The Employee Retention Report

2024

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Introduction

Employee tenure is a key indicator of job satisfaction and company culture.

Our findings, as you'll see in this report, demonstrate that, while it is natural to see movement between companies, industries like marketing, hospitality, and IT are struggling to effectively retain staff for long periods, leading to higher turnover rates and disrupted workplaces.

This draws attention to the importance of creating a working environment where employees feel valued, respected, and rewarded. Improvements to employee benefits, such as hybrid working and increased holiday allowances, have become a traditional way for companies to increase their employee retention.

But with financial stability and wellbeing becoming a key priority for employees across all industries, offering robust packages that respond to these shifting needs has become a powerful incentive to not only retain current staff but attract new talent.

One such incentive is equity. [95% of our customers] told us that their company share scheme had helped improve retention.

There are various schemes (including tax-friendly schemes) available in the UK to suit different businesses needs. Skip to the end to find out more, or go right ahead and book a [free consultation call].

In the meantime, whether you head up a people team or specialise in recruitment, this report is well worth a read.

Ifty Nasir
Founder & CEO of [Vestd]

Methodology

We used the company search engines Glassdoor and LinkedIn to identify the top companies within each selected industry (located in the United Kingdom).

The identified companies were then filtered by employee size to find those that fit within the Startup (50-249), Scaleup (250-499), and Enterprise (500-1,100) business territories.
A list of the top 100 companies was compiled, and their LinkedIn company profiles were analysed to gather the average median tenure data of all employees listed on LinkedIn.

This created a total dataset of 398,006 employees and 1,400 companies. This data was then analysed to determine the overall average median employee tenure per industry, by calculating the average combined tenure across the companies.

All data is correct as of July 2024.

Employee retention in 2024

Research indicates that three in ten UK employees leave to join another organisation every year, resulting in an average turnover rate of 34% across the workforce.

But what drives our decision to stay or leave our current job? The widespread shift to new working dynamics following the COVID-19 pandemic enabled many to re-evaluate their careers. As the economy re-opened, workers sought new opportunities better aligned with their priorities, or which offered greater financial or personal stability.

This led to a huge influx in resignations and career movement, now known as the 'Great Resignation', with 442,000 resignations in the UK in Q2 of 2022 alone.

The status quo

Where are we now?

With Google trends data revealing over 7,000 web searches for 'letter of resignation' in July alone, employee retention has become more than just about keeping a company intact: it is about fostering a culture of loyalty, motivation and satisfaction.

Employees look for a series of factors but each industry has varying priorities, which can lead to different tenure lengths. For instance, construction workers cannot work from a home office, highlighting the need for strategic retention schemes that can adapt to different industry needs.

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The top industries for retention

To assess the state of employee retention in the UK, our team analysed LinkedIn data from the top 100 companies, with 50-1000 current employees, across 14 different industries to calculate the average median employee tenure.

Our research revealed that the manufacturing industry has the highest median tenure among all industries analysed, with employees averaging 5.3 years with the same company.

The top industry for employee retention is **manufacturing**.

Following closely behind is the property and construction sector, where employees typically remain in their roles for an average of 4.4 years.

Against a backdrop of previously widespread talent shortages, and increasing pressure to adopt digital and green skills, the manufacturing industry has historically dealt with high staff turnover.

However, since Q2 2023, vacancies in the industry have decreased by 14.8%, with over 60% of businesses reporting they had filled most of their vacancies between Q4 2023 to Q1 2024.

This change in vacancies correlates with data that 45% of manufacturing companies have increased their investmet in wellbeing initiatives in the last year.

Earlier in the year, our data revealed that the manufacturig sector offered the 5th best employee benefits, scoring 737 out of 2,000 in our benefit index.

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Both the manufacturing and construction industries tend to have an older employee demographic in construction, 64.8% of workers are over 41, with one in six aged 60 or over, while the Manufacturers Organization UK reports that 46% of manufacturing workers are between 41 and 50 years old, and only 3% are under 30.

According to CIPD data, older demographic groups typically move less frequently between jobs, which is reflected in the higher tenure observed in both the manufacturing and construction industries.

The industries with the lowest tenure

The marketing industry was found to have the lowest median tenure, with employees staying just 2.8 years on average, closely followed by the hospitality industry with 3 years.

Unlike manufacturing and construction, in comparison both these industries have a notably younger workforce, with 48.9% of the marketing industry aged between 18 and 35.

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Which industries have the lowest employee tenure?

Industry	Median Tenure (in years)	Startups and SMEs (in years)	Large Companies (in years)	Enterprise (in years)
Marketing	2.8	2.7	3.1	3.3
Hospitality	3.0	2.9	3.1	3.3
IT	3.1	3.3	3.0	2.8
Healthcare	3.2	3.0	3.6	4.1
Business Sector	3.3	2.9	3.3	4.1
Education	3.5	3.5	3.9	3.3
Finance	3.6	3.5	3.9	3.3
Fashion	3.7	3.0	4.4	4.2
Transport & Logistics	4.0	3.9	4.8	4.3
Retail & Wholesale	4.0	3.7	4.3	5.2
Legal	4.1	3.8	4.1	4.4
Charity/NFP	4.3	4.1	4.2	4.7
Property & Construction	4.4	4.2	5.0	4.0
Manufacturing	5.3	5.3	5.2	5.3
Overall	**3.7**	**3.5**	**4.0**	**4.1**

Although young people aged 16-24 only make up 10% of the overall UK workforce, according to ONS they make up 50% of waiting staff, 48% of bar staff and 48% of baristas.

While the marketing industry has grown significantly in the last decade, with a 52% increase in employment between 2011 and 2021, research suggests younger generations are more likely to stay in jobs for shorter periods, with over two-fifths of 25-29-year-olds remaining in a job role for up to two years.

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The young, fast-paced and developing nature of the industry contributes to its low tenure, with survey data finding that almost two-thirds of marketers considered a change in role for better financial remuneration, while 33% were on the lookout for a better workplace culture.

Our previous research revealed that media and communications, including marketing and PR, ranked highly for remote and hybrid work benefits, but overall came 10th for employee benefits.

With people still feeling the impact of the cost of living crisis, there has been a decided shift in interest towards perks that provide a more attractive benefits package, including employee share scheme options.

In the hospitality sector, jobs are often part-time, with 28.5% of zero-hour contracts in the UK in this industry, leading to a high turnover due to a lack of incentive to stay.

Although 41% of surveyed hospitality businesses improved their wellbeing processes in the last five years, 29% of employees reported they had no communication from wellbeing leads regarding resources, support and training.

Our data also revealed that the IT industry had the third-lowest tenure, with people more likely to stay in startups and SMEs (3.3) compared to an enterprise-size business (2.8).

The business, education and finance industries had relatively similar median tenure of 3.3 for business, 3.5 for education, and 3.6 for finance.

The education sector had a 61% increase in average tenure from startup/SME to enterprise level, while the business sector noted a 41% increase. However, the finance industry observed a 6% decrease.

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SME vs enterprise

There appears to be a pattern of increased tenure from startups to enterprises. This is likely because startups offer less stability, with around 60% failing in their first three years of business.

In contrast, enterprise companies are able to offer more stability, career growth, and higher salaries.

However, various methods, including Enterprise Management Incentives (EMIs) can be utilised by businesses with fewer than 250 employees and can be particularly beneficial for startups to attract and retain employees by offering equity.

For companies with more than 250 employees, Company Share Option Plans (CSOPs), are the next best thing.

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Average median tenure per company size

Industry	Startups and SMEs (in years)	Large Companies (in years)	Enterprise (in years)
Marketing	2.7	3.1	3.3
Hospitality	2.9	3.1	3.3
IT	3.3	3.0	2.8
Healthcare	3.0	3.6	4.1
Business Sector	2.9	3.3	4.1
Education	3.1	3.5	5.0
Finance	3.5	3.9	3.3
Fashion	3.0	4.4	4.2
Transport & Logistics	3.9	4.8	4.3
Retail & Wholesale	3.7	4.3	5.2
Legal	3.8	4.1	4.4
Charity/NFP	4.1	4.2	4.7
Property & Construction	4.2	5.0	4.0
Manufacturing	5.3	5.2	5.3
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Summary

The UK sees a 34% workforce turnover rate, driven by shifting post-pandemic priorities.

Manufacturing boasts the longest employee tenure (5.3 years), while marketing (2.8 years) and hospitality (3 years) face high turnover due to younger workforces and fewer incentives.

The key to retention? Competitive benefits, share schemes, and a strong workplace culture to foster loyalty, satisfaction, and long-term commitment.

Speaking of benefits...

How to improve employee retention

Whether it's leaving for career growth or better benefits, a smaller tenure often signals lower employee satisfaction and can make the company less attractive to job seekers.

The pandemic changed people's values when it came to their careers, so it is increasingly important that companies take into consideration these points when looking to reduce their employee turnover - with 70% of employees more likely to stay with a company that offers well-structured benefits packages.

To promote the desire to stay within a career, companies need to offer a series of reasons and incentives for someone to choose their workplace, aligning benefits with employees' needs and priorities.

These may include career development opportunities, competitive salaries, holiday allowance, good pension schemes and various perks and reward systems.

Share schemes have emerged as an effective tool for both retention and recruitment. By offering employees a stake in the company, share schemes can foster a sense of ownership and commitment to a company.

It is an effective way to reduce employee turnover, as they will be more likely to want to stay where they have a direct financial stake in the company.

The offer of a share scheme can also make job offers more attractive, as potential employees can become shareholders, a chance to benefit from a company's future success.

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The offer of a share scheme can also make job offers more attractive, as potential employees can become shareholders, a chance to benefit from a company's future success.

This can be especially beneficial for startups, which might not be able to offer other attractive benefits or as competitive salaries as enterprises.

> Reward-based incentives, such as employee share schemes, provide employees with a sense of ownership within their workplace, whatever their role.
>
> It's also a powerful incentive for staff to work their way up the ranks, decreasing employee turnover in the long term while encouraging a vested interest in the success of the company.
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> - Ifty Nasir, founder & CEO of Vestd.

Vestd - the sharetech platform

Meaningful rewards do wonders for retention! So explore share schemes today.

Book a free consultation with one of our specialists at a time that suits you to explore your options (no pun intended). There is zero obligation to sign up after.

What to expect on a call:

- [x] Discover the best scheme type for your business
- [x] Figure out the costs
- [x] Talk through the setup process
- [x] Learn about the conditions you can set
- [x] Understand how - and why - compliance is key
- [x] See how digitising your share scheme makes life easier
- [x] Ask us anything about sharing ownership!

We've helped thousands of people reward their teams with equity. And we can't wait to help you too!

Meet with Vestd

Vestd is the platform of choice for UK SMEs issuing shares and options. We help businesses create, execute and manage shares & options schemes simply and affordably.

Vestd Ltd is authorised and regulated by the Financial Conduct Authority (685992).