M E R C E R  W E B C A S T  S E R I E S

T A C K L I N G  T R E N D S  I N  T U R N O V E R

JUNE 23, 2016

Patrick Gutmann
Principal

Frankfurt, Germany
WELCOME TODAY’S PRESENTER

Patrick Gutmann
Sector Leader Europe
patrick.gutmann@mercer.com

Questions
To submit a question, use the floating panel on the top of your screen and click the Q&A button:

CLICK HERE TO ASK A QUESTION TO “ALL PANELISTS.”
TRENDS IN EMPLOYEE TURNOVER

What’s New

What Can We Do?

Q&A
THE MEASUREMENT CONTINUUM

WHAT IS HAPPENING?

Anecdotes
Reactive checks
Ongoing reports
Benchmarks
Correlations
Causation
Simulations & Forecasting

WHY AND WHERE IS IT HAPPENING?

Less Powerful
Measurement Continuum
More Powerful

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On-demand analytics and industry peer benchmarking for 20+ critical metrics including payroll cost, productivity, organizational leverage and turnover.

Enables instant virtual organization design to model payroll costs in 85+ countries around the world.

Global pay data with a database of nearly 3 million records for 250+ jobs.
Profile your organization against the competition

FULL ANALYTICAL CAPABILITY
YOU VS. YOUR MARKET
**Turnover Rates - “Empirically Based” Total Terms Divided by Average Population**

One of several employment “rate” calculations in Mercer | Comptryx

<table>
<thead>
<tr>
<th>P1 - Entry</th>
<th>P2 - Dvlpng</th>
<th>P3 - Proficient</th>
<th>P4 - Mastery</th>
<th>P5 - Expert</th>
<th>P6 - Advisory</th>
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**Churn Distribution**

| Retention Rate | 75.30% | 81.82% | 87.19% | 89.90% | 90.44% | 90.99% |
| New Hire Rate  | 32.13% | 21.54% | 13.36% | 10.82% | 9.78%  | 9.57%  |
| Turnover Rate (Total) | 20.78% | 16.89% | 13.52% | 10.34% | 10.34% | 9.16%  |
| Turnover Rate (Voluntary) | 14.88% | 11.30% | 8.58%  | 6.38%  | 6.50%  | 5.43%  |
| Churn Rate (NH + Tot Term) | 52.92% | 38.43% | 26.88% | 21.16% | 20.12% | 18.72% |

Average Population = (Beginning + Ending Headcount / 2)
**KEY LEARNINGS**

**TRENDS IN TURNOVER**

- **Keep Peeling Back the Onion**
- **Context Matters**
- **Don’t Forget Total Turnover**
KEEP PEELING BACK THE ONION
**VOLUNTARY TURNOVER BY FUNCTION**

**GLOBAL VS EUROPE**

**GLOBAL Voluntary Turnover**
- Global: 9.6%
- IT: 7.1%
- Legal: 7.6%
- R&D: 8.6%
- PS: 9.6%
- CS: 9.6%
- Marketing: 10.4%
- HR: 10.9%
- Sales: 12.6%
- Finance: 12.7%

**EUROPE Voluntary Turnover**
- Europe overall: 7.1%
- IT: 5.5%
- PS: 6.0%
- R&D: 6.4%
- Legal: 7.1%
- Marketing: 7.6%
- CS: 7.7%
- HR: 9.7%
- Sales: 9.9%
- Finance: 11.0%

**APAC: 13.5%**

**US: 8.1%**
TURNOVER (VOLUNTARY AND INVOLUNTARY) BY LOCATION

Western Europe

Eastern Europe

Turnover Rate in %

Turnover Rate (Voluntary)  Turnover Rate (Involuntary)
VOLUNTARY TURNOVER BY LEVEL
EUROPE NEW HIRE RATE VS TURNOVER BY LEVEL

Turnover Rate (Voluntary)

New Hire Rate

- **E - Exec**
  - Turnover Rate: 7.4%
  - New Hire Rate: 7.4%

- **M - Mgmt**
  - Turnover Rate: 4.7%
  - New Hire Rate: 7.5%

- **P - Prof. (All)**
  - Turnover Rate: 7.1%
  - New Hire Rate: 15.9%

- **S - Supp. (All)**
  - Turnover Rate: 9.6%
  - New Hire Rate: 21.2%
VOLUNTARY TURNOVER BY LEVEL
EUROPE: R&D AND SALES PROFESSIONALS

Sales
Voluntary Turnover

R&D
Voluntary Turnover
VOLUNTARY TURNOVER BY GENDER EUROPE

Overall

<table>
<thead>
<tr>
<th>Gender</th>
<th>Overall 7.7%</th>
<th>Female 7.7%</th>
<th>Male 6.5%</th>
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</thead>
</table>

Career Level Support

<table>
<thead>
<tr>
<th>Gender</th>
<th>Support 9.6%</th>
<th>Female 9.6%</th>
<th>Male 6.7%</th>
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</thead>
</table>

Sales Function

<table>
<thead>
<tr>
<th>Gender</th>
<th>Sales 9.9%</th>
<th>Female 9.9%</th>
<th>Male 8.9%</th>
</tr>
</thead>
</table>
CONTEXT MATTERS
VOLUNTARY TURNOVER AROUND THE WORLD
PROFESSIONAL LEVEL – TECH-FOCUSED INDUSTRY
WHAT FUNCTIONS ARE PRESENT AND MOST CRITICAL IN THE UK?

% of Headcount
Professionals UK by Function

The analysis indicates that in the UK the majority of the professional headcount is in the Services and the Sales & Marketing Function.
... and most of the Top Performers can be found in Services and R&D and Admin.
FINALLY WHAT FUNCTION IN THE UK SHOWS THE HIGHEST TURNOVER?

Whereas highest turnover can be found in Sales & Marketing.
DON’T FORGET TOTAL TURNOVER
TURN OVER BY LOCATION
VOLUNTARY AND TOTAL TURNOVER

VOLUNTARY TURNOVER

<table>
<thead>
<tr>
<th>Country</th>
<th>Turnover</th>
</tr>
</thead>
<tbody>
<tr>
<td>China</td>
<td>14.06%</td>
</tr>
<tr>
<td>Hong Kong</td>
<td>11.44%</td>
</tr>
<tr>
<td>South Korea</td>
<td>7.85%</td>
</tr>
<tr>
<td>Thailand</td>
<td>11.41%</td>
</tr>
<tr>
<td>India</td>
<td>15.81%</td>
</tr>
<tr>
<td>Japan</td>
<td>6.85%</td>
</tr>
<tr>
<td>Phillipines</td>
<td>13.17%</td>
</tr>
<tr>
<td>Singapore</td>
<td>13.82%</td>
</tr>
</tbody>
</table>

TOTAL TURNOVER

<table>
<thead>
<tr>
<th>Country</th>
<th>Turnover</th>
</tr>
</thead>
<tbody>
<tr>
<td>China</td>
<td>19.24%</td>
</tr>
<tr>
<td>Hong Kong</td>
<td>17.37%</td>
</tr>
<tr>
<td>South Korea</td>
<td>12.08%</td>
</tr>
<tr>
<td>Thailand</td>
<td>20.21%</td>
</tr>
<tr>
<td>India</td>
<td>18.07%</td>
</tr>
<tr>
<td>Japan</td>
<td>13.23%</td>
</tr>
<tr>
<td>Phillipines</td>
<td>20.32%</td>
</tr>
<tr>
<td>Singapore</td>
<td>19.66%</td>
</tr>
</tbody>
</table>
SUMMARY
TRENDS IN TURNOVER

KEEP PEELING BACK THE ONION

Start with the aggregate and drill down to the details through different lenses.

CONTEXT MATTERS

Contrast your turnover data with other factors.

DON’T FORGET TOTAL TURNOVER

Voluntary turnover is just part of the reason why people are leaving.
WHAT NEXT AND WHERE TO GO?

Thursday, 30th June
10 o’clock

Webcast: Understanding People Cost

Mercer | Comtryx Discussion Group
https://www.linkedin.com/groups/4315619

Mercer | Comtryx Website
comtryx.com
QUESTIONS?

Patrick Gutmann
Sector Leader Europe

QUESTIONS
Please type your questions in the Q&A section of the toolbar and we will do our best to answer as many questions as we have time for.

To submit a question while in full screen mode, use the Q&A button, on the floating panel, on the top of your screen.

FEEDBACK
Please take the time to fill out the feedback form at the end of this webcast so we can continue to improve. The feedback form will pop-up in a new window when the session ends.