



A Guide to Retaining Your Workforce.

Strategies for Effective Employee Turnover Prevention.

Introduction.

Businesses are no strangers to the challenges of employee turnover.

Even though there are several influential factors like market changes and talent shortages, there's no debate that employee turnover is a costly dilemma for businesses of all sizes. The problem is that once it starts, turnover can spread through an organization like wildfire. The more that employee turnover occurs, the more money is lost.

For salaried employees, turnover can cost businesses 1.5-2 times their salary. Alternatively, the turnover of hourly employees costs companies "an average of \$1,500 per employee." But employee turnover also causes problems that run deeper than these surface-level costs. Turnover can lead to issues that are less perceptible and visible, such as lowered productivity levels, decreased morale, and adverse effects on customer service.

There's no denying it: the costs of employee turnover add up. However, companies who make an effort to actively listen and prevent turnover will have an advantage in staying ahead of these issues and achieving their employment goals more quickly.

This informative guide provides valuable insight into why employee turnover should be a concern, the signs of rising voluntary turnover and how your organization can combat this problem.

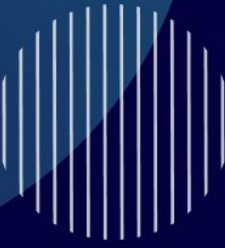
TABLE OF Contents

- Section 1:
Turnover: The Hidden Worry

- Section 2:
Signs of Turnover & How to Combat Them

- Section 3:
Strategies to Prevent Turnover

- Conclusion



SECTION 1

Turnover: The Hidden Worry

There are several reasons companies need to worry about employee turnover. But perhaps most importantly is the global worker shortage, turnover contagion and competitive job markets. Let's dig into why each of these should be top of mind with employers today.

SECTION 1

Global Worker Shortage

Several different factors are making the talent market especially unpredictable, such as the global shortage of workers with technical skills. We see the effects of the worldwide talent shortage all across the industry:

- Estimates show that by 2030 there will be an \$8 trillion talent shortage.
- According to a Gartner survey, the skills shortage is the most significant barrier for companies seeking to adopt the technology they need to innovate, inhibiting access to about 64% of the tech.
- More specifically, the role of software development is feeling the pain with five job openings for every one person with that skill set.
- Additionally, there aren't enough CS students graduating from the United States and H-1B visas are limited.

As an industry, it's essential to continually adjust to these market changes in order to mitigate and minimize the risk of employee turnover. Because as you can see, there aren't enough professionals with these skill sets to meet demands so retaining every technologist you have is key.

SECTION 1

Turnover Contagion is Real

The truth is, we've seen a lot of layoffs and hiring freezes recently. While that may not be something businesses can avoid, it does affect turnover.

For instance, a Visier report found that it's 7.7 percent more likely employees will leave a company after someone else is involuntarily terminated. However, the likelihood rises to 9.1 percent if the resignation is voluntary. This plays into a concept known as turnover contagion, which occurs when “workers quit their job because of their peers.” The same Visier report also determined that when resignations are voluntary, turnover contagion can last 135 days.

In 2023, 61 percent of workers in the U.S. are thinking about quitting their job, and 95 percent of these workers feel confident in their employment prospects and options. Accordingly, the employee turnover framework changes once it's understood that turnover is contagious. For one thing, it means resignations are not isolated events. Instead, they're part of a company's social fabric and can even spread across its culture.

You can see how essential it is for teams to be aware of and have strategies in place to stop the turnover of critical talent from spreading. We'll dive into the details of these strategies later in this guide.

SECTION 1

“Employees talk. Turnover contagion can take hold when team members feel under-appreciated, overworked or undervalued and they become so frustrated, they feel compelled to exit. When that talk/momentum grows and one person leaves, it can lead to a larger problem. That’s why it’s critical for managers to have their fingers on the pulse of staff morale. No company or team is perfect, but when people feel cared for and their feedback is respected and heard, staff will see that and become invested in staying with the company to see it improve and grow.”



Michelle Rhee, Co-Founder of BuildWithin

Tech Talent is Vital..and Competitive

Despite rising tech unemployment, it's still a competitive market for tech professionals.

As of March 2023, the unemployment rate for technologists sits around 2 percent but that’s still quite a bit lower than the 3.6 percent rate for all jobs.

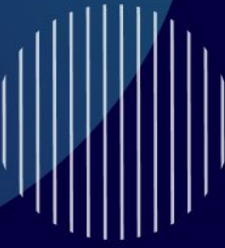
SECTION 1

In the past, major tech companies cornered the market with workers who had tech skills in areas like UX, data, digital marketing and cybersecurity. But today, companies from all industries are hiring these professionals. Businesses that are not “traditional” tech companies might not be the first in mind when you think “tech company,” but every company is or will soon be a tech company.

That’s because whether you make microprocessors or makeup, every business now runs on tech. And as big tech companies undergo layoffs, other businesses of all stripes are quickly taking advantage of the newly available talent to fill their tech roles. As a result, developers, data analysts, product marketers, UX designers, digital marketers and other technical experts are recognizing opportunities to do incredible work in tech outside of MAANG companies.

So, with the increased demand among literally every company, tech workers get snapped up quickly. We know from past experiences that it's essential to innovate to stay on top of and ahead of industry bursts and talent competition challenges.





SECTION 2

Signs of Turnover & How to Combat Them.

The question everyone wants to know the answer to is this: How do you know your business will soon be facing a turnover problem? We've put together some vital signs to keep an eye out for as well as suggestions to act fast. Immediate strategic action is crucial because once you see the signs of employee turnover, it might already be too late to stop it.

SECTION 2

Employee Disengagement

Employees who are unattached from their work might withdraw from company activities and appear to lack enthusiasm, motivation and empathy.

We suggest addressing the issue with the following strategies:

- Provide opportunities for coworkers to interact and connect
- Manifest opportunities for employees to connect with the company's mission
- Recognize and reward good work
- Design opportunities for professional growth and development
- Encourage candid communication and feedback



SECTION 2

Burnout

When we say burnout, we're referring to a state of emotional, physical and mental exhaustion caused by chronic stress. It's essential to keep a watchful eye out for symptoms of burnout, such as fatigue, irritability, reduced productivity and diminished motivation.

We suggest addressing the issue with the following strategies:

- Advocate for employees to prioritize their mental health and self-care
- Encourage employees to take breaks
- Reduce individual workloads
- Provide stress management resources and support
- Offer adjustable work arrangements, like remote work and flexible hours
- Establish a company culture that promotes work-life balance and self-care



Ariel Katz, CTO of Sisense, described a tactic dubbed “No Zoom Wed” that helps prevent burnout across the company. Instead of Zoom calls, “Employees are encouraged to visit the office that day to spend quality time with their managers and peers.” Katz emphasizes how this strategy encourages “rich social connections and collaboration, which is energizing.”

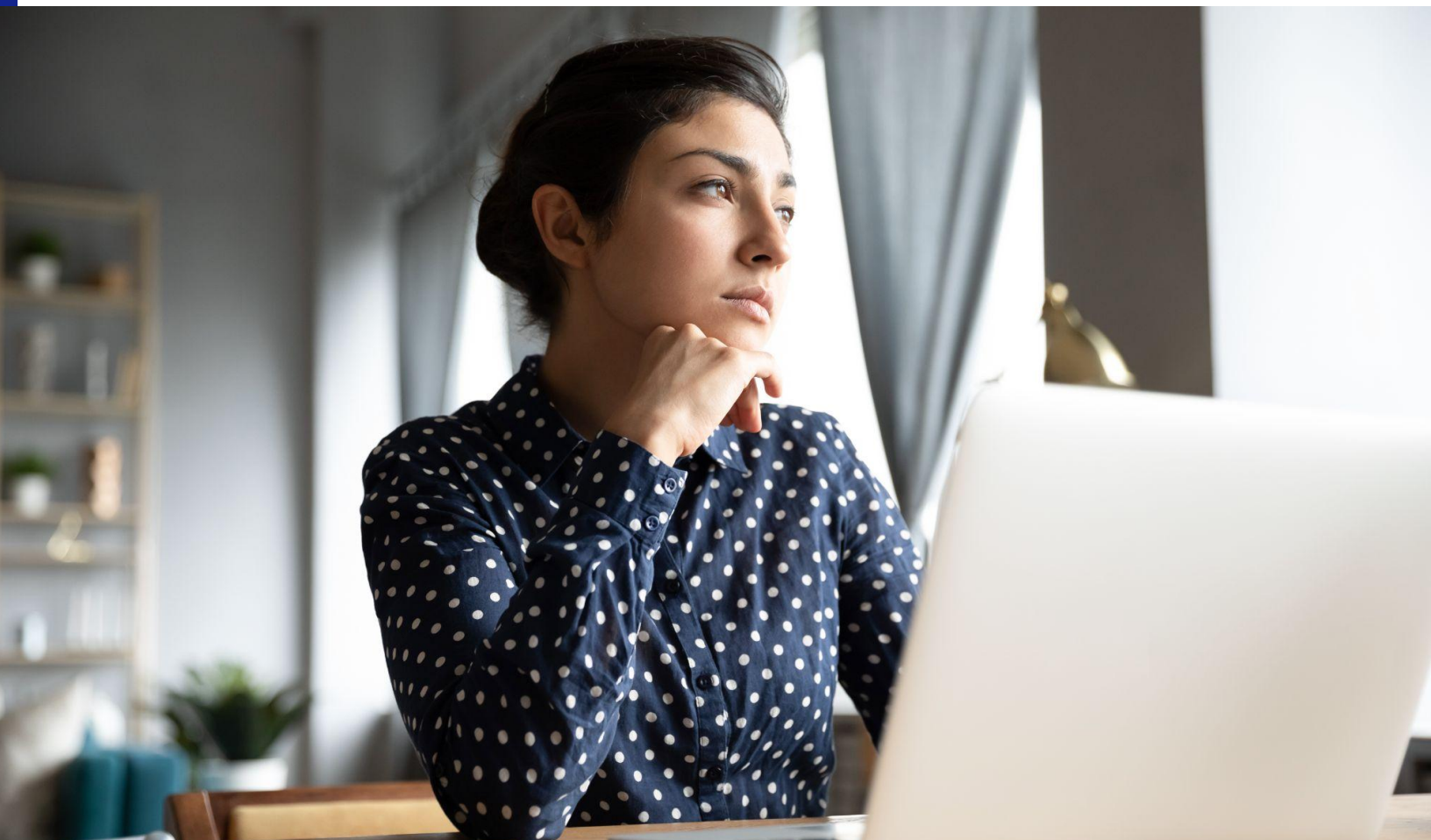
SECTION 2

Job Dissatisfaction

When employees feel unhappy with their jobs, they're more likely to express negativity towards their work, colleagues and the company. They may even seek out other job opportunities.

We suggest addressing the issue with the following strategies:

- Solicit employee feedback and suggestions for workplace improvements
- Recognize and reward employees producing high-quality work
- Promptly address concerns and complaints in a transparent manner
- Create opportunities for career growth and development, such as promotions and new responsibilities



SECTION 2

Low Morale

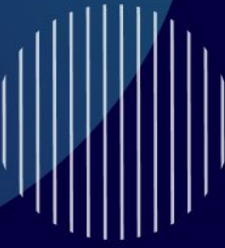
It can be challenging to pin low morale on any one company aspect since it can be caused by a variety of different factors as well as by multiple factors in combination. For instance, poor leadership, lack of support or a negative work environment can all contribute to low morale. In turn, low morale can lead to lower productivity and engagement levels—and, of course, employee turnover.

We suggest addressing the issue with the following strategies:

- Identify the root causes of low morale and directly address them
- Provide opportunities for coworkers to spend time together
- Create opportunities for employees to connect with the company's mission
- Recognize and reward good work
- Create a positive work environment that values employee well-being and engagement



CTO of Sisense Ariel Katz suggests boosting morale with outdoor volunteer events. She goes on to say, "Helping others in need is a great way to get positive energy as well as a fresh perspective about what's important. It's also a great way to strengthen and motivate teams."



SECTION 3

Strategies to Prevent Turnover.

While it's important to act fast when signs of turnover arise, there are steps a company can take to combat turnover from occurring in the first place. This next section details where a company should invest their time and resources to mitigate turnover from happening.

SECTION 3

Focus on What Employees Want

In order to prevent turnover and retain your employees, you need to provide them with what they want and need. We recently partnered with Brandata to survey 1,089 employed professionals to collect data and gain insight into factors that affect employee retention. This is what we found:

- 50 percent of employees would stay at a job with a good work-life balance.
- 45 percent of employees would stay at a job offering better perks and benefits.
- Almost 60 percent of employees identified current compensation as the driving force of a decision to find a new job.

Consequently, it's absolutely essential to offer employees competitive compensation, support for a healthy work-life balance and valuable employment perks and benefits.

The bottom line is that if you're not providing a supportive work environment for existing employees, they'll find a different place to work. And if your business had to undergo layoffs, you must make a conscious effort not to overload the remaining employees with work.

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We are experiencing a shift of the tectonic plates in employment after the pandemic. Workers are thinking very differently about what they want their everyday work experience to look like as well as their work/life balance. Because there are so many options for income generation that weren't available even five years ago, employers need to worry about how they are structuring their jobs and work environments to attract and maintain the best talent.”



Michelle Rhee
Co-Founder
BuildWithin

SECTION 3

Invest in Effective Onboarding

Starting a new job can be overwhelming. And if new employees don't receive the proper guidance, support and information during the onboarding process, they're less likely to feel integrated in the company.

Elissa Tucker, Principal Research Lead in Human Capital Management for APQC, shares, "In the first 90 days, it's critical to provide an opportunity for a new person to do something interesting and make a meaningful contribution. If the extent of their onboarding is training and busy work, it's very disengaging. It doesn't have to be huge. But people do need to see they're going to be able to make a difference. If you neglect this, you can lose them in the first year — or even in the first 90 days. It's HR's responsibility to lay out that expectation, and the manager is responsible for executing."

Hence the criticality of effective onboarding. Furthermore, it's important for new employees to feel grounded and sure of themselves within the company. Providing a team charter and a quick start guide is a great way to make new employees feel welcome, valued and confident. Read more about effective onboarding tactics [here](#).

SECTION 3

Prioritize Professional Development

Prioritizing professional development is a strong strategy that can help your business retain employees and prevent turnover. Businesses that prioritize employee development send a message to workers that they are committed to helping them grow and further their careers. This investment can increase job satisfaction and make employees more likely to stick around.

Michelle Rhee of BuildWithin elaborates, "Data from various sources show that the best apprenticeship programs have a 5-year retention rate of 95 percent. This is because apprentices are grateful that their employers believed in them enough to invest in their professional development, so they are incredibly loyal. If you compare these retention rates to what the tech industry typically sees (12-18 month tenures are not uncommon) and how much companies are spending on the recruitment, selection and training of new workers, it's clear that apprenticeship programs can play a large part in an employer's overall talent strategy."

When employees can see a clear path to develop their skills and take on more challenging work, they're likely to feel a sense of accomplishment and have a positive attitude towards their work and colleagues.

SECTION 3

Conduct Stay Interviews

As a quick refresher, a stay interview refers to “a conversation with a high-performing employee with the goal of discovering what they like about their role, and what they would like to change.”

Accordingly, conducting stay interviews represents a valuable avenue to employee retention. By being proactive about employee satisfaction, wellness and work-life balance, you can prevent employee turnover.

Ariel Katz, CTO of Sisense, declares, “Overall, stay interviews can be an effective tool for promoting employee engagement and retention, but it's important to approach them in the right way. By focusing on open communication, feedback and positive reinforcement, managers can create a supportive and engaged work environment that promotes employee success and well-being.”

We suggest prioritizing two-way communication in a comfortable meeting location to conduct successful stay interviews that will help your business retain employees.

SECTION 3

Conclusion

No matter what the current market conditions are, employee turnover is something employers will always have to actively manage and prevent.

As a result, it's essential to recognize the signs of rising voluntary turnover, be equipped with preventative strategies and be ready to take mitigative action. Preventing employee turnover not only keeps company workforces happy but it also allows leaders and teams to focus on important activities that will grow and further the business.

Michelle Rhee of BuildWithin encourages us all to keep in mind that “Employees don’t expect their workplace to be perfect. They just want to feel like their concerns are being heard and that there’s an attempt to address it. Team members want to know someone cares about them personally and not just the company’s bottom line.”

After finishing this guide, we want you to feel empowered to effectively reduce turnover and retain top talent. Remember what Rhee of BuildWithin says: “The most successful companies know that their profitability is intimately tied to the quality of their staff so if the staff is satisfied and fulfilled, they will be more productive and profitable as an organization.”



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