Kelley Drye

Empowering Woman Law Department Leaders: Successful Strategies in a Transforming World of Work

ACC Chicago Chapter Event
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January 26, 2022 | 12:00 PM - 1:30 PM CST

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Melissa Swift, Partner, US&C Transformation Solutions Leader, Mercer

Melissa leads Transformation Solutions for Mercer US and Canada. In this role, Melissa is responsible for the firm's efforts in the areas of workforce transformation, HR transformation, HR digitization, diversity equity and inclusion, and workforce analytics. She is located in New York City.

Her book on a more humanistic future of work, "You Wouldn't Run a Machine This Way," will be published by Wiley in January 2023. Melissa is a recognized thought leader on the subject of the future of work post-COVID: she has been quoted on the subject in Newsweek, the Economist, the Washington Post, Axios, and Daily Mail, and has appeared on NPR and Al-Jazeera English.

Melissa's work leverages data analytics, a healthy dose of pragmatism, and a humanist view of the workplace to create extraordinary outcomes for organizations. She has pioneered techniques to reshape organizations for digital and workforce transformation, leading breakthrough projects across industries ranging from manufacturing to professional services to biotech to consumer goods. Earlier in her career, Melissa helped build businesses in the ESG transformation space, including launching the Sustainability Services and Cleantech practices at Deloitte, and conducting two landmark carbon credit derivatives trades at Deutsche Bank.

Melissa received her B.A. degree in English and American Language and Literature from Harvard University, and her MBA in Finance from Columbia Business School.

Jennifer L. Norkus, Partner, Kelley Drye & Warren LLP

Jennifer Norkus focuses her practice primarily on mergers and acquisitions, finance, and general corporate matters, and has worked with clients in a wide range of industries, including transportation, manufacturing, technology, communications, energy, financial services, medical devices and life sciences.

She has advised both public and private companies in mergers and acquisitions, divestitures and joint ventures. She has also advised issuers and investors in connection with debt and equity financing, ranging from early-stage venture financing to more traditional private equity financing. She has also counseled clients on commercial and governance matters, such as services agreements, supply agreements, consignments and entity formation.

Jennifer Raviele, Special Counsel, Kelley Drye & Warren LLP

Jennifer Raviele works with clients to develop an understanding of their business, and combines that with her knowledge of bankruptcy law and more than a decade of experience to efficiently solve related problems. Jennifer Raviele focuses her practice on bankruptcy – specifically on representing creditors in Chapter 11 and Chapter 7 bankruptcy proceedings and out-of-court restructurings.

Jennifer identifies the strengths and weaknesses of a client's position, clarifies specific goals and objectives, and executes an action plan to pursue the maximum recovery, whether through effective negotiation,

litigation, or a hybrid of the two. Jennifer has been involved in countless retail and restaurant bankruptcy cases in which she represented the owners and managers of shopping centers and addressed the full spectrum of related issues. Her experience includes handling contested assumptions, assignments, and rejections of leases, litigating claims against a debtor's estate, arguing the contours of stub rent and related disputes over DIP financing, and issues related to a debtor's plan of liquidation or reorganization.
Jennifer is involved in a variety of philanthropic, pro bono, and volunteer initiatives. She also serves as the firm's liaison to The Coalition of Women's Initiatives in Law and is the co-chair of the Chicago chapter of Women At KDW, the firm's affinity group for female attorneys

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EMPOWERING WOMEN LAW DEPARTMENT LEADERS: SUCCESSFUL STRATEGIES IN A TRANSFORNING WORLD OF WORK

PROGRAM OVERVIEW

1. Overview and understanding of how the world of work has changed rapidly in the past couple of years.
    a. Identification of most significant changes that impact lawyers and law departments.
    b. How these changes shape the new normal.
2. Discussion of the impact of these changes on women in the workforce.
3. Conversation on whether remote work is here to stay.
4. Identification of where there are the opportunities to flourish and become more effective as a law department leader.
5. Discussion about retention and the great resignation and its impact on employees working remotely.
    a. What law departments can do to create a strong employee experience.
    b. A review of critical points in the lifecycle to improve retention and the onboarding process.
    c. Understanding of the concept of belonging and its impact on retention and how leaders can empower teams and create and support a sense of belonging for individuals.
6. Defining resilience and how it can lead to greater job satisfaction.
    a. What is resilience and how can individuals become more resilient law department leaders and team members.
    b. Well-being strategies/tactics/tools/technologies that can be employed to remain strong and resilient.
7. Law departments leaders are managing a variety of remote, in-person, and hybrid work environments.
    a. Understanding the fluid nature of COVID variants and its impact of the workforce.
    b. Effective strategies for managing teams in different types of work environments.
8. Key strategies law departments leaders can employ to serve constituent audiences in the C-suite and other internal client areas in an effective and agile manner.
9. Cultivating relationships at all levels within and outside an organization.
    a. How successful law department leaders can build and nurture an internal/external network.
    b. Key strategies and tips to support personal and professional growth and development.

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MERCER

The new shape of work is flexibility for all

welcome to brighter

In the wake of school and workplace closures and family health concerns brought about by COVID-19, employers and employees have had to experiment with new ways of working flexibly. For the most part, this experiment, though forced, has been a surprising success. COVID-19 has opened employers' eyes to their workforce's adaptability.

1 in 3

companies anticipate having half or more of their workforce remote post COVID

vs.

1 in 30

companies had that level of remote working pre-COVID

Source: Mercer, 2020, Global COVID-19 surveys available at https://taap.mercer.com/covid19results

Before the pandemic, executives believed only 45% of the workforce was adaptable to a new world of work. COVID-19, however, has shattered that belief - today, more than 90% of employers say that productivity has stayed the same or improved with employees working remotely, and 82% say they will implement flexible working at a greater scale post-pandemic, according to a Mercer flexibility survey.

Yet this new flexibility during COVID-19 has not been without its pitfalls: employees are working three hours longer on average each day; 41% of employees have reported experiencing new or increased pain in shoulders, backs, or wrists since working from home; and 65% of employers have seen an increase in the utilization of behavioral health.

Yet, most of these pitfalls have been the experiences of pre-COVID-19 *office-based* workers. What's getting lost in the conversation is how to create a flexibility strategy that is inclusive of all employees. This means addressing the flexibility needs of employees in frontline jobs, which are unequally represented by people of color and in certain sectors, such as healthcare, women . For these roles, flexibility in where they work is not an option and has been further complicated by school closures and caring for family. Many employers have responded by allowing temporary changes in when or how work is done; however, these changes are not expected to last over the longer-term.

And, despite the current success of remote working for some workers, retaining the benefits of flexible working will require addressing many cracks in the current remote working environment. For the vast majority of employers, only a fraction of employees worked flexibly prior to lockdowns. The success of the current experiment is driven through relationships and interactions built over many years, and has been made easier by a leveled playing field where most office workers have been working remotely, not just a select few.

90% of employers say that **productivity has stayed the same or improved** with employees working remotely.

But those hard-built relationships will fade without deliberate intervention, and remote-first strategies bring new challenges. New hires may struggle with learning a new culture and building internal relationships if disconnected from an office on day one. Meanwhile, supervising a blended workforce (a mix of employees working remotely, on-site or alternating between the two) will challenge managers and teams with differing employee experiences. And with ideas for business growth taking center stage, flexible strategies need to support innovation and collaboration, as well as fluctuation in demand.

Flexibility in a post-COVID era will no longer be just an employee benefit or a perk limited to "proven" or tenured employees. It will no longer be contingent on a personal situation, life event or manager approval. The future is shaped by organizations that embrace permanent flexibility for ALL employees to deliver value to both the business and the employee.

Three critical questions to drive flexibility at scale

Flexibility should be the cornerstone of workforce transformation as organizations use this time to reset and reinvent. Reinventing for flexibility to achieve that transformation ambition starts by solving three critical questions:

1. What flexibility is possible?
A multi-dimensional view of work

Our experience has shown that *all jobs can flex* in some way, but employers should consider exactly how certain jobs can flex productively for the business and the individual, in order to make them successful in the long term. Flexibility can come in many different forms. Determining what flexibility is possible requires an examination of the work and its capacity to flex across multiple dimensions (fig. 1).

Companies have found new ways to flex as they've innovated during their response to COVID-19. When it comes to where employees work, Twitter in the US and Canadian e-commerce group Shopify told staff early on that they could continue to work from home, permanently. Other companies have innovated across other dimensions of flexibility, such as when people work. One Chinese auto manufacturer said that its biggest realization during COVID-19 was, not that jobs could be performed remotely, but that jobs could start and finish at any time. Also, not having workers stuck in Beijing and Bangalore traffic has led to a huge upswing in productivity. How can others copy these successes? We've seen job-specific assessments help companies understand the capacity for jobs to flex across multiple dimensions.

Fig. 1

Inclusion and flexibility: All jobs can flex

Employers and employees are getting creative about how to provide more flexibility and how different jobs can flex. Inclusive flexibility ensures that all jobs can flex when needed – the key is to identify in which dimension. You can do this by assessing any role's "flexibility quotient" against the five dimensions of flexibility: where, when, how, what and who.

where
locations & infastructure

Amir, engineer

"I collaborate with my team a few days a week at the office, but otherwise work from home!"

when
hours and scheduling

James, technician

"I work 30 hours a week now as my elderly parents rely on me for support. I can flex my hours to help them out."

how
scaling, technology

Liz, accountant

"I work 60 hours per week during busy seasons, but scale back to 30 hours per week the rest of the year."

what
job content and sharing

Darnell, nurse manager

"I share my case load with another manager, and work a reduced schedule to meet my personal needs."

who
alt. workforce, automation

Hannah, designer

"I work on demand on projects that fit my interest across mutliple employers. I'm my own boss!"

2. What flexibility is desirable?
Develop a shared understanding of flexibility

It is up to the employer and employees to come up with a shared understanding of what types of flexibility are desirable (employee preferences) and achievable (business imperatives and the demands of each role). Using human-led design to approaching flexibility is critical as, ultimately, people need to buy into the change and see their organization offer work models that are desirable for them.

Leaning into only one model of flexibility – such as a purely remote working – may alienate current and prospective employees who are craving a return to the office, or place added burdens on those with care responsibilities or ineffective workspaces at home. Likewise, other dimensions of flexibility, such as the ability to start later or job share may be desired and achievable for non-office based jobs.

With five generations now in the workforce, employers might be surprised to learn what employees want. One global survey found that Gen Z employees only wanted to work from home one day a week, while older workers preferred two or three days a week. Younger workers are less likely to have the space they need to work effectively from home, but also crave the social, collaborative and learning environment the office provides.

Employees are a great source of ideas on how to work differently. Utilizing surveys, preference games, workshops and/or digital focus groups can allow different employee segments to offer insights. These insights, in turn, can help shape a strategy that works for the whole workforce. Employers who allow employees to personalize their own employee experience — by "tapping in" to flexible alternatives made available to their role — will gain a competitive advantage in the quest for top talent.

3. What flexibility is sustainable?
Transform for future resilience

Building a new model of flexibility that can last beyond the pandemic requires an examination of people, processes and infrastructure. This type of workforce, and workplace, transformation asks employers and employees to get creative about how to provide more flexibility around work and how different jobs can flex.

At Mercer, we've seen firsthand how employers' flexibility strategies are dependent on its digital maturity and its readiness for change. Cultures need to adapt a new flex-first mentality. This mental shift will test the boundaries of employees' and leaders' mindsets and require a reset on traditional ways of working. Leadership skills need to evolve as teams work flexibly across multiple models of flexibility, from in-person, to remote, to a blended approach. More digital enablement of people programs, like hiring and developing, is critical to sustaining this transformation.

Simply putting a flexible working policy in place and announcing the change via email is not sufficient. Employers need to assess their readiness for supporting long-term flexibility at scale. This requires a focus on several key tenants of success (fig. 2).

Nine critical questions HR needs to answer to get started on permanent flexibility:

employee experience

foundational enablers: establish the building blocks

Culture and Collaboration - With less socializing in workplaces, how do you hard-wire culture and ways of working into an organization's DNA? How will you sustain collaboration and innovation?

Legal and Regulatory - What are the legal and tax implications of different jurisdictions? Which new health and safety regulations must be adhered to in different countries?

Leadership and Management - What training will be needed to skill your managers and leaders in this new shape of work?

Change Management & Communication - What amount of change management and communication is required to roll out flexible working at scale? How can you sustain momentum?

people programs: evolve for a new way of working

Learning and Advancement - How will you ensure career development, learning and advancement given the new ways of working and does it change how you define work today?

Compensation - If compensation varies by geography, does it risk widening inequalities? Will it speed up the move to national pay norms, regional banding and/or pay-for-skills?

Benefits - How might benefits differ for remote workers, compared to their office peers? What benefits will enable flexible retirement, and can employees draw their pension while working?

infrastructure: resources to drive successful execution

Physical Location - How will you change the utilization of real estate space to support the new model? How will space be set up outside the office – employee home offices, third-party shared workspaces, or collaboration hubs – and who will pay for it?

Digitization - What technology will support virtual collaboration in the organization? How can organizations mitigate, and eliminate, the digital divide as flexibility favors digitally savvy employees? What will you do to mitigate increased security risk?

Designing a best-fit flexibility strategy

COVID-19 has forced a massive experiment that is now mostly showing positive results: the business case for long-term flexibility strategies are building. Despite the current economic climate, companies continue to take a longer-term view towards business resiliency and talent impact. Mercer's flexibility survey found that only one in three organizations say cost savings are a key driver for greater flexibility. Compare to those who plan to focus on employee engagement (77%), enhanced EVP (67%), a more diverse workforce (55%), and expanded talent pools (39%) as they seek to reinvent for flexibility.

Where should organizations begin?

1. First, understand where you are today and develop a clear vision of flexible working that aligns with your business objectives and workforce needs.
2. Then, translate that vision into actual employee experiences, to bring the plan to life in areas that are meaningful.
3. Finally, start the journey of making your flexibility strategy sustainable for the long term.

A well-considered, value-based approach to reinventing flexibility will not only accelerate transformation, but also set the course for the future of work.

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Mercer partners with clients on a wide range of services to support the transformation towards a more flexible workforce, including:

- Comprehensive flexible working strategy advisory
- Flexible Working Pulse Check (includes customized playbook)
- Flexible working policy development
- Leadership or organization Flexibility Quotient diagnostic
- Employee experience flexibility insights – pulse surveys, preference games, and digital focus groups
- Flexible working sustainability assessment
- Communication and change management
- Flexible working workforce planning and talent sourcing strategies
- Digital collaboration tools advisory
- Total rewards strategy for flexible workers
- Performance and career development strategy for flexible working
- Manager training for flexible working

Connect with Mercer today

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Toxic Culture Is Driving the Great Resignation

Research using employee data reveals the top five predictors of attrition and four actions managers can take in the short term to reduce attrition.

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Toxic Culture Is Driving the Great Resignation

Donald Sull, Charles Sull, and Ben Zweig

Research using employee data reveals the top five predictors of attrition and four actions managers can take in the short term to reduce attrition.

More than 40% of all employees were thinking about leaving their jobs at the beginning of 2021, and as the year went on, workers quit in unprecedented numbers. [1] Between April and September 2021, more than 24 million American employees left their jobs, an all-time record. [2] As the Great Resignation rolls on, business leaders are struggling to make sense of the factors driving the mass exodus. More importantly, they are looking for ways to hold on to valued employees.

To better understand the sources of the Great Resignation and help leaders respond effectively, we analyzed 34 million online employee profiles to identify U.S. workers who left their employer for any reason (including quitting, retiring, or being laid off) between April and September 2021. [3] The data, from Revelio Labs, where one of us (Ben) is the CEO, enabled us to estimate company-level attrition rates for the Culture 500, a sample of large, mainly for-profit companies that together employ nearly one-quarter of the private-sector workforce in the United States. [4]

While resignation rates are high on average, they are not uniform across companies. Attrition rates for the six months we studied ranged from less than 2% to more than 30% across companies. Industry explains part of this variation. The graph below shows the estimated attrition rate for 38 industries from April through September, and the spread across industries is striking. (See "Industry Average Attrition Rate in the Great Resignation.") Apparel retailers, on average, lost employees at three times the rate of airlines, medical device makers, and health insurers.

The Great Resignation is affecting blue-collar and white-collar sectors with equal force. Some of the hardest hit industries — apparel retail, fast food, and specialty retail — employ the highest percentage of blue-collar workers among all industries we studied. Management consulting, in contrast, had the second-highest attrition rate but also employs the largest percentage of white-collar professionals of any Culture 500 industry. Enterprise software, which also suffered high churn, employs the highest percentage of engineering and technical employees.

Industry explains some of the variation in attrition rates across companies but not all of it. Even within the same industry, we observed significant differences in attrition rates. The figure below compares competitors with high and low attrition rates within their industries. (See "How Culture 500 Company Attrition Rates Compare Within Industries.")

Workers are 3.8 times more likely to leave Tesla than Ford, for example, and more than twice as likely to quit JetBlue than Southwest Airlines.

Not surprisingly, companies with a reputation for a healthy culture, including Southwest Airlines, Johnson & Johnson, Enterprise Rent-A-Car, and LinkedIn, experienced lower-than-average turnover during the first six months of the Great Resignation.

Although the sample is small, these pairs hint at another, more intriguing pattern. More-innovative companies, including SpaceX, Tesla, Nvidia, and Netflix, are experiencing higher attrition rates than their more staid competitors. The pattern is not limited to technology-intensive industries, since innovative companies like Goldman Sachs and Red Bull have suffered higher turnover as well.

To dig deeper into the drivers of intra-industry turnover, we calculated how each Culture 500 company's attrition rate compared with the average of its industry as a whole. This measure, which we call industry-adjusted attrition, translates each company's attrition rate into standard deviations above or below the average for its industry. [5]

We also analyzed the free text of more than 1.4 million Glassdoor reviews, using the Natural Employee Language Understanding platform developed by CultureX, a company two of us (Donald and Charles) cofounded. For each Culture 500 company, we measured how frequently employees mentioned 172 topics and how positively they talked about each topic. We then analyzed which topics best predicted a company's industry-adjusted attrition rate.

Top Predictors of Employee Turnover During the Great Resignation

Much of the media discussion about the Great Resignation has focused on employee dissatisfaction with wages. How frequently and positively employees mentioned compensation, however, ranks 16th among all topics in terms of predicting employee turnover. This result is consistent with a large body of evidence that pay has only a moderate impact on employee turnover. [6] (Compensation can, however, be an important predictor of attrition in certain settings, such as nurses in large health care systems).

In general, corporate culture is a much more reliable predictor of industry-adjusted attrition than how employees assess their compensation. The figure below displays the five predictors of relative attrition. (See "Top Predictors of Attrition During Great Resignation.") To give a sense of their relative importance, we've benchmarked each element relative to the predictive power of compensation. [7] A toxic corporate culture, for example, is 10.4 times more powerful than compensation in predicting a company's attrition rate compared with its industry.

Let's take a closer look at each of the top five predictors of employee turnover.

Toxic corporate culture. A toxic corporate culture is by far the strongest predictor of industry-adjusted attrition and is 10 times more important than compensation in predicting turnover. Our analysis found that the leading elements contributing to toxic cultures include failure to promote diversity, equity, and inclusion; workers feeling disrespected; and unethical behavior. In an upcoming article, we will dive deeper into each of these factors and examine different ways managers and employees can spot signals of toxic culture. [8] For now, the important point is that a toxic culture is the biggest factor pushing employees out the door during the Great Resignation.

Job insecurity and reorganization. In a previous article, we reported that job insecurity and reorganizations are important predictors of how employees rate a company's overall culture. So it's not surprising that employment instability and restructurings influence employee turnover. [9] Managers frequently resort to layoffs and reorganizations when their company's prospects are bleak. Previous research has found that employees' negative assessments of their company's future outlook is a strong predictor of attrition. [10] When a company is struggling, employees are more likely to jump ship in search of more job security and professional opportunities. Past layoffs, moreover, typically leave surviving employees with heavier

workloads, which may increase their odds of leaving.

Another reason job insecurity could predict turnover is related to our measure of employee attrition, which incorporates job changes for all causes — including layoffs and involuntary terminations. We would expect frequent mentions of reorganizations and layoffs to predict involuntary turnover. According to the U.S. Bureau of Labor Statistics, however, involuntary separations have accounted for less than one-quarter of all employee exits among large companies during the Great Resignation. [11] So it's likely that poor career prospects and job insecurity contributed significantly to employees leaving on their own accord as well.

High levels of innovation. It's not surprising that workers leave companies with toxic cultures or frequent layoffs. But it *is* surprising that employees are more likely to exit from innovative companies. In the Culture 500 sample, we found that the more positively employees talked about innovation at their company, the more likely they were to quit. The attrition rates of the three most innovative Culture 500 companies — Nvidia, Tesla, and SpaceX — are three standard deviations higher than those in their respective industries.

Staying at the bleeding edge of innovation typically requires employees to put in longer hours, work at a faster pace, and endure more stress than they would in a slower-moving company. The work may be exciting and satisfying but also difficult to sustain in the long term. When employees rate their company's innovation positively, they are more likely to speak negatively about work-life balance and a manageable workload. During the Great Resignation, employees may be reconsidering the personal toll that relentless innovation takes.

Failure to recognize performance. Employees are more likely to leave companies that fail to distinguish between high performers and laggards when it comes to recognition and rewards. Companies that fail to recognize and reward strong performers have higher rates of attrition, and the same is true for employers that tolerate underperformance. The issue is not compensation below market rates, but rather recognition — both informal and financial — that is not linked to effort and results. High-performing employees are the most likely to resent a lack of recognition for their results, which means that companies may be losing some of their most productive workers during the Great Resignation.

Poor response to COVID-19. Employees who mentioned COVID-19 more frequently in their reviews or talked about their company's response to the pandemic in negative terms were more likely to quit. The same pattern holds true when employees talk more generally about their company's policies for protecting their health and well-being.

Short-Term Actions to Boost Retention

The powerful predictors of attrition listed above are not easy to change. A weak future outlook that spurs restructuring and layoffs may be difficult to reverse; it is too late to fix a poor response to the pandemic; and a toxic corporate culture cannot be improved overnight. Relentless innovation provides companies like Tesla or Nvidia with a competitive advantage, so they must find ways to retain employees without sacrificing their innovation edge.

Our analysis identified four actions that managers can take in the short term to reduce attrition. (See "Short-Term Steps for Companies to Increase Retention.") As in the graph above, each bar represents the topic's predictive power relative to compensation. This time, the topics predict a company's ability to retain employees compared with industry peers. Providing employees with lateral career opportunities, for example, is 2.5 times more powerful as a predictor of a company's relative retention rate compared with compensation.

Provide opportunities for lateral job moves. Not all employees want to climb the corporate ladder or take on additional work or responsibilities. Many workers simply want a change of pace or the opportunity to try something new. When employees talk positively about lateral opportunities — new jobs offering fresh challenges without a promotion — they are less likely to quit. Lateral career opportunities are 12 times more predictive of employee retention than promotions. We observed the same pattern in multinationals: The more frequently employees discussed the possibility of international postings, the more likely they

were to stick with their current employer.

Sponsor corporate social events. Company-organized social events, including happy hours, team-building excursions, potluck dinners, and other activities outside the workplace are a key element of a healthy corporate culture, so it's no surprise that they are also associated with higher rates of retention. [12] Organizing fun social events is a low-cost way to reinforce corporate culture as employees return to the office, and it strengthens employees' personal connections to their team members.

Offer remote work options. Much of the media coverage of the Great Resignation has focused on the importance of remote work in retaining employees. Unsurprisingly, when employees discussed remote work options in more positive terms, they were less likely to quit. What you might not have expected is the relatively modest impact of remote work on retention — just a bit more powerful than compensation in predicting lower attrition. Remote work options may have a modest effect on employee turnover because most companies in an industry converge on similar policies. If companies cannot differentiate themselves based on remote work options, they may need to look elsewhere — providing lateral job opportunities, for instance, or making schedules more predictable — to retain employees.

Make schedules more predictable for front-line employees. When blue-collar employees describe their schedules as predictable, they are less likely to quit. Having a predictable schedule is six times more powerful in predicting front-line employee retention than having a flexible schedule. (A predictable schedule has no predictive power for white-collar employees.)

This finding is consistent with a study of 28 Gap stores, in which employees at randomly-assigned locations received their work schedules two weeks in advance, and their managers were barred from canceling their shifts at the last minute. Employees in the control stores were subject to the usual scheduling practices. [13] The stores with predictable schedules increased retention among their most experienced associates. Compared with the workers at the control stores, the employees with fixed schedules had a 7% improvement in their quality of sleep. The benefits were especially pronounced for workers with children, who reported a 15% reduction in stress.

Much of the media coverage of the Great Resignation focuses on high turnover among burned-out knowledge workers who are dissatisfied with their stagnant wages. Our findings are broadly consistent with this narrative. Industries that employ large numbers of professional and technical employees, like management consulting and enterprise software, have experienced high turnover. We found indirect evidence that burnout may contribute to higher levels of attrition among companies that excel at innovation. It's worth noting, however, that our direct measures of burnout, workload, and work-life balance do not emerge as key predictors of industry-adjusted turnover.

The simplistic narrative of white-collar burnout misses other critical realities of the Great Resignation. Our findings reinforce recent government statistics showing that blue-collar intensive industries like retail and fast food are experiencing unprecedented levels of attrition. [14]

More fundamentally, we found that corporate culture is more important than burnout or compensation in predicting which companies lost employees at a higher rate than their industries as a whole. A toxic corporate culture is the single best predictor of which companies suffered from high attrition in the first six months of the Great Resignation. The failure to appreciate high performers, through formal and informal recognition, is another element of culture that predicts attrition. A failure to recognize performance is likely to drive out a company's most productive employees. This is not to argue that compensation and burnout don't influence attrition — of course they do. The important point is that other aspects of culture appear to matter even more.

Our research identified four steps — offering lateral career opportunities, remote work, social events, and more predictable schedules — that may boost retention in the short term. Leaders who are serious about winning the war for talent during the Great Resignation and beyond, however, must do more. They should understand and address the elements of their culture that are causing employees to disengage and leave. And above all else, they must root out issues that contribute to a toxic culture. Our next article will explore, empirically, what constitutes a toxic

culture and how organizations can address this challenge.

About the Authors

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References

1. Microsoft sponsored a survey of over 30,000 employees across 31 markets in January 2021 for its Work Trend Index. See "The Next Great Disruption Is Hybrid Work — Are We Ready?" Microsoft, March 22, 2021, www.microsoft.com.

2. "Job Openings and Labor Turnover Survey," U.S. Bureau of Labor Statistics, accessed Dec. 6, 2021, www.bls.gov. The data represents seasonally adjusted quits for total nonfarm employers in the U.S. from April through September 2021.

3. To test the accuracy of our estimates of employee attrition, we compared them with the November U.S. Bureau of Labor Statistics (BLS) Job Openings and Labor Turnover Survey (JOLTS) for total separations (including employee resignations, layoffs, and other sources of job separations) for private companies with more than 5,000 employees. The BLS total separation rate was 10.8% for April through September 2021, and our estimates were 10.1% for the same period.

4. To estimate turnover at the company level, we identified all job transitions where a user left their current employer for any reason, including quitting, retiring, or being laid off, and divided these by corporate head count. Job transitions were measured for April through September 2021 for 538 Culture 500 companies. The attrition rates are adjusted for sampling bias related to who has an online profile and for lags in when users reported transitions on their profiles. To test the robustness of our estimates of attrition, we separately estimated the hiring rate for each company for the same period. Hiring rate is defined as employees who joined the company divided by corporate head count. We would expect hiring and attrition rates to be correlated, as companies replace employees who leave. The Spearman correlation coefficient was 0.81 between the hiring and attrition rates.

5. We assigned each Culture 500 company to a primary industry and calculated how many standard deviations the focal company's attrition rate was above or below the industry mean. We used the resulting industry-normalized attrition rate as the dependent variable in our subsequent models. To identify which factors were most important in predicting each company's normalized attrition rate, we used an XGBoost model and calculated the SHAP (Shapley additive explanations) value for 172 topics measured by the CultureX Natural Employee Language Understanding platform. The SHAP value approach analyzes all possible combinations of features in a predictive model to estimate the marginal impact that each feature has on the outcome — in our case, which cultural elements have the biggest impact in predicting a company's industry-normalized attrition rate. For an overview of SHAP models, see S.M. Lundberg, G. Erion, H. Chen, et al., "From Local Explanations to Global Understanding With Explainable AI for Trees," Nature Machine Intelligence 2, no. 1 (January 2020): 56-67.

6. A.L. Rubenstein, M.B. Eberly, T.W. Lee, et al., "Surveying the Forest: A Meta-Analysis, Moderator Investigation, and Future-Oriented Discussion of the Antecedents of Voluntary Employee Turnover," Personnel Psychology 71, no. 1 (spring 2018): 23-65; and D.G. Allen, P.C. Bryant, and J.M. Vardaman, "Retaining Talent: Replacing Misconceptions With Evidence-Based Strategies," Academy of Management Perspectives 24, no. 2 (May 2010): 48-64.

7. Relative importance is calculated by dividing each topic's SHAP value by the SHAP value for the compensation topic. When highly predictive features are closely related (such as job insecurity and restructuring), we report their combined predictive impact.

8. Jason Sockin finds that "respect/abuse," a topic that overlaps with our definition of toxic culture, is the single best predictor of employee satisfaction. See J. Sockin, "Show Me the Amenity: Are Higher-Paying Firms Better All Around?" SSRN, Nov. 18, 2021, https://papers.ssrn.com.

9. D. Sull and C. Sull, "10 Things Your Corporate Culture Needs to Get Right," MIT Sloan Management Review, Sept. 16, 2021, https://sloanreview.mit.edu.

10. B. Zweig and D. Zhao, "Looking for Greener Pastures: What Workplace Factors Drive Attrition?" PDF file (Mill Valley, California: Glassdoor, 2021), www.glassdoor.com. A recent meta-analysis also found that job insecurity was a strong predictor of voluntary employee turnover. See A.L. Rubenstein et al., "Surveying the Forest," 23-65.

11. In the November BLS JOLTS, seasonally adjusted layoffs and discharges for all private companies with more than 5,000 employees represented 24% of total separations for April through September 2021.

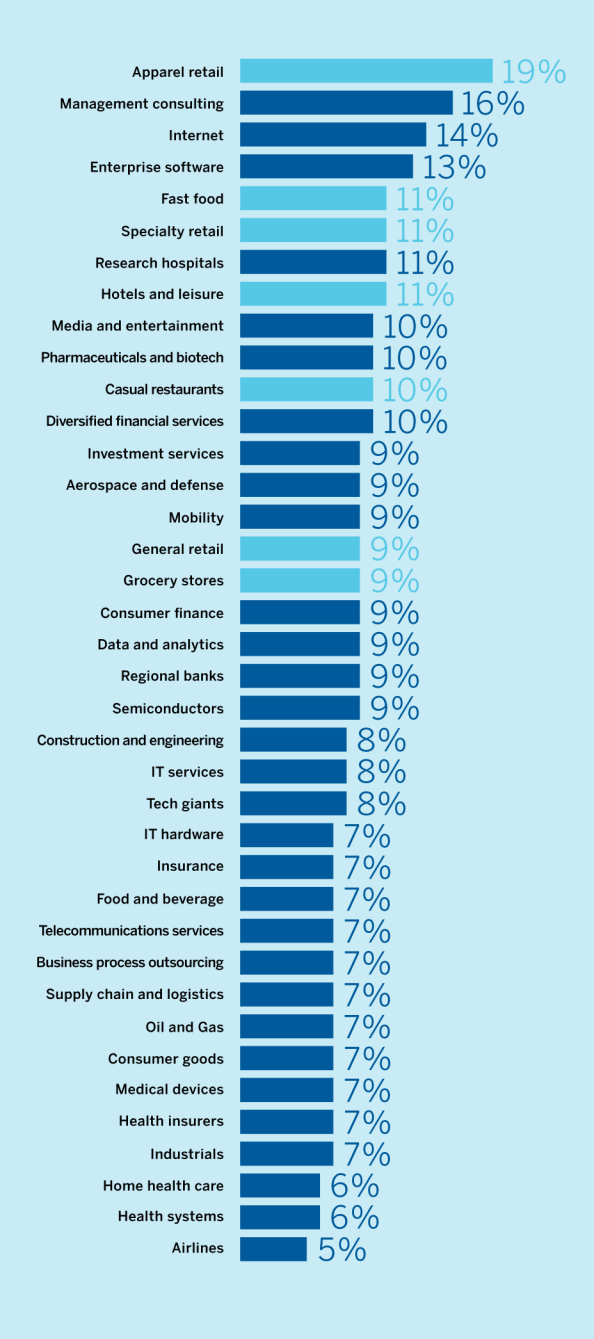
12. D. Sull and C. Sull, "10 Things."

13. J.C. Williams, S.J. Lambert, S. Kesavan, et al., "Stable Scheduling Increases Productivity and Sales: The Stable Scheduling Study," PDF file (San Francisco: Center for WorkLife Law, 2018), https://worklifelaw.org.

14. "Job Openings and Labor Turnover Summary," U.S. Bureau of Labor Statistics, Dec. 8, 2021, www.bls.gov.

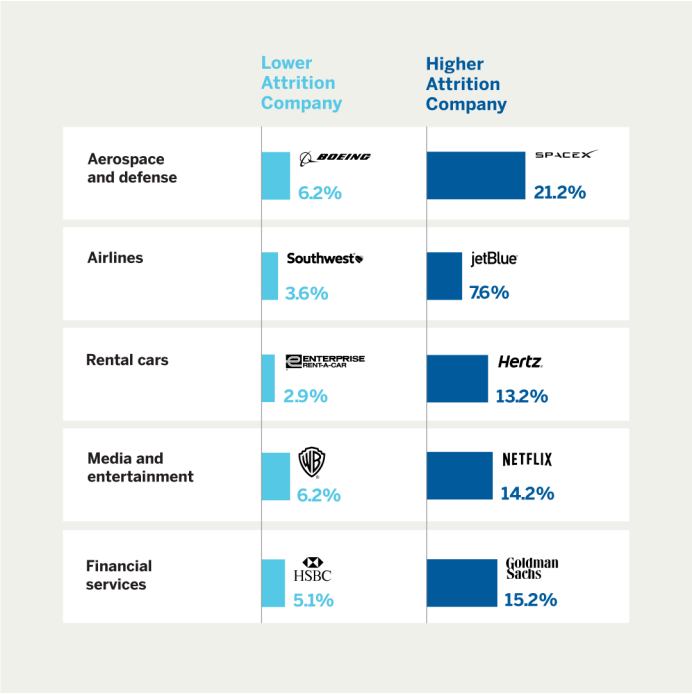
Industry Average Attrition Rate in the Great Resignation

This chart shows the average attrition rate across 38 industries from April through September 2021. The industries with the highest percentage of blue-collar workers are noted in light blue.



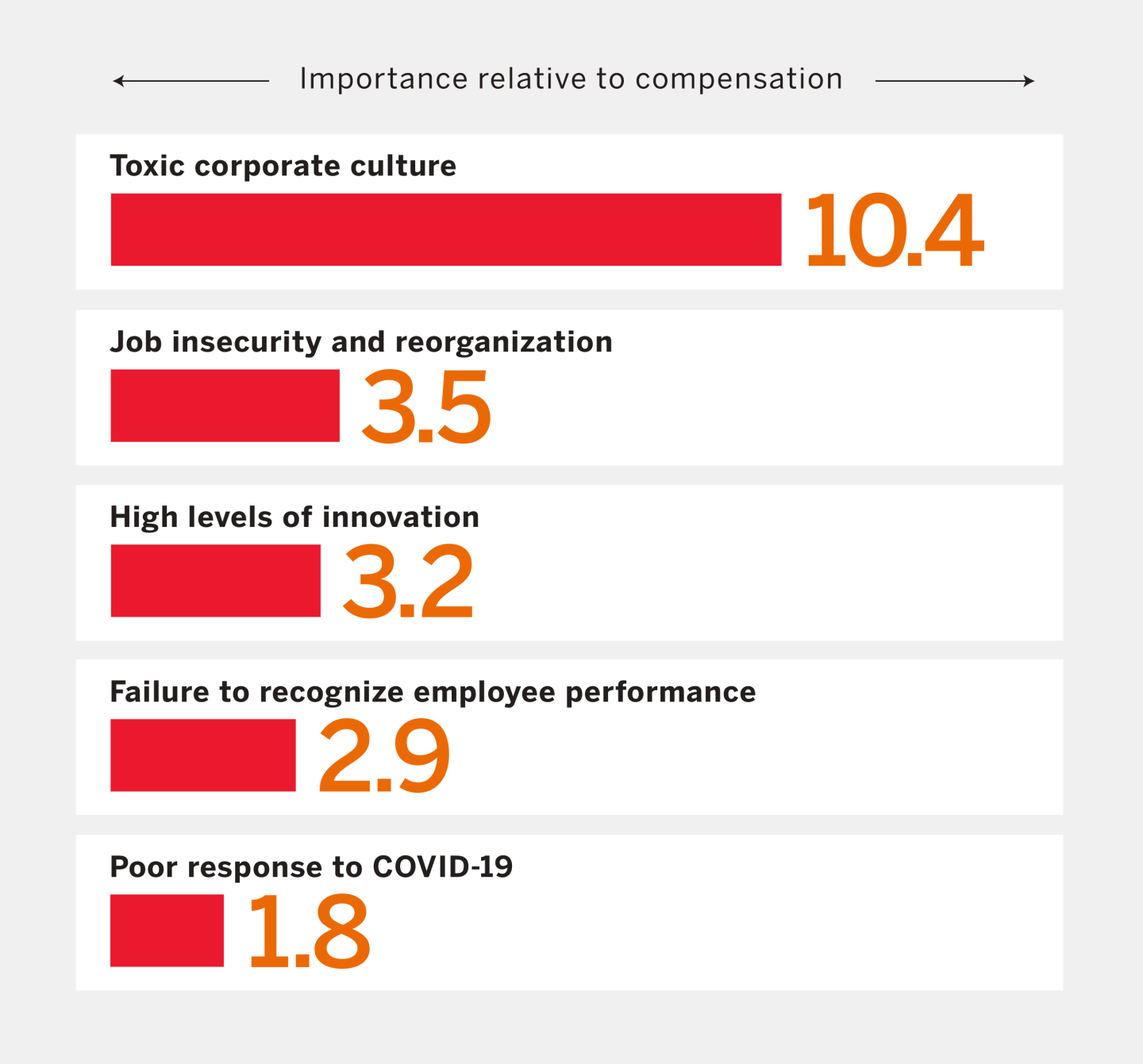
How Culture 500 Company Attrition Rates Compare Within Industries

During the Great Resignation, companies within the same industry have experienced varying degrees of attrition.



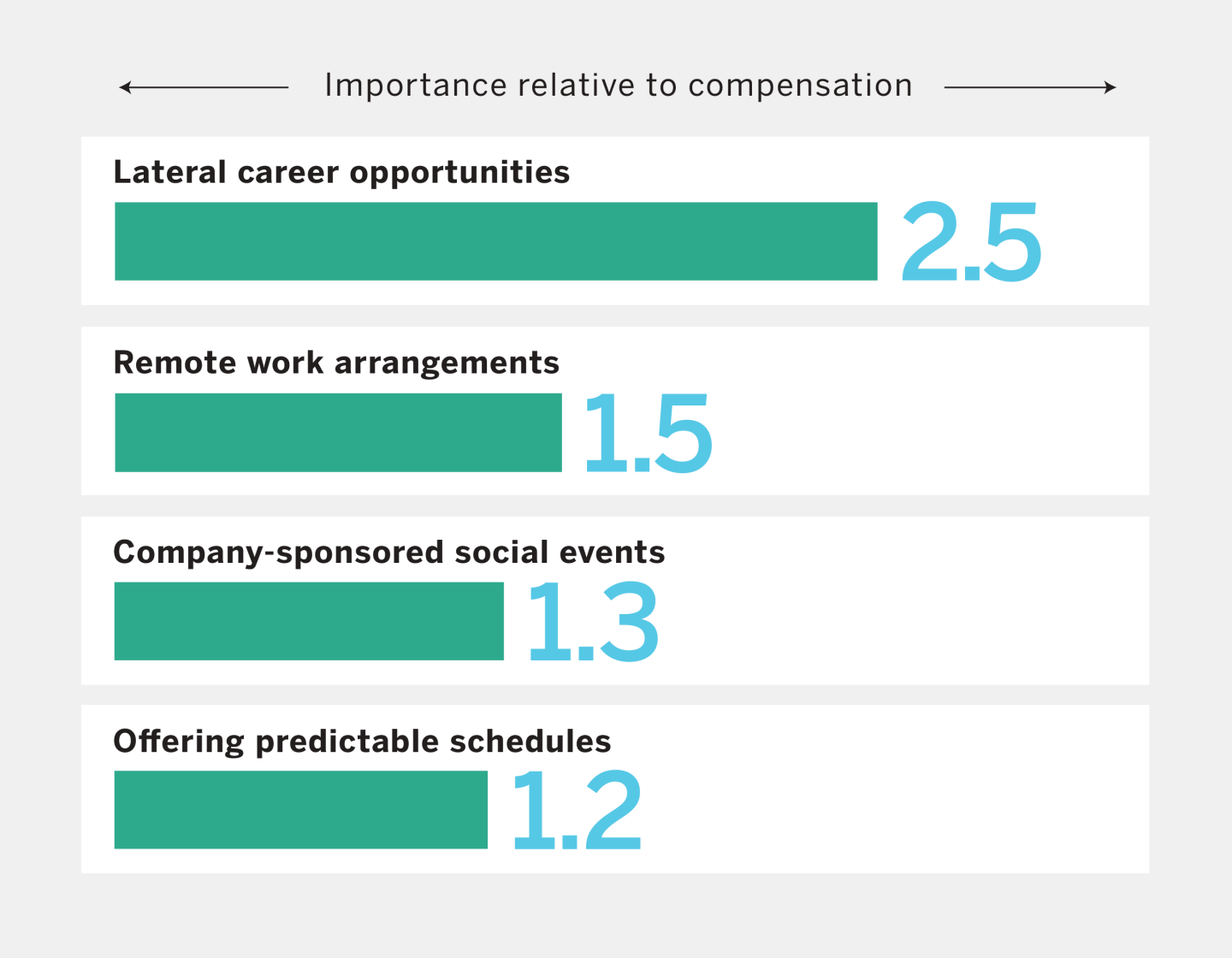
Top Predictors of Attrition During the Great Resignation

The authors analyzed the impact of more than 170 cultural topics on employee attrition in Culture 500 companies from April through September 2021. These five topics were the leading predictors of attrition. Each bar indicates the level of importance of each topic for attrition relative to employee compensation. A toxic culture is 10.4 times more likely to contribute to attrition than compensation.



Short-Term Steps for Companies to Increase Retention

These four topics were the leading predictors of employee retention for Culture 500 companies from April through September 2021. Each bar indicates the level of importance of a topic for employee retention relative to compensation. Offering lateral job opportunities for employees, for example, is 2.5 times more predictive of retention than compensation.



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