

Employee Reviews of Financial Firms: Using Glassdoor to understand employee turnover

Mike Ghoul • 08.02.2017

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Agenda

- ❑ The Problem
- ❑ Big Bank vs. Boutique
- ❑ Employee Ratings
 - ❑ Can we identify a pattern?
- ❑ Determining why Employees leave
- ❑ Opinion of CEO
- ❑ Summary

Employee Turnover in the Finance Industry

Bank Employee Turnover Rates:

- ❑ Highest in the past 10 years.¹
- ❑ Every 1% rise in voluntary employee turnover rates costs global banks USD 250-500 million per year.²

Costs associated with turnover:

- ❑ Temporary replacement/ overtime
- ❑ Recruitment
- ❑ Training/Loss of productivity
- ❑ New Hire costs

Wells Fargo Scandal

- ❑ 2016 scandal (creation of fake accounts):
 - ❑ 2 million unauthorized checking and credit card accounts
 - ❑ 5,300 employees fired
 - ❑ Management promotion of cross-selling
 - ❑ Federal class action suit by former employees
 - ❑ Retaliation against employees trying to stop the fraud

Headline sources:

<http://www.npr.org/>

<http://money.cnn.com/>

<http://fortune.com/>

Wells Fargo in the news:

Wells Fargo's Fake Accounts May Go Back More Than 10 Years

Ex-Wells Fargo Employees Sue, Allege They Were Punished For Not Breaking Law

Wells Fargo admits to signs of worker retaliation



We could have done more earlier.”

John Stumpf, CEO of Wells Fargo, apologizes before Congress.

Wells Fargo: Signs of a Larger Problem

- Key indicators provided by employees:

- A wordcloud of Cons provided by employees



What is a Bulge Bracket vs. Boutique Bank?

Name	BankClass	SubClass
Brown Brothers Harriman	Boutique	Other Boutique
Centerview Partners	Boutique	Top Boutique
Duff & Phelps	Boutique	Other Boutique
Evercore Partners	Boutique	Top Boutique
Stifel Financial	Boutique	Other Boutique
Cantor Fitzgerald	Boutique	Other Boutique
Wells Fargo	In Between	In Between
Deutsche Bank	Bulge Bracket	Other Bulge Bracket
Bank of America	Bulge Bracket	Other Bulge Bracket
Citi	Bulge Bracket	Other Bulge Bracket
Goldman Sachs	Bulge Bracket	Top Bulge Bracket
Morgan Stanley	Bulge Bracket	Top Bulge Bracket
J.P. Morgan	Bulge Bracket	Top Bulge Bracket

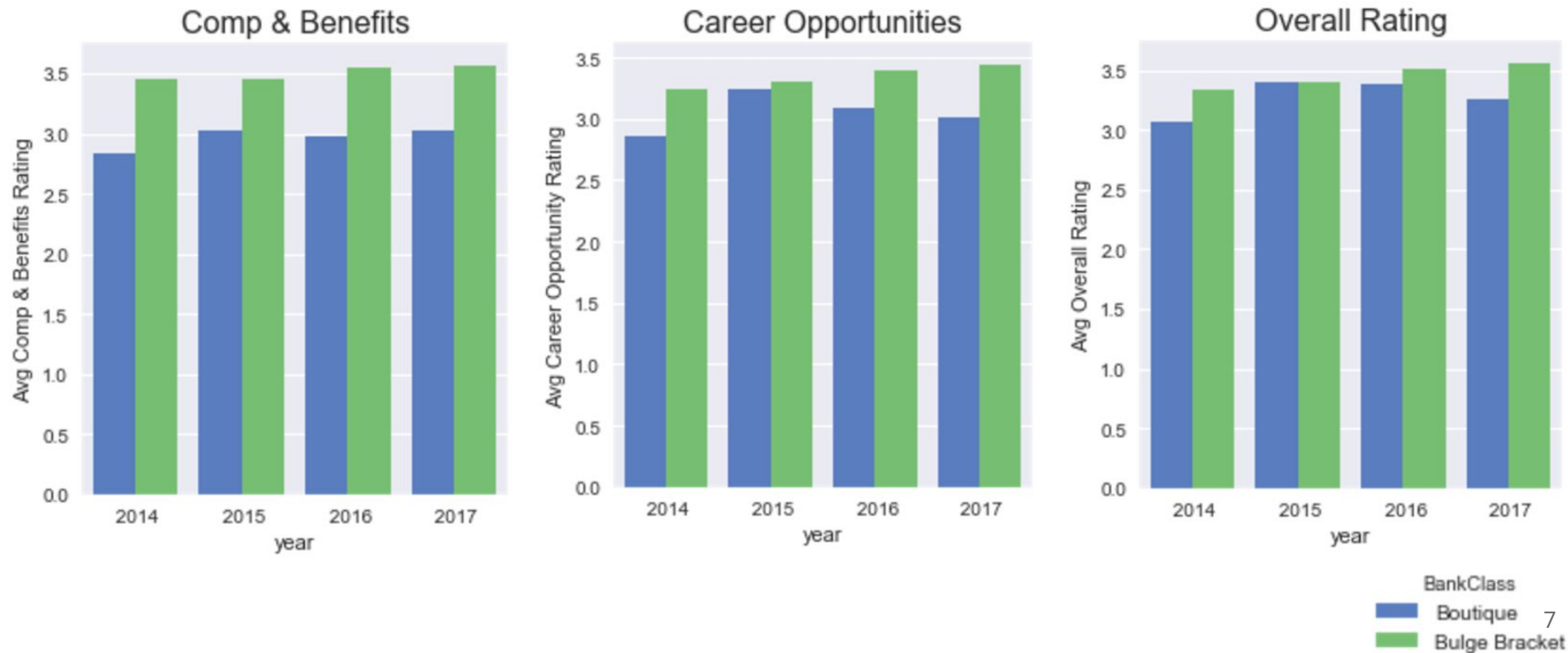
Bulge Bracket:

- ❑ Largest global banks
- ❑ Operate in all regions
- ❑ Offer all services

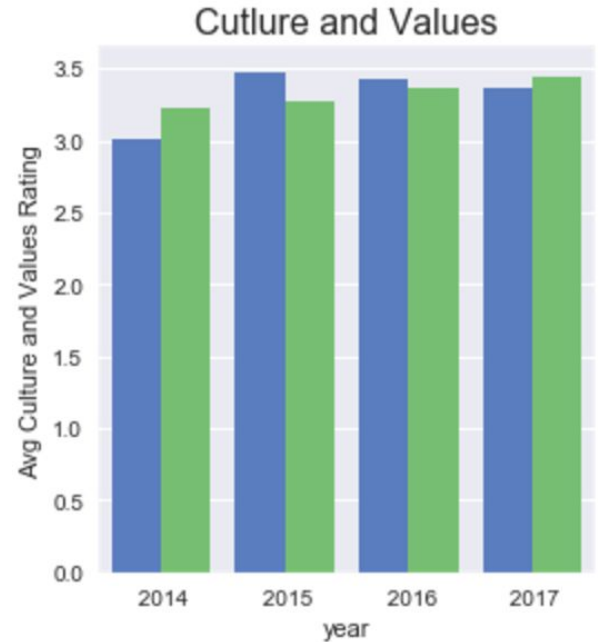
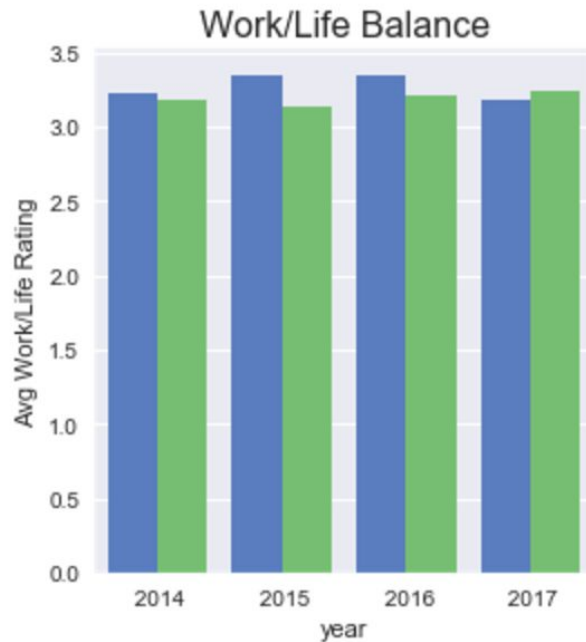
Boutique:

- ❑ Smaller
- ❑ Tend to focus on one or two prime areas
- ❑ More flexible (hierarchy, structure and operations)

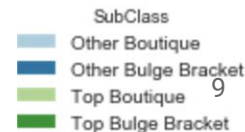
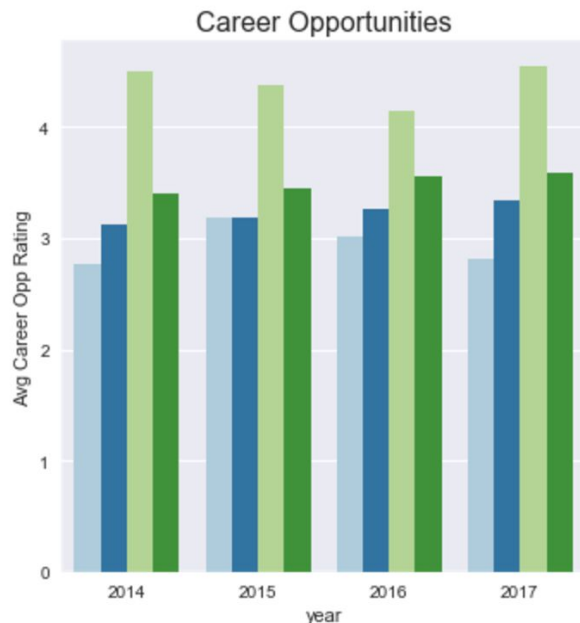
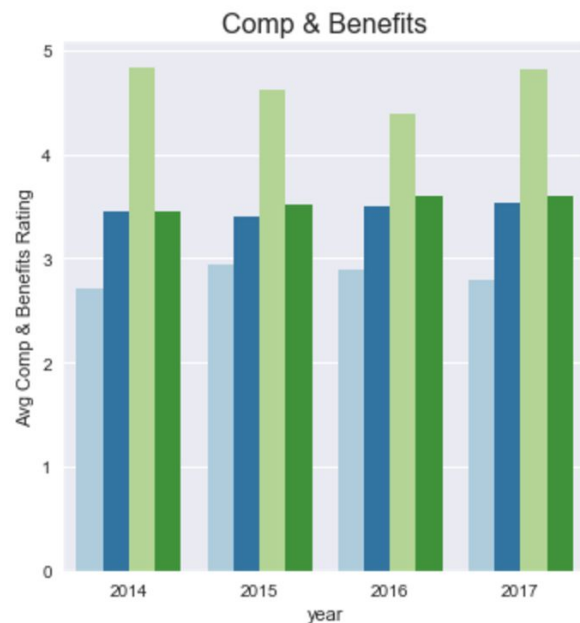
Is it better to work for a Big Bank or small one?



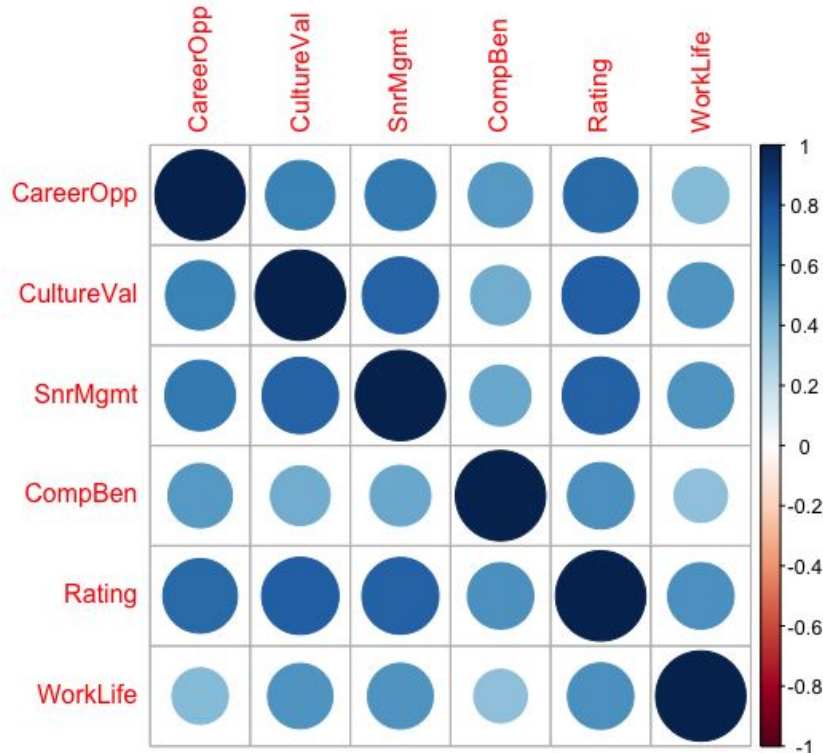
Is it better to work for a Big Bank or small one?



View by Sub-class



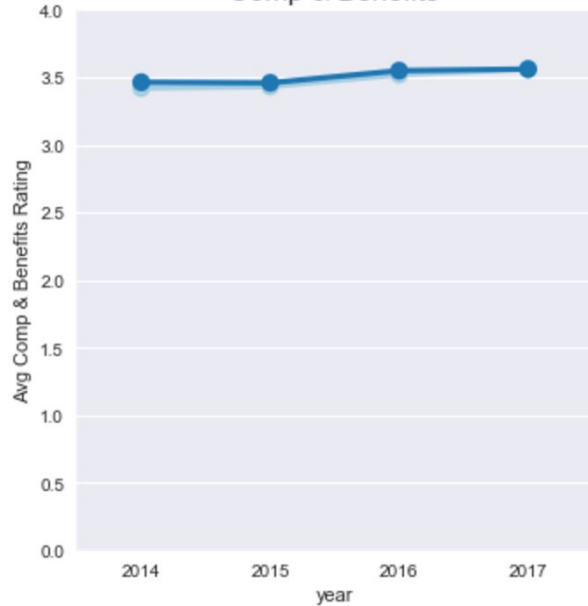
Are ratings correlated?



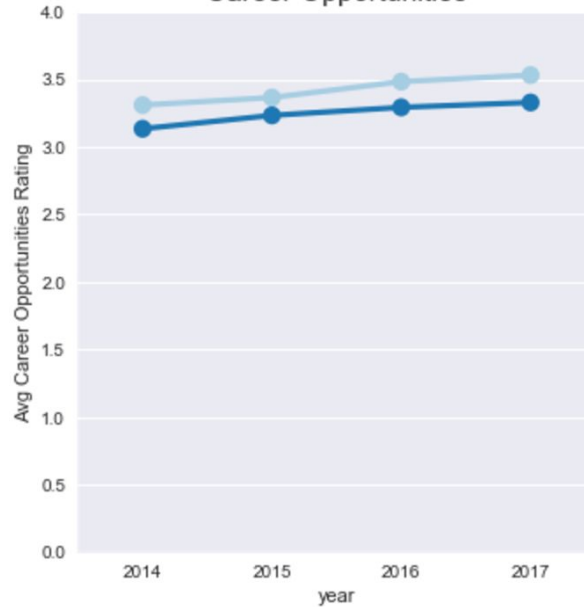
- Overall Rating mainly increases with:
 - High career opportunity
 - Positive view on culture and values
 - Favorable opinion of senior management

Can We Determine Why Employees Leave?

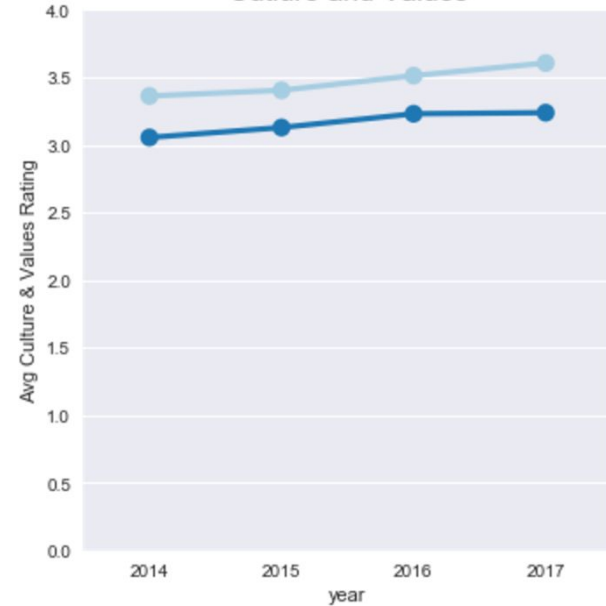
Comp & Benefits



Career Opportunities



Culture and Values



EmpType
● Current
● Former

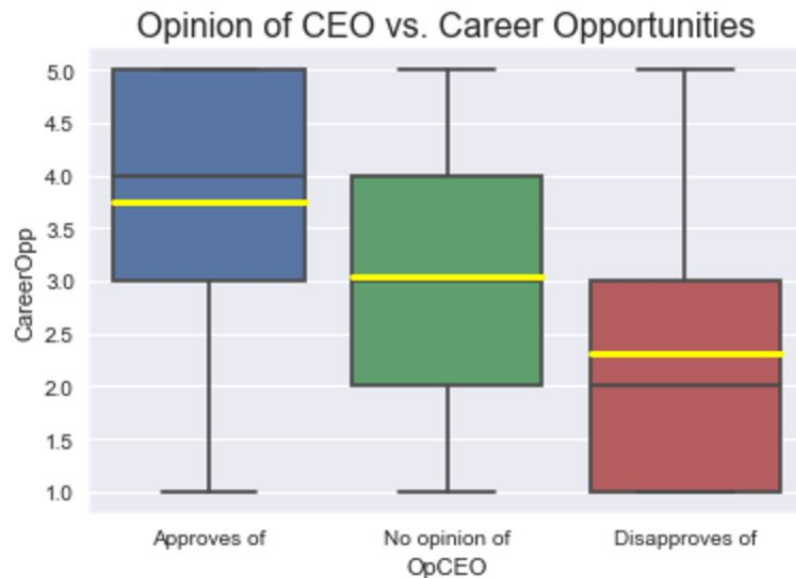
A Statistical Analysis of CEO Opinion

- ❑ One Way ANOVA: CEO Opinion vs. Career Opportunities
 - ❑ P value ~ 0.0
 - ❑ Significant difference between means of Career Opportunities
- ❑ Post hoc analysis (Tukey's range test):

Multiple Comparison of Means - Tukey HSD, FWER=0.05

group1	group2	meandiff	lower	upper	reject
Approves of	Disapproves of	-1.4354	-1.4714	-1.3995	True
Approves of	No opinion of	-0.7173	-0.7435	-0.691	True
Disapproves of	No opinion of	0.7182	0.6803	0.7561	True

- ❑ Each group has a significant difference of means



Summary

- ❑ **Rise in turnover in banks:**
 - ❑ Costs are increasing
 - ❑ Employers are failing to address the concerns of employees
- ❑ **Implement meaningful change:**
 - ❑ **Career Development**
 - ❑ Transparency of promotion criteria
 - ❑ Rebalancing of top-heavy hierarchies
 - ❑ Cross-training
 - ❑ **Culture and Values**
 - ❑ Alignment with employee values
 - ❑ **Employee Engagement**
 - ❑ Continue dialogue with employees
 - ❑ Walk the walk

Appendix

- ❏ Data from glassdoor.com was Scraped using Scrapy
- ❏ Additional analyses can be done:
 - ❏ Geographical trends
 - ❏ Type of Employee (level)
 - ❏ Length of Service