Reduction of Turnover in Company Z

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ABSTRACT

Company turnover is a problem that affects profits for most companies around the US. The main causes of this problem are the lack of employee recognition, poor onboarding experience and employees not being compensated enough for their efforts. Surveys were administered to an insurance company's employees for them to provide feedback and data to then be analyzed to make improvements. It was found that by upgrading recognition packages, frequently studying the market to ensure competitive pay/benefits are being offered, and by tailoring the onboarding process to promote employee connectivity and strong culture, employees feel valued and recognized, and therefore less likely to leave the company.

$$\text{Monthly turnover \%} = \frac{\text{Employees who left during a period}}{\text{Average number of employees during the same period}} \times 100$$

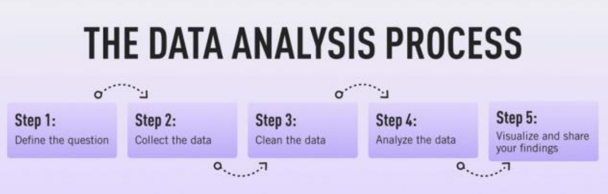
INTRODUCTION

One of the most critical situations employers face is finding employees that will remain with the company for their whole careers. Having a high turnover rate could impact both culture and profits for companies. Most exiting employees say their manager or organization could have done something to prevent them from leaving their job. In actuality, most of these workers opt to quit on their own, and not as a result of compensation or any other financial implications. In most cases, it's other factors like career development, recognition, and overall job satisfaction.

Company Z (real name is kept for confidentiality) was a reputable insurance company in the US. One of their biggest problems was they were losing a large number of their employees within their first six months of tenure. Turnover was one of the key factors impeding the company's ability to raise profits, therefore this was a significant matter that needed to be addressed immediately. The company's initial aim was to design a strategy in efforts to reduce company turnover.

The business analysis department decided to implement a waterfall methodology since the plan was to approach the project step by step. Each step would be conducted individually with data being analyzed and researched extensively to find impactful solutions to be developed and applied in the upcoming steps. In this case, there was not any repetitive process and instead the focus for the company was to find out what was making employees leave the company to then make changes accordingly. For example, the first few weeks would be dedicated to project planning and preparation. The data analysis section follows, where research is done, and solutions are identified. Once all viable solutions have been presented, the final step is to select the best option to monitor and track in order to communicate results and improvements.

One of the major advantages of the project is that data was collected from employees, enabling managers to identify their strengths and opportunities. In addition, the company will be able to evaluate whether any changes in culture or inclusion are required. The goal of this project is to improve employee turnover to increase company profits.



LITERATURE REVIEW

Finding employees who will stay with the same organization throughout their careers is one of the most challenging issues employers face today [1]. Performance and profits may be impacted by having a high turnover rate. The cost of replacing a full-time employee might be double that person's annual salary [2]. The majority of employees who leave their jobs willingly think that their management or company should have taken some action to keep them around [2]. In reality, the majority of these employees decide to leave on their own volition and not as a result of pay or any other financial factors. Other variables including career advancement, personal development, and overall job satisfaction are generally involved.[2]

A group of researchers had interviewed 186 employees who had just resigned to identify the weaknesses of the company [3]. Most employees mentioned career opportunities, poor management, stress and work/life balance as the top reasons for leaving [3]. This discovery helped researchers find valuable feedback to help companies find areas of improvement to progress and grow [3]. A similar approach was suggested for this project by the business analysis department.

Job satisfaction is also a well-studied and researched topic in human resources management and organizational behavior. This is affected by a number of factors such as compensation, rewards, benefits and recognition. Of course, all employees primarily work to obtain a salary which is the most common financial incentive. Usually the better the employee is compensated, the more motivated they will be to fulfill their task and reach or exceed goals. However, studies have shown that non-monetary incentives can also increase the performance of employees within an organization. They can motivate individual workers to improve their performance in both the short-run and long-run. It can also help reduce the turnover rate in an organization since it increases employee job satisfaction [4]. The model presented in Figure 1 illustrates the association between rewards and job satisfaction.

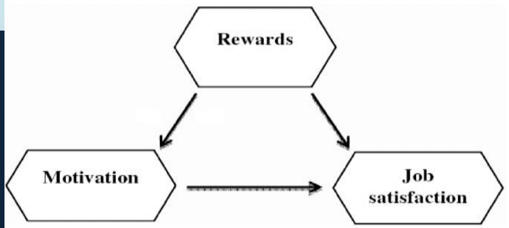


Figure 1
Rewards and job satisfaction relation

METHODOLOGY

In efforts to improve company turnover, a small plan was developed under the waterfall methodology. Meetings with stakeholders were completed and goals were communicated. Also, teams were assigned based on capabilities and aptitudes needed to fulfill project. The survey questions were programmed and designed. The purpose of the survey was to allow employees to communicate their needs, allowing managers to know which needs they should work harder to meet. Rather than simply having employees complete the survey and move on, the company wanted it to feel like a healthy conversation between managers and employees for the benefit of the company and its employees. With that goal in mind, survey links were sent out to employees.

All questions in the survey were targeted and closed-ended questions to generate quantitative data. For example, employees were asked to rate how they think the company faired in recognition, work-life balance, diversity and inclusion, career development, communications, scheduling, onboarding and compensation. Essentially the importance of this approach was to identify areas of strengths and weaknesses. This way the company would know which areas they do well in and which areas they fall short in. By identifying strengths and weaknesses the company could gain a better understanding of what was working and what needed to change. With data being quantified the company could easily find trends and compare results in efforts to find viable solutions to lower turnover and ultimately increase efficiency and profits.

Survey results came back initially low, but the deadline was extended, and engagement increased to approximately a 71% completion rate. The raw data was analyzed and manipulated extensively which lead to some new findings. The point scale for the survey was from one to five. With one being strongly disagree and five being strongly agree. Based on employee feedback, Figure 2 illustrates the areas where the company comes up short the most.

Figure 2
Company Areas in Need of Improvement

Recognition received the lowest score with 4.37. Which translates to employees not feeling appreciated within the company. This creates a lack of engagement, which could lead to burnout, forcing the employee to search for a new job where they receive better treatment. Creating a strong culture were employees recognize each other's efforts could lead to boosting team morale and ultimately providing an environment where employees feel valued. Employee feedback indicates that employees are not receiving the best onboarding experience. This is another area where the company could take action and implement changes. Employees require support in order to succeed in their endeavors. This involves adequate training and access to tools and resources that will make their jobs easier. Finally, the last key point of emphasis is compensation. Employees don't think they are receiving enough compensation. Paying employees as much as or more than competitors is one way to keep the top talent and reduce turnover. Furthermore, it is not always about pay; improving other benefits such as medical, dental, 401k, and life insurance may lead to employees feeling properly incentivized and thus more motivated.

RESULTS

Final decisions were made, including improvements to onboarding, compensation, and rewards and recognition. To recognize employees, the company opted to start providing a reward. The reward was paid out monthly, with the top three achievers receiving between $100 and $500 for their efforts. In addition, the onboarding process was switched from virtual to in-person to strengthen relationships and improve the learning experience. Finally, the salary scale was altered and updated to properly reward employees and provide competitive pay/benefits in comparison to other organizations. These changes were implemented, and the business reported an increase in employee retention, with the turnover ratio decreasing from 32% to 19%, as shown in Table 1.

Table 1
Year to Date Turnover Rate

2022	Turnover Rate
Jan	17%
Feb	21%
Mar	23%
Apr	27%
May	27%
Jun	32%
Jul	26%
Aug	19%

CONCLUSION

Companies should start realizing the importance of retaining employees and how it affects productivity. Turnover is mostly associated with lack of overall satisfaction which could ultimately lead to poor employee engagement. Having an inclusive environment and a workplace where employees feel valued has a big influence on the likeliness of them staying or leaving. Therefore, companies should strive to promote an organization that supports and develops their employees to keep them happy and motivated while simultaneously decreasing turnover and improving company profits.

References

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