

THE DEFINITIVE GUIDE TO Employee Retention in 2025



Is retention a priority at your organization this year? Then following employee satisfaction trends for your own employees and beyond is a must. And satisfaction was in flux all of last year, according to **BambooHR's Employee Happiness Index**.

Despite a promising bump in Q1 2024, employee happiness hit a new four-year low in May. But we're not the only ones tracking this downward trend. In July 2024, Gallup reported more than **half (51%) of US employees** were actively seeking a new job.

The impact of voluntary turnover is severe and far-reaching, and it's not just about losing out on productivity. It's about losing institutional knowledge, skill, and overall business momentum.

We recently surveyed 500 US-based HR pros about retention and turnover, and they cited the following as the most damaging effects of turnover for their companies:

- Loss of productivity and performance (47%)
- Lower morale among remaining employees (44%)
- Increased training needs (35%)
- Loss of key employee skills (28%)
- Loss of business knowledge (28%)
- Inadequate leadership pipeline (15%)
- Lower customer satisfaction (12%)
- Reduced profits (11%)

According to Gallup, employees harbor the lowest long-term commitment to their organizations since 2015, but there's hope, too: Gallup also determined that at least **42% of employee turnover is preventable**.

That number represents a tremendous opportunity for HR. Alarming, however, 10% of the HR admins we surveyed say their company doesn't actively track any retention-related metrics—and 6% say their company doesn't invest in retention at all.

We're here to change that. Read on to learn more about the trends to watch as you develop a retention strategy that can shield you from the organizational blows caused by preventable turnover.

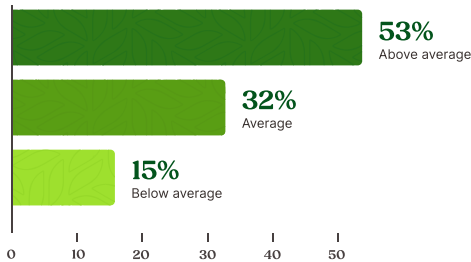
Editor's Note: Quotes have been lightly edited for clarity. Attribution includes title and location or industry and employee count.

Employee Retention Benchmarks: How Does Your Company Compare?

We asked our respondents to rate themselves on the following retention metrics. How does your company measure up?

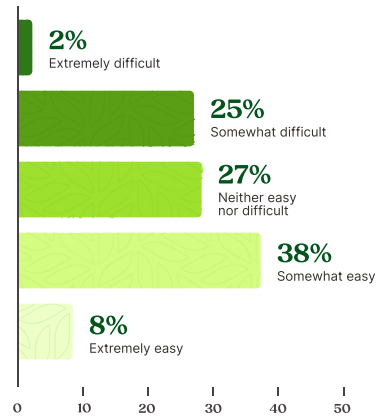
HOW WOULD YOU DESCRIBE YOUR ABILITY TO RETAIN EMPLOYEES?

“We haven't been the best in regards to retaining our top talent and we've seen some of our top talent leave the company.”
HR PROJECT MANAGER | US



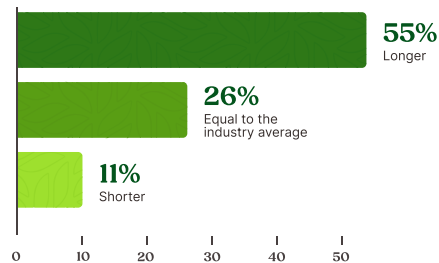
HOW WOULD YOU DESCRIBE YOUR ABILITY TO RETAIN TOP TALENT?

“A lot of people leave our company because they don't necessarily see what their next step is for the future of their career.”
HR GENERALIST | US



HOW LONG DO YOUR EMPLOYEES TEND TO STAY COMPARED TO INDUSTRY AVERAGES?

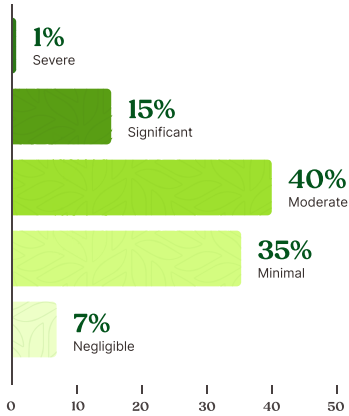
“One thing the company does well is it's always staying on top of salary changes. Each year there's a pay review. We always reward hard work.”
HR MANAGER | UK



IN THE PREVIOUS YEAR, WHAT WAS THE IMPACT OF VOLUNTARY RESIGNATIONS AT YOUR COMPANY?

“People quit to go to other companies that have a better approach to driving the company’s vision and core values.”

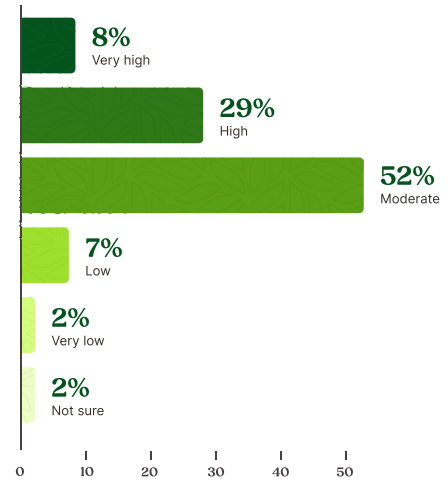
LEARNING AND DEVELOPMENT MANAGER | US



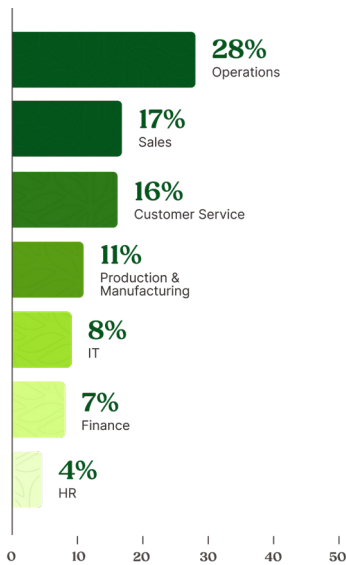
HOW WOULD YOU DESCRIBE CURRENT EMPLOYEE MORALE AT YOUR COMPANY?

“People are a little confused on where they stand. Others feel like their voice isn’t heard. They feel that since we’re not being transparent, they don’t trust us as a company.”

HR GENERALIST | US



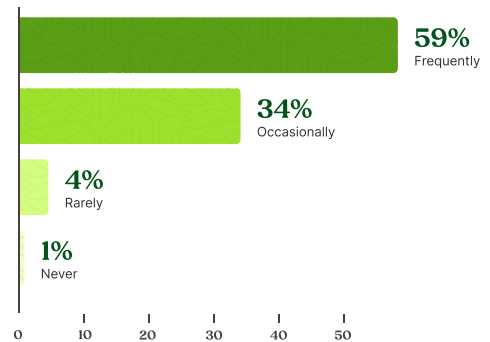
WHICH DEPARTMENTS CURRENTLY STRUGGLE WITH RETENTION CHALLENGES?



HOW FREQUENTLY DO YOU RECOGNIZE EMPLOYEES FOR THEIR CONTRIBUTIONS?

“People don’t really care about a pizza party once a month. That’s nice, but that can’t be the basis of your employee retention. You have to look for ways to be competitive, specifically financially—doing things like a gym reimbursement or a 401(k) match.”

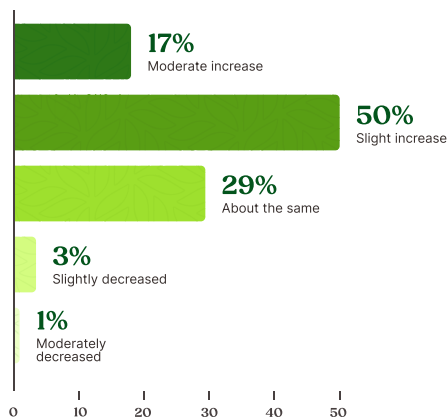
CHIEF OF STAFF | US



HOW HAS COMPENSATION CHANGED AT YOUR COMPANY OVER THE PREVIOUS YEAR?

“We are struggling a little bit when it comes to finances because of how expensive everything has been.”

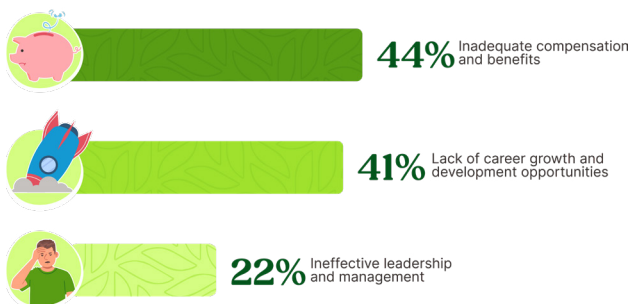
HR GENERALIST | US



Build Your Strategy Around These Top 4 Retention Trends

INADEQUATE COMPENSATION, LACK OF GROWTH OPPORTUNITIES, AND POOR LEADERSHIP DRIVE VOLUNTARY RESIGNATIONS

HR pros reported that the top three reasons employees voluntarily left their jobs in the previous year were:



Employees are most likely to leave you for the same reason they joined—in pursuit of financial stability. No surprises there, but the reality is that the need for a raise, a promotion, or a more profitable career path is especially acute for most employees today. It’s important to account for those financial incentives as you build your retention strategy (and **compensation plan!**).

“Salary is the biggest reason we’ve got employees leaving us. Employees don’t care about the benefits and perks so much. They care about the money that gets into their pocket.”

TALENT ACQUISITION SPECIALIST | AUSTRALIA

Two-thirds (66%) of Americans reported living **paycheck to paycheck in 2024**, with more women (72%) struggling to make ends meet than men (60%). Additionally, Millennials, who represent the increasing majority of the workforce, were the most likely of all the generations (73%) to say they were just getting by.

After compensation and development opportunities, the next most important retention consideration is ensuring your management team receives proper training and are effective people leaders.

“The company seems to be changing directions almost every month—new policies, new guidelines. People don’t have enough confidence in the senior leadership team to drive the company in the direction it needs to go.”

LEARNING AND DEVELOPMENT MANAGER | US

Just 15% of employees choose to leave a company due to company culture issues, such as:

- Poor work-life balance and flexibility (16%)
- Negative work environment and culture (12%)
- Insufficient resources and support (12%)

But each of these areas is directly affected by an employee's immediate supervisor. Prioritizing leadership development at your company can go a long way in addressing satisfaction issues attributed to "culture," as well as more specific **issues with management**.

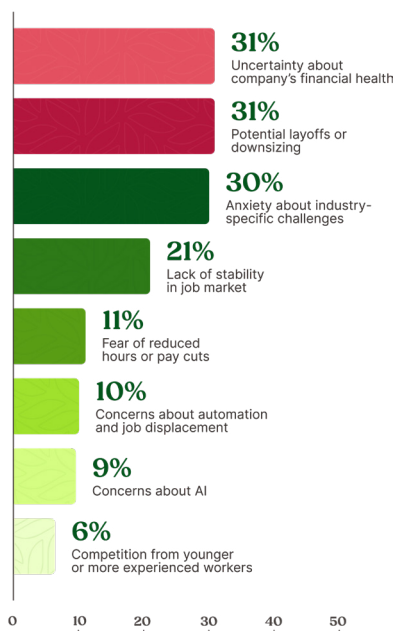
"Our share scheme is a big part of retaining talent because employees are given sign-on share options. They also get shares through their performance reviews, and those shares vest over a period of time. Obviously, it's a good retention tool for keeping employees with the company because they want their share options to vest more."

PEOPLE TEAM | EMEA

20% OF COMPANIES DON'T PRIORITIZE MENTAL HEALTH IN THE WORKPLACE

One in 5 HR pros (20%) say their company does "nothing" to prioritize mental health in the workplace. This is a significant oversight. Not only are **burned-out employees** less engaged in their work, leading to errors and lower quality output, but they're also more likely to quit.

Although burnout is caused by any number of workplace stressors, a big one currently is job insecurity, which includes:



Addressing these concerns is a lot for one team to tackle, but HR doesn't have to do it all by themselves. Your top leaders can do a lot to mitigate this insecurity through **transparency and open communication**.

For example, the BambooHR executive team holds monthly company updates for all employees. They report on relevant company performance metrics, including the business's profitability, and answer pre-submitted employee questions. While these meetings are strictly confidential, offering this transparency is an effective way to address and alleviate many of the above concerns.

Give employees the peace of mind that comes from being kept in the loop, and explore ways to start or expand on company-wide meetings.

Other ways our respondents prioritize **mental health for their employees** include:

- Flexible location (remote option) (38%)
- Flex-time (36%)
- Increased PTO (30%)
- Mental health days or workshops (19%)
- Four 10-hour days (one weekday off) (10%)
- Email "blackout" time frames (5%)

HYBRID WORK MODELS FACE THE FEWEST RETENTION CHALLENGES

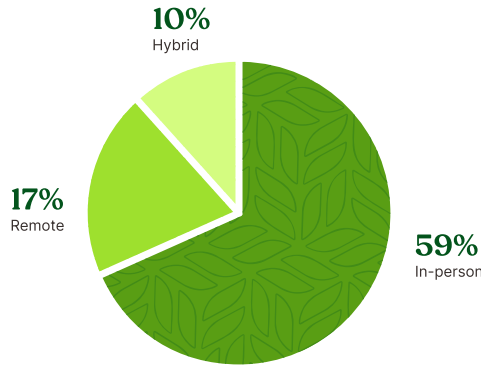
For 9% of employees, a lack of remote work opportunities is a driver of turnover, while 17% of the HR pros we surveyed also said the shift to remote/hybrid work has had a moderate or significant positive impact on their ability to retain employees.

"Employees can work from abroad or work from home. We don't enforce specific days in the office and that really helps with employee retention. A lot of companies have moved towards having more of a hybrid model, where you have to be in on set days or a set number of days a week. That's a bit less flexible, and I think being fully flexible has definitely helped with our retention."

PEOPLE TEAM | EMEA

However, in-person work modes are less sticky. When asked which category of employees were facing the most retention challenges, the majority of our respondents (59%) said “in-person.”

Remote and hybrid employees are much easier to retain in comparison.



This finding is an important addition to the **conversation about remote work** and return-to-office (RTO) mandates. KPMG International reports that **83% of CEOs** expect a full RTO within the next three years, up from 63% in 2023, but research continues to show the popularity **and benefits** of remote and hybrid models.

For companies with an eye on retention, strengthening a **hybrid model can accommodate CEO and worker preferences**, including workers who prefer to work in-office, while delivering the best of both worlds.

“The successful leaders of tomorrow will be those who understand that their talent dilemma can only be solved by investing in, nurturing, and supporting talent through a ‘social contract’ that understands today’s employees don’t just desire, but expect a more agile, flexible working environment and a better work-life balance—especially in the midst of a pervasive cost of living crisis.”

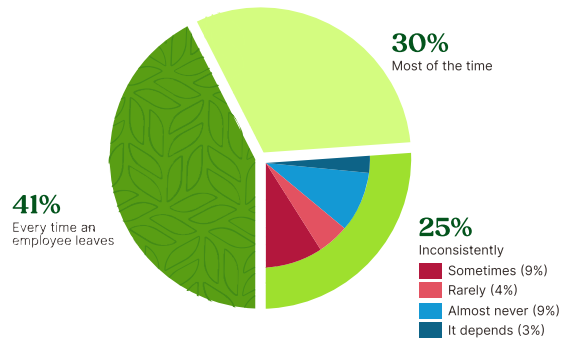
**NHLAMU DLOMU | GLOBAL HEAD OF PEOPLE
KPMG INTERNATIONAL**

1 IN 5 HR PROS AREN'T SURE WHY EMPLOYEES CHOOSE TO LEAVE

Ten percent of HR pros don't track any retention-related metrics, but even the HR pros who do still can't say why their employees voluntarily left their companies.

A surprising 20% of HR professionals admit they aren't sure what's driving people out the door—and processes might be the missing piece, as 25% are inconsistent about when or even if they'll conduct an exit interview for departing employees. Less than half (41%) conduct an exit interview every time an employee leaves.

FREQUENCY OF EXIT INTERVIEWS



Even if you've lost the chance to retain someone who's on their way out, making sure you always **conduct an exit interview** is the surest way to understand why. Equipped with that information, you can make targeted changes that improve your workplace for future employees.

Conducting exit interviews is especially important to your equity initiatives. If you've observed that people of color, women, or other marginalized groups are disproportionately leaving your organization, exit interviews will be crucial in uncovering why and making the necessary changes to create a **more inclusive workplace**.

“Company culture really does play a big role in retention. Salary is the biggest factor and definitely plays a big role in retaining employees, but having a good inclusive company culture, and knowing what the company’s vision and core values are, is really going to help employees stay motivated, in addition to having a good salary.”

LEARNING AND DEVELOPMENT MANAGER | US

“One thing that keeps people at this company is that we actually want you here. If we feel like there's something that needs to be improved, we try hard to work with you to improve it. We don't really let people go and people don't really quit.”

HR MANAGER | UK

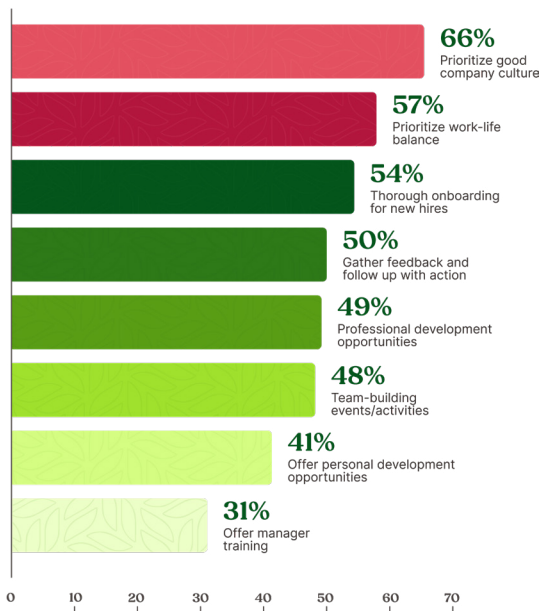
“If you have good employees you want to retain, treat them like family. Make sure they understand that you value them, that you value their contributions. A lot of the time, they'll remain loyal.”

DIRECTOR OF HR | US

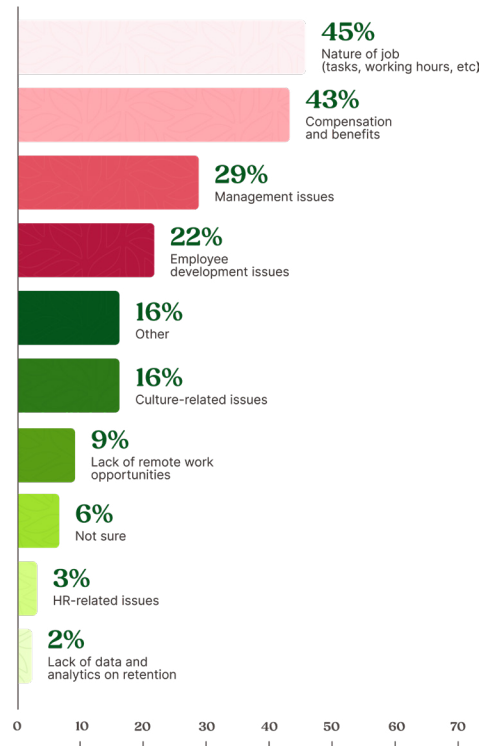
Build Your Strategy Around These Top 4 Retention Trends

Company culture issues are one of the lower-reported general drivers of turnover—the top being attributed to the nature of the job and compensation and benefits. This may be because company culture currently takes the lead when we ask HR pros how they invest in retention.

TOP WAYS COMPANIES INVEST IN RETENTION



FREQUENCY OF EXIT INTERVIEWS



Improving retention takes time, buy-in, and an obsession with data that would rival the way you felt about your middle school crush. Data tells the story you need to know before you can tell a better one. That's why our number one recommendation for improving employee retention is to start tracking and monitoring all the retention metrics.

All four of our recommendations for improving retention are:

1. Track and monitor employee retention metrics.
2. Use employee satisfaction surveys.
3. Respond to employee feedback with action.
4. Invest in professional development for both leaders and employees.



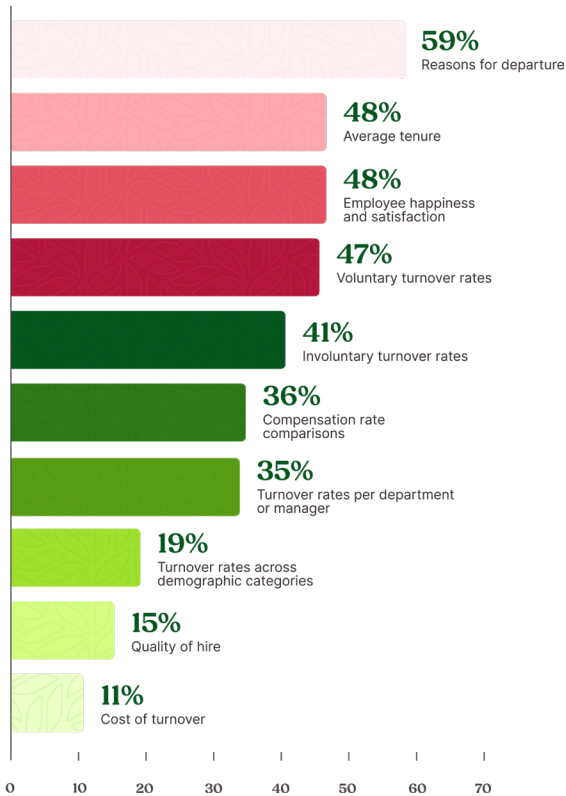
1. Track and Monitor Employee Retention Metrics

The more data points you can collect from a variety of angles, the more specific the answers will be to the following questions:



Only 11% of our respondents said they were tracking the cost of turnover, but this information will be one of your strongest bullet points as you collect buy-in for the changes that'll improve your workplace.

MONITORED RETENTION METRICS



No one's asking you to track these metrics manually (at least, they shouldn't be!). A smart HRIS will pull this data for you and prepare a clean report full of insights in a matter of clicks. BambooHR even includes **benchmarking on turnover**, so you can see how your company is performing compared to other companies in your industry.

“Get and keep upper management aware of the turnover rate and explain why a high turnover rate is detrimental to the company, its profits and its customers.”

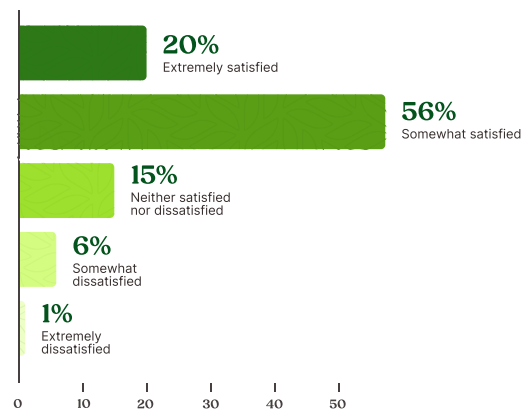
UNKNOWN INDUSTRY | 76-150 EEs

2. Use Employee Satisfaction Surveys to Proactively Address Retention

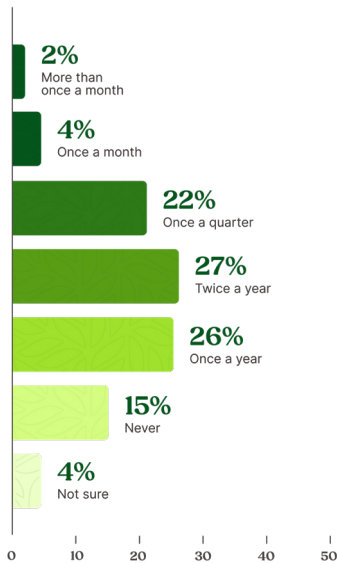
HR pros estimate that 15% of their employees feel neutral toward their company, while 7% of employees are actively dissatisfied. Understanding and engaging these employees before they leave can help minimize turnover while creating spillover benefits for your performance management and recruitment goals.

“Happy employees equals a productive work environment. It's vital that people making the decisions at these companies really listen to their staff, take their ego out of the feedback, and try to change with the times.”

ADVERTISING & MEDIA | 1-24 EEs



Like exit interviews, **employee satisfaction surveys** provide crucial data points for solving the retention riddle, but they're underutilized. Most companies **survey employees** one or two times per year, but that frequency is more appropriate for maintaining high employee satisfaction than addressing a widespread problem with dissatisfaction.



Unless your employee satisfaction data is already brag-worthy, you may need to bump up your frequency to once a quarter or even once a month in serious cases that require more iterative, targeted interventions. (To encourage participation and candor, it's vital that you can guarantee employee feedback remains anonymous.)

“We’ve only had one person leave in the past 24 months to pursue another higher-paying opportunity, and we used that as a pivot to reevaluate our methods and approach within the department. It turned out to be a very good thing for our org, even though her contribution was valuable in its season.”

NONPROFIT | 1-24 EEs

Of course, you don't want to bombard your employees with surveys, but if satisfaction is already low, survey participation will also be low, and you need as much data as you can get.

The more data you can collect, including free responses to questions like “What can we do to improve?,” the more information you'll have to analyze and act on. Over time, as employees see that you're listening and taking their feedback seriously, you'll see participation as well as satisfaction start to increase, and then you can taper the frequency.

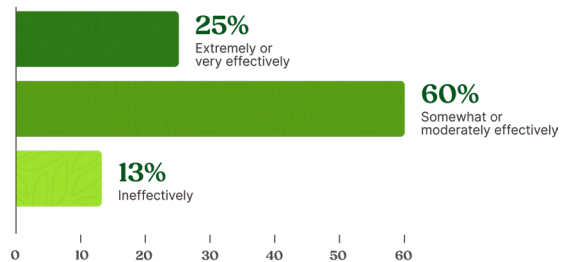
“We have a very flexible and employee-centered upper management team who value and promote our family-oriented culture. I believe this flows down through the organization and helps to keep our employee retention rate high.”

FINANCE AND INSURANCE | 151-300 EEs

3. Respond to Employee Feedback with Action

Just 1 in 4 (25%) HR pros say their company is very or extremely effective at listening to employee feedback and taking appropriate action in response. Failing to respond, even to provide transparency into the reasons why a certain action won't be taken, is the surest way to further lose employee trust and squander all the effort that went into conducting surveys in the first place.

EFFECTIVELY INCORPORATES EMPLOYEE FEEDBACK



After analyzing the data and feedback, categorize potential actions into groups of big versus small wins and low versus high investment, and then act on something after each survey, so you can measure the impact of your changes in real time.

You may uncover a low-investment, big-win (like conducting a company-wide Zoom-etiquette training or printing out simple instructions for the office coffee maker) that not only proves to employees that you're listening, but that you care enough to sweat the small stuff if it means making their days easier.

“Listen to your employees' recommendations; they usually have great ideas on process improvements, having seen firsthand how the existing processes work.”

NONPROFIT | 25-75 EEs

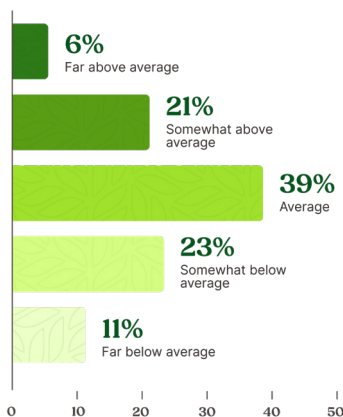
“A culture that cares about people, from the top all the way down, is more important for retention than all the other inputs. If management cares, they listen and act. When employees see action on their feedback, they continue to be open and honest and help the company make better decisions.”

TECHNOLOGY | 25-75 EEs

4. Invest in Professional Development

More than one-third (34%) of HR pros say their company's investment in professional development is below average. Yet companies that make a strategic investment in employee development are **twice as likely to retain their people** than companies that don't. They also report 11% greater profitability to boot.

INVESTMENT IN PROFESSIONAL DEVELOPMENT



Creating a workplace where employees can expand their professional and personal futures is worth the investment, but how much should you expect to invest per employee?

On average, companies spend between **\$1,000 and \$1,400** per employee per year on professional development. Here's what that looks like based on company size:

Small Companies: \$1,420 per employee

Midsize Companies: \$751 per employee

Large Companies: \$481 per employee

Interestingly, investment in **professional development** per employee tapers as headcount increases, but it's important not to lose sight of the value of showing employees you care about their growth as you tackle retention challenges from every angle.

“Invest in development. Provide opportunities for employees to grow through training, mentorship, and new challenges. When people see a clear path for career advancement, they're more likely to stay.”

PROFESSIONAL SERVICES | 2000+ EEs

Methodology

The survey was administered by BambooHR using the Qualtrics platform. BambooHR surveyed HR professionals between August and September 2024. We received over 500 responses from HR professionals across a variety of industries, including healthcare, finance, construction, travel and hospitality, nonprofit, and technology. The survey used a structured questionnaire to ensure a comprehensive and balanced approach to retention topics, and the number of responses varied between 400 and 500 responses per question.

About BambooHR

BambooHR® is the leading HR software solution that sets people free to do great work. It manages the complex work of supporting employees and succeeding as a business while giving leaders all the data they need to make informed, strategic decisions.

Everything works together in BambooHR, including intuitively designed and easy-to-use HR, payroll, and benefits administration, so admins can spend less time on process and more time on what matters most—their people.

BambooHR is the trusted partner of HR professionals at more than 34,000 companies with employees in over 190 countries and 50 industries, supporting millions of users throughout the employee experience.

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