked others in their industry, finding their turnover was 1% higher. They then proceeded to drill down to find where turnover was highest and found it was in the ranks of customer service managers. By focusing there they were able to reduce turnover by 44% and save the revenue from those leaving.[20]

When Experian wanted to stem the tide of turnover before they were even impacted, they:[21]

- Identified key workforce issues and did extensive pre-work to demonstrate objectively how workforce analytics could help to impact those issues.
- Created a cost model to tangibly indicate how reducing turnover by as little as 1% could create significant—in their case $6 million—of savings.
- Focused on the most important metrics—the ones demonstrated to have the most impact on turnover.

[20] visier.com/customer-stories/bbva-usa/
[21] visier.com/customer-stories/experian/

Conclusion

The retention of key talent will remain a critical issue for organizational leaders, and since the onset of the COVID-19 pandemic in 2020, businesses are currently facing a talent drain of unprecedented volumes by women, and by tenured, experienced employees. With this report we are aiming to show how workforce data can provide a nuanced perspective of the specific dynamics at hand, and help reveal which populations are most at risk of leaving their current employer.

The data, as well as our experiences over the past several months suggest an urgent need for a data-driven approach to assess resignation risks, to identify and act on mitigation opportunities, and to monitor progress.

> **As SHRM president and CEO Johnny C. Taylor, Jr., SHRM-SCP, recently wrote: "Ultimately, regardless of the industry, the talent war will be won by those companies that have a comprehensive work strategy that is proactive rather than reactive and realistic rather than denial-fueled."[22]**

[22] shrm.org/resourcesandtools/hr-topics/talent-acquisition/pages/turnover-tsunami.aspx

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Ian is an advocate for the crucial role that people play in helping companies thrive. His career has focused on enabling people, teams and companies to perform at their best. For the last 15 years Ian has been helping leaders elevate their HR strategies and programs through the effective use of people analytics. At Visier Ian led the development of our market leading solution. He is currently involved in helping people analytics teams everywhere improve their scale and impact. Ian holdsa Masters from Edinburgh University, UK and an MBA from Lancaster University, UK.

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After completing her Master of Data Science at UBC, Carlina joined Visier as a Data Science Intern. She is currently a part of the Publication & Research focus of the Data Science & Engineering team and her main responsibilities involve running research projects end-to-end including developing analysis scripts, running our research pipeline and creating visualizations and statistical analyses for Visier's reports.

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Miles's passion for data and enabling analytics brought him to Visier. This was a change for him as he previously practiced intellectual property law, as a patent agent, in startups and multinational public companies in areas like machine learning, robotics, wearable technology, and quantum computing.

About our data

Resignation rates are curated from Visier Community Data. Visier's database contains 10.7 million employee records from around 5,000 companies. For the analyses in this report, we used available data from a subpopulation of over 50 enterprise sized US organizations across industries and filtered for US employees. The represented employee population size for the data charts is between 271,401 and 504,254 employees, depending on the availability of data in our database for each analysis.

Companies represent a wide range of industries, including Healthcare, Technology, Financial Services and Insurance, Energy, and Manufacturing. Weighted averages account for different headcounts per each organization.

For each of the included companies, Visier ensured a high degree of confidence in both data availability and quality for the topics and time period being covered by this report.

About Visier

Visier’s purpose is to help people see the truth and create a better future—now.

Visier was founded to focus on what matters to business people: answering the right questions, even the ones a person might not know to ask. Questions that shape business strategy, provide the impetus for taking action, and drive better business results.

Visier delivers fast, clear people insight by using all the availablepeople data—regardless of source. With best-practice expertise built-in, decision-makers can confidently take action. Thanks to our amazing customers, Visier is the market leader in Workforce Analytics with more than 11,000 customers in 75 countries around the world.

For more information, visit **visier.com**

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