Employee Attrition and Salary Analysis Report (2012–2025)

Summary

This report analyzes historical employee attrition and average salary trends from 2012 to 2022, alongside predictions for 2023 to 2025. The goal is to understand the forecasted increase in attrition and salary growth, compare them with past trends, and suggest improvements for better workforce management.

Historical Trends (2012–2022)

- Attrition: Attrition fluctuated significantly, dropping to a low of 11 employees in 2017 and peaking at 28 in 2020. The average attrition rate hovered around 21 employees per year, with notable volatility likely tied to economic or organizational changes.

- Average Salary: Salaries saw a sharp decline from $136,773 in 2012 to $87,352 in 2016, possibly due to market adjustments or hiring lower-cost talent. A recovery followed, peaking at $126,860 in 2020, before dropping to $96,869 in 2022, reflecting economic instability or restructuring.

Predictions (2023–2025)

- Attrition Forecast: Predicted attrition rises sharply from 44 employees in 2023 to 76 in 2025—a 73% increase over three years. This steep upward trend contrasts with the historical average of 21, suggesting factors like declining job satisfaction, competitive job markets, or insufficient retention strategies may be at play.

- Salary Forecast: Average salaries are projected to grow steadily from $111,551 in 2023 to $121,905 in 2025—a 9.3% increase. While this growth is positive, it's slower than historical peaks (e.g., 2020's $126,860), indicating cautious compensation adjustments despite rising attrition.

Analysis of Predictions

The sharp rise in predicted attrition could stem from unaddressed employee dissatisfaction, possibly linked to the salary stagnation seen in 2022 ($96,869), which is well below the 2020 peak. Employees may be seeking better opportunities elsewhere, especially if competitors offer higher pay or better benefits. The modest salary growth forecast may not be enough to retain talent in a competitive market, further driving attrition. Historically, low salaries in 2016 ($87,352) coincided with higher attrition (24 employees), supporting this correlation.

Recommendations for Improvement

1. Enhance Retention Strategies: Address potential dissatisfaction by improving work-life balance, offering career development, or increasing non-monetary benefits like flexible work options.

2. Adjust Compensation: Accelerate salary growth to align with or exceed market rates, especially since historical data shows a link between low salaries and higher attrition.

3. Conduct Exit Surveys: Gather data on why employees leave to refine the predictive model and address root causes.

4. Monitor Market Trends: Benchmark salaries and benefits against competitors to ensure the company remains attractive to talent.

Conclusion

The predicted rise in attrition and modest salary growth highlight a critical need for proactive retention strategies. By addressing compensation and employee satisfaction, the company can mitigate the forecasted turnover spike and build a more stable workforce through 2025.