Looking for Greener Pastures:
What Workplace Factors Drive Attrition?

Ben Zweig
CEO, Revelio Labs

Daniel Zhao
Senior Economist / Lead Data Scientist, Glassdoor
Contents

03  KEY FINDINGS

04  I. INTRODUCTION

06  II. Data and Methodology

09  III. What are the Drivers of Attrition?

13  IV. What Do We Know about Career Transitions?

20  V. Lessons for Employers, Employees and Investors

23  VI. CONCLUSION
Key Findings

• Attrition, the loss of employees to turnover, retirement or layoffs, is a critical challenge for workforce management. Our research uses a unique dataset, combining 141 million employee transitions from Revelio Labs and 5.9 million reviews from Glassdoor to offer a powerful window into employee behavior across 124,000 employers in the United States.

• Employee perception of six-month-ahead Business Outlook is the strongest driver of attrition. Ratings for growth-based workplace factors like Compensation & Benefits and Career Opportunities are also important.

• Even though experience-based workplace factors like Culture & Values ratings and Work-Life Balance ratings are important determinants of overall employee satisfaction, they are weaker predictors of attrition. This is likely because while they determine the day-to-day employee experience, more durable factors like compensation or career growth often drive employees to make the leap to a new job.

• Attrition for different groups of employees are driven by different factors. For example, Work-Life Balance is a stronger predictor of attrition for women than men. And Compensation & Benefits is particularly important for Gen Z and millennial workers who are currently in the period of their careers where they’ll experience the fastest pay growth.

• For transitioning employees, we find a surprising persistence in satisfaction across their source and destination companies. While there is strong regression to the mean, employees tend to end up in companies with more similar values to their previous companies.

• We find evidence that this persistence may be because (1) competing employers have similar talent practices, (2) employees at lower-rated companies have less market power, and (3) employees tend to match to employers that focus on workplace factors they value.
I. Introduction

Attrition, the loss of employees to turnover, retirement or layoffs, is one of the most important challenges employers face in managing a workforce. Excessive attrition can hurt business performance by impinging on productivity, morale and institutional knowledge. This challenge is especially timely—the rate of workers quitting has steadily increased since the end of the Great Recession and the massive disruption caused by the Covid-19 pandemic makes retaining talent even more important. As such, predicting attrition is a critical task for every organization. In this study, we bring a new and unique dataset to bear on the question of what drives attrition.
Understanding employment dynamics is enormously consequential to employee well being and firm performance. Yet data and transparency in this domain has historically been in short supply. For the first time, Revelio Labs and Glassdoor—two leaders in the area of workforce data—are partnering to advance our common understanding of how labor markets function.

By combining hundreds of millions of employee profiles and millions of employee reviews across 124,000 companies, rich data from Revelio Labs and Glassdoor together offers a unique window into companies and employees.

The remainder of this study is organized as follows. In Section II, we discuss our dataset and methodology in more detail. In Section III, we analyze the drivers of employee attrition and explore how these drivers differ across different employees. In Section IV, we explore career transitions and uncover patterns in how and why employees choose new companies. Finally, in Sections V and VI, we conclude by offering lessons for companies striving to develop healthy workforces, employees hoping to find companies they will love, and investors aiming to identify strong companies.
II. Data and Methodology

Our Data
This study uses data from Revelio Labs and Glassdoor, two leading providers of workforce intelligence:

- **Revelio Labs** compiles, enriches, and de-biases data from the public web to create the world’s first universal HR database. Sources include resumes and online professional profiles, job listings, public administrative filings, and firmographic information.

- **Glassdoor** is one of the world’s largest sites for career insights and jobs. Glassdoor’s platform allows employees to share salaries and review and rate their employers across several workplace factors.

In this study, we combine the two datasets at the company- and year-level. The combined dataset contains information about employee counts, inflows, outflows and ratings for nearly 124,000 companies between 2012 and 2020, segmented by employee characteristics such as occupation, seniority, gender, ethnicity and geography. In addition to covering almost 124,000 employers, the dataset features 5.9 million reviews and 141 million employee transitions.
Our Approach
To analyze what drives attrition, we began with a dataset of Glassdoor ratings. Glassdoor’s ratings are scored on a Likert scale. The workplace factors used in this research include nine categories: Overall Rating, Career Opportunities, Compensation & Benefits, Senior Leadership, Work-Life Balance, Culture & Values, Recommend to a Friend, Business Outlook, and CEO Rating. The employee survey is available on the Glassdoor website to all users.

Overall Rating, Career Opportunities, Compensation & Benefits, Senior Leadership, Work-Life Balance, and Culture & Values are scored on a 1-to-5 scale, with 5 indicating most satisfied and 1 indicating least satisfied. Business Outlook and CEO rating are scored from -1 to 1, where -1 indicates negative Business Outlook over the next 6 months or disapproval of the CEO and 1 indicates positive outlook or approval. Recommend to a Friend is on a 0-to-1 scale where 1 indicates the reviewer would recommend their company and 0 indicates that they would not.

Revelio Labs’ data captures the annualized attrition and hiring rates for each company-year combination. The attrition rate, derived by Revelio Labs, is treated as the dependent variable in our analysis, which we predict from individual ratings.

For each of the nine workplace factor ratings, we estimate a separate regression of the form shown below:

\[
\ln(\text{AttritionRate})_{c,i,y} = \beta_0 + \beta_1 \text{Rating}_{c,i} + \beta_2 \ln(\text{HiringRate})_{c,y} + \delta \text{Year}_y + \varepsilon_{c,i,y}
\]

Subscript \(c\) identifies the company, subscript \(i\) identifies individual reviews and subscript \(y\) identifies the year. Observations are at the individual level, but attrition and hiring rates differ only between company-years. To avoid overconfidence, we cluster standard errors at the company level. In order to separate the effects of ratings from business performance and macroeconomic trends, we control for hiring rate and add a dummy variable for year, the effects of which are captured in \(\beta_2\) and \(\delta\).
In Section III, we explore how these effects vary by employee demographics like gender, age or education. We do so by constructing models that allow the influence of each rating on attrition to vary by employee subgroup. For each of the combinations between the nine ratings and three subgroups, we estimate a separate regression of the form:

$$\ln(\text{AttritionRate})_{icy} = \beta_0 + \beta_1 \text{Rating}_i + \beta_2 \ln(\text{HiringRate})_{icy} + \gamma Year_{icy} + \lambda (\text{Rating} \cdot \text{Subgroup})_i + \epsilon_{icy}$$

This estimating equation is the same as the prior equation, but with an additional $\lambda$ term and Subgroup dummy variable to capture the difference between the influence of each rating on attrition between subgroups.

In Section IV, to analyze the nature of career transitions, we begin with the Revelio Labs dataset of 141 million individual job changes from one company to another. For each job transition, we merge in the Glassdoor ratings of the source company and the destination company and group the ratings into bins by rounding to the nearest tenth. Together, this gives us the distribution of destination company ratings, dependent on source company ratings. From this distribution, we can compute the average rating of companies to which employees go based on the rating of the company from which they transitioned.

With this data and methodology, we are able to build a deeper understanding of what drives attrition and what that means for employees’ job transitions. In the next section, we begin discussing our findings by analyzing what are the drivers of attrition and how do they vary for different groups of employees?
III. What Drives Attrition?

In this section, we highlight which workplace factors are the strongest predictors of employee attrition. First, we find that Glassdoor workplace factor ratings are negatively related with attrition—the better the rating, the lower the attrition. This negative effect is statistically significant for all workplace factors. This confirms the intuitive finding that employee dissatisfaction is an important driver of attrition.
Figure 1 shows that the largest driver of attrition—by a significant margin—is six-month Business Outlook. A thriving company has a much easier time retaining employees. Growing companies can offer an expanding set of opportunities, both in terms of new roles or learning opportunities. Similarly, working in an expanding industry can offer attractive opportunities for career growth and development, whereas working at a satisfactory company in a shrinking industry may risk long-term job security.

Additionally, growth-based workplace factors like Compensation & Benefits and Career Opportunities are more important drivers of attrition and retention than experience-based factors like Culture & Values and Work-Life Balance. This highlights that the factors that drive attrition are not necessarily the same factors that drive day-to-day job satisfaction.

While other Glassdoor research finds that the most important workplace factor for employee satisfaction is Culture & Values and Compensation & Benefits ranks at the bottom, this is the opposite of what we find for what drives attrition. This reversal may be because leaving a company is often a larger decision than simply assessing one’s day-to-day experience in the workplace. Compensation, for example, is an extremely important factor in comparing two job offers, but likely doesn’t have a large impact on day-to-day job satisfaction, which is more likely to be driven by Culture & Values.

Interestingly, Work-Life Balance is a less prominent driver of attrition. One possible explanation is that job seekers tend to self-select into workplaces that match their Work-Life Balance preferences. And, while it may be difficult to observe certain factors like Senior Leadership from the outside, Work-Life Balance may be easier to observe from afar as many employers advertise and communicate their expectations of employees during the hiring process.
How do Attrition Drivers Vary for Different Employees?
What drives attrition may be different for different employees. Below, we show the attrition drivers for different groups of employees with results reported by gender, generation and education.

When we analyze the drivers for attrition by gender, we find a similar ordering of factors between women and men. But, across most workplace factors, women seem to be less sensitive to company ratings than men. The two exceptions are for Compensation & Benefits, where the difference is smaller, and Work-Life Balance, which generally is a more important driver of attrition for women than men. This reversal may be because women traditionally bear greater demands for childcare and other family responsibilities.

When comparing workers by level of education attained, we find that workers with a bachelor’s or graduate degree are similarly sensitive to different workplace factors. However, workers with only a high school diploma or associate’s degree are significantly less sensitive to workplace factors. One reason for this may be that workers with less formal education have less market power. A worker with less formal education may have less ability to move to a new job that is a better cultural fit for them or, at the very least, have less power to negotiate better workplace conditions.

Conversely, the gap between workers with less and more formal education seems widest for workplace factors like Business Outlook, CEO Approval and Senior Leadership. This is likely because workers with more formal education are often higher in the corporate hierarchy than others, and thus may be more exposed to the benefits and costs of these factors.
By generation, there are also large differences in which workplace factors most drive attrition between workers across generations. In general, Gen Z workers are less sensitive to ratings. This could be due to Gen Z workers being fairly new to the workplace and thus having less market power. Notably, Compensation & Benefits and Career Opportunities are the most important drivers for Gen Z workers, who are likely at the start of their careers and have the most to gain from accelerating their career and salary growth.

For millennials, Compensation & Benefits and Work-Life Balance are more important than for other generations—likely highlighting that millennials are at an age when many are experiencing large career and salary growth and/or are taking care of children.

Overall, while it’s clear there are differences across different employee groups, it is also clear that performance-based and growth-based workplace factors tend to be more important than experience-based factors in explaining attrition. In the next section, we explore the labor market dynamics of transitioning workers.
In the section above, we explored the workplace factors driving attrition. Next, we ask whether the factors most driving workers’ decision to leave their company also inform where they choose to go.

Prior intuition might suggest that people who are dissatisfied with a certain facet of their company might choose a new company that is especially strong in that area. For example, people who work at a company that is weak in Work-Life Balance may compensate by going to a company that offers better Work-Life Balance. Our results, however, show a surprising persistence in employee ratings across companies, where transitioning employees end up at companies that are relatively worse or better in the same ratings as their previous employers.
Average Workplace Factor Ratings for Source and Destination Company

Figure 5: Employee Workplace Satisfaction Persists Across Jobs
In Figure 5, we show the rating of a transitioning employee's source company on the x-axis and the average rating of their destination company on the y-axis. We find that people who leave companies with deficiencies in a particular area tend to end up at companies that are also relatively weak in that rating; similarly, people who start off at companies that are strong in a particular area likewise end up in companies that are also strong in that area. This upward-sloping pattern persists across all Glassdoor rating categories, and suggests a surprising persistence where employees tend to transition to companies with similar workplace culture.

On the other hand, two dynamics mitigate this trend. First, there is strong regression to the mean at the extremes where the effect weakens. Figure 5 shows that between 1 to 2.5 and 4 to 5, the positive slope flattens out. This means, for example, that workers leaving companies rated 4 or 4.5 on Culture & Values both end up at companies rated 3.5 on average. This may be because there aren’t many companies that are rated in these extremes, so it’s difficult for job seekers to find another company with a similar rating.

Second, there is also strong regression to the mean, even in the middle of the distribution. For example, a worker leaving a company with an overall rating of 2 out of 5 stars ends up, on average, at a company with 3.3 stars, a significant improvement. By contrast, a worker leaving a company with an overall rating of 4 out of 5 stars ends up, on average, at a company rated 3.6 stars. This 0.3 star difference post-transition is significant, but much smaller than the pre-transition 2 star difference.

Ultimately, however, all these workplace factors exhibit a clear upward sloping relationship, indicating that workers move to new workplace cultures that are more similar to their previous ones.
Why Does Employee Experience Persist across Companies?

There are several reasons why employees' experiences of workplace culture may persist across companies. Below, we present three hypotheses that may explain this pattern.

H1. Companies in the same talent network share common employment practices.

It is possible that companies who compete over the same talent adopt practices that mirror each other. This effect could occur from employers copying employment practices from competitors. Alternatively, industry or market dynamics may pressure employers to focus on workplace culture to greater or lesser degrees. For example, employers in retail or food services may be more focused on containing labor costs rather than building workplace culture. Conversely, in tech, employers may be more focused on attracting talent and thus invest more in workplace culture.

H2. Employees with lower satisfaction tend to have less labor market power and therefore are unable to move to more desirable companies.

Job seekers with less market power may be stuck in lower-rated companies because they have less leverage to get a job at more desirable companies or to improve the culture in their own workplace. This phenomenon may even perpetuate itself, especially if weaker companies have worse training and development opportunities, creating a bad-company trap.

H3. Employees who are less sensitive to certain ratings elect to work at lower-rated companies, while those who are more sensitive to them avoid those companies.

If true, this would imply that high-value companies tend to have employees with good exit options while low-value companies tend to have employees who lack good alternatives, an example of what economists call assortative pairing between companies and employees.

If employees have heterogeneous or varying preferences, the sensitivity of employees to a particular factor may be distributed unevenly across the population, just like a firm's investment toward a particular workplace factor may vary. These dual heterogeneities result in an efficient pairing between employees and firms that is captured in, what economists call, the hedonic theory of wages.

Imagine two types of firms and two types of employees: one firm has short working hours but unhealthy culture and the other has a healthy culture but long hours. Similarly, one type of employee cares mostly about culture but does not mind long hours, and vice versa. In a competitive market, those employees more sensitive to culture will gravitate to the companies with a better culture; conversely, those employees more sensitive to work hours will migrate to the companies with shorter hours but worse culture.
Exploring Our Hypotheses
In this section, we will briefly examine the evidence in our data supporting these hypotheses.

To understand whether companies in the same talent network share similar employment practices, we can separately examine job switches that happen within the same industry and across different industries.

If the hypothesis is true, we would expect to see a stronger persistence of ratings in source and destination companies within the same industry, where talent networks are likely to be more similar, compared to networks between industries. Figure 6 shows that this trend is broadly true with a steeper upward slope for transitions within industry than between industries.
Average Workplace Factor Ratings for Source and Destination Company Between/Within Industries

Figure 6: Persistence of Employee Satisfaction Across Jobs is Stronger Within Industry
Although it is clear that companies within the same industries do share common traits, a consistent pattern between source company ratings and destination company ratings remains between industries. This suggests that this hypothesis provides only a partial explanation.

To disentangle the second and third hypotheses, we take a look at the persistence between specific workplace factor ratings and the overall rating. If the second hypothesis, that employees at lower-rated companies have less market power, is a driving factor, we would expect to see a strong relationship between each workplace factor rating in the source company and the overall rating in the destination company. By contrast, if the third hypothesis, that employees pair with companies that match their preferences, is more dominant, we would expect the relationship between each workplace factor rating in the source company to be more correlated with that same rating in the destination than with the overall rating.

We find evidence for both hypotheses. Figure 7 shows the strength of the correlation between the individual workplace factor ratings at the source company and the same rating at the destination company, as well as between individual ratings at the source company and the overall rating at the destination company.

Work-life balance appears to be highly driven by individual preference, as indicated by the difference in the correlation strengths. While Work-Life Balance is highly correlated between source and destination companies (the strongest correlation among the workplace factors), it has the lowest correlation of any workplace factor rating to the overall rating. This suggests that employees specifically seek out companies that match their Work-Life Balance expectations.

For the other workplace factors, there is no large difference between their correlation with their equivalent rating and the overall rating at the destination company. This suggests that persistence in rating is more driven by broad assortative pairing of companies and employees, rather than a more specific factor-by-factor pairing.

Figure 7: Most Workplace Factors at Source Company Have Similar Correlation to Equivalent and Overall Ratings at Destination Company
V.

Lessons for Employers, Employees and Investors
Lessons for Employers

- Business outlook and CEO approval are very important, especially for senior employees. Growth-based workplace factors like Compensation & Benefits and Career Opportunities are more significant drivers of attrition than experience-based factors like Culture & Values and Work-Life Balance.

- The factors determining workplace satisfaction for employees may not be the main drivers of attrition. For example, Compensation & Benefits is a prominent driver of attrition, even though it is a weaker driver of day-to-day job satisfaction. This emphasizes that employers cannot be complacent in believing that good culture alone will stop attrition, nor that generous compensation alone creates good culture.

- Companies compensate their employees, not just through pay and benefits, but also through the employee experience. These “payments” have the largest benefits for employees that are specifically drawn to them, suggesting that focusing on a particular area of cultural strength will attract different workers than focusing on a different area or being well-rounded.

- Reputation is an asset that can be invested in and mined. Assortative pairing means that having high quality workplace culture can boost your prospects of attracting more high quality job seekers.

- Work-life balance is important to explain up front in the recruiting process. Job seekers who care (or don't care) about Work-Life Balance tend to be selective on deciding when to enter a job.
Lessons for Employees

- The factors determining day-to-day job satisfaction may be very different from the factors that drive the decision of whether or not to take a new job. Understanding the difference can help you better identify what factors are most important to you as you decide whether to stay at a job or take a better offer.

- The grass is sometimes greener. Workers deeply dissatisfied with their employer may benefit from taking a risk and moving to a new opportunity simply because their new employer will likely be closer to the average workplace due to regression to the mean (almost any company will be better than a 1-star company). By contrast, though, it may be difficult to leave a very highly-rated employer and find another one as desirable.

- Understanding the overall business and cultural health of your employer can help you predict how your peers will react. If your peers grow dissatisfied with different aspects of your employer, that can predict whether or not they will leave.

Lessons for Investors

- Attrition is an important indicator of company health due to the enormous costs it can impose on productivity, culture and performance. Employee satisfaction can offer a unique window into the health of a company’s workforce moving forward.

- Attrition may provide evidence for the deeper health of the organization given the underlying factors that are the most important predictors of attrition.

- Senior leadership, including the CEO, matters for retaining talent, especially at higher levels of the organization.
VI. Conclusion

In this study, we show that performance-based workplace factors like Business Outlook and growth-based factors like Compensation & Benefits and Career Opportunities are important predictors of attrition. This contrasts with experience-based workplace factors like Culture & Values and Work-Life Balance, which are weaker predictors of attrition.

We also note that employees’ experience of workplace culture persists across employers and explore several potential explanations for this trend. We find evidence that suggests employee experience may persist across companies because employers in similar talent networks tend to have similar practices, employees at lower-rated companies have less market power, and/or employees and employers tend to match assortatively based on the workplace factors they focus on.

This study, based on data from Revelio Labs and Glassdoor, uses an expansive dataset of 5.9 million employee reviews and 141 million employee transitions covering almost 124,000 employers. This demonstrates the value that rich external data can have in providing a broad and unique window into the inner workings of companies and understanding the determinants of employee behavior.
About Revelio Labs

Revelio Labs provides workforce intelligence. We absorb and standardize hundreds of millions of public employment records to create the world’s first universal HR database, allowing us to see current workforce composition and trends of any company. Our customers include investors, corporate strategists, HR teams, and governments.

WEB
https://www.reveliolabs.com/

About Glassdoor

Glassdoor combines all the latest jobs with millions of reviews and insights to make it easy for people to find a job that is uniquely right for them. The company is on a mission to help people everywhere find a job and company they love. In pursuit of this mission, Glassdoor helps employers hire truly informed candidates at scale through effective recruiting solutions like job advertising and employer branding products. Launched in 2008, Glassdoor now has reviews and insights for more than one million companies around the world. For more information, visit glassdoor.com.

HEADQUARTERS
100 Shoreline Hwy
Mill Valley, CA 94941

WEB
glassdoor.com/research