WATSONE HEALTHCARE
EMPLOYEE ATTRITION ANALYSIS
Executive Summary & Strategic Analysis

Executive Overview

This analysis examines employee attrition patterns at Watson Healthcare using a dataset of 1,676 employees across three departments (Cardiology, Maternity, Neurology). The goal was to identify key drivers of turnover and provide data-driven recommendations to improve retention.

KEY METRICS

Metric	Value	Insight
Overall Attrition Rate	11.87%	199 of 1,676 employees left
Total Workforce	1,676 employees	Distributed across 3 departments
Average Employee Age	37 years	Mid-career workforce
Average Tenure	7.03 years	Moderate workforce stability
Highest Risk Factor	Poor Work-Life Balance	27% attrition rate

CRITICAL FINDINGS

1. Work-Life Balance is the Primary Attrition Driver

- Employees with **poor work-life balance** experience **27% attrition** (2.3x hospital average)
- Represents the **single largest controllable risk factor**
- Only **90 employees** in this category, but represents critical intervention opportunity
- Clear inverse relationship: Poor (27%) → Good (14%) → Better (10%) → Best (12%)

Implication: Work-life balance improvements could reduce attrition by 50%+ for affected employees

2. Young Employee Retention Crisis

- **Under 25 age group**: **41% attrition rate** (3.5x hospital average)
- Represents **severe early-career retention failure**
- Attrition decreases dramatically with age:
    - Under 25: 41%
    - 25-34: 17%
    - 35-44: 5%
    - 45-54: 4%

Implication: Hospital is "training employees for competitors" - losing talent before ROI on training/development

3. Compensation Strongly Predicts Retention

- **Lowest salary bracket ($0-$5K/month)**: 18% attrition
- **Mid-range salary ($10K-$15K/month)**: 1% attrition (optimal "golden zone")
- **Highest salary ($15K-$19K/month)**: 7% attrition (slight uptick due to external recruitment)

Implication: Competitive compensation is proven retention lever with clear ROI

4. Department-Level Disparities

- **Cardiology**: 13.94% attrition (531 employees) - above hospital average
- **Maternity**: 12.31% attrition (796 employees) - at hospital average
- **Neurology**: 7.74% attrition (349 employees) - **best performing department**

Implication: Neurology's practices should be studied and replicated; Cardiology needs immediate intervention

5. Job Satisfaction Drives Turnover

- Strong inverse correlation identified:
    - Low satisfaction: 16% attrition
    - Medium satisfaction: 14% attrition
    - High satisfaction: 12% attrition
    - Very high satisfaction: 8% attrition

Implication: Employee engagement initiatives are worthwhile investments

6. Training Investment Matters, but Quality is Critical

- **0 training sessions**: 21% attrition (61 employees) - onboarding failure
- **1 training session**: 6% attrition (84 employees) - **best retention with minimal investment**
- **2 training sessions**: 15% attrition (**611 employees - 36% of workforce**) - quality problem
- **3+ training sessions**: 8-13% attrition - stable

Implication:

- Getting every employee from 0 → 1 training cuts attrition by 72%
- The 2-training spike (611 employees) represents biggest opportunity - likely poor-quality mandatory compliance training

7. Geographic Vulnerability: The "Frustration Zone"

- **15-19 km commute distance**: 22% attrition (highest)
- **0-4 km (close proximity)**: 9% attrition (best retention)
- **25-59 km (long distance)**: 11% attrition (self-selected committed employees)

Implication: Mid-distance employees face commute burden without commitment - offer flexible scheduling or transportation benefits

8. Internal Mobility Risk: New Role Transition Crisis

- Employees **new to their role (0 years)** have **27-29% attrition** regardless of promotion status
- **Recently promoted employees**: 16% attrition (counterintuitive - promotions should retain!)
- **1-10 years since promotion**: 10% attrition (stable)
- **11-15 years since promotion**: 4% attrition (career acceptance)

Implication:

- Internal role changes need better support/onboarding
- Promotions without adequate support/compensation create attrition, not retention
- Long-tenured employees without promotions are most stable (career contentment)

9. Tenure Patterns Reveal Critical First Decade

- **0-10 years tenure**: 14% attrition (1,255 employees - 75% of workforce)
- **11-20 years tenure**: 5% attrition (sharp drop)
- **21-30 years tenure**: 1% attrition (peak loyalty)

10-year mark is critical retention milestone - employees who reach this threshold become significantly more loyal

10. Additional Notable Patterns

Gender & Education:

- Overall female attrition higher than male
- **HR-educated females**: 38% attrition (critical issue)
- Healthcare-educated employees (Medical, Life Sciences) have lower attrition than business-educated (HR, Marketing, Technical) - specialized vs. transferable skills

Performance Ratings:

- System shows severe grade inflation (only ratings 3 and 4 exist)
- No meaningful differentiation for analysis
- Outstanding performers (13%) leave slightly more than those exceeding expectations (12%)

Job Roles:

- "Other" category: 16% attrition (highest, needs investigation)
- Nurses: 13% attrition (manageable)
- Therapists: 2% attrition (excellent retention)
- Admin: 0-1% attrition (perfect retention)

ROOT CAUSE ANALYSIS

The High-Risk Employee Profile:

Combining factors reveals likely highest-risk employees:

- **Age**: Under 25
- **Tenure**: 0-2 years
- **Department**: Cardiology
- **Salary**: Under $5,000/month
- **Work-Life Balance**: Poor
- **Job Satisfaction**: Low
- **Training**: 0-2 sessions
- **Distance**: 15-19 km commute
- **Role Status**: New to role (0 years)

Estimated attrition for this profile: 60-80%

The Stable Employee Profile:

- **Age**: 35-54
- **Tenure**: 10+ years
- **Department**: Neurology
- **Salary**: $10,000-$15,000/month
- **Work-Life Balance**: Better
- **Job Satisfaction**: High/Very High
- **Training**: 3+ sessions
- **Distance**: 0-4 km
- **Role Status**: Established (6+ years in role)

Estimated attrition for this profile: 1-3%

STRATEGIC RECOMMENDATIONS

1. Fix Work-Life Balance Crisis

- Audit staffing ratios in high-attrition areas
- Implement mandatory overtime limits
- Offer flexible scheduling options
- **Expected Impact**: Reduce attrition from 27% → 10-14% for affected employees

2. Address Entry-Level Compensation

- Benchmark salaries against market for employees earning <$5K/month
- Consider across-the-board increases for lowest salary bracket
- **Expected Impact**: Reduce attrition from 18% → 6-10% (matching higher salary tiers)

3. Emergency Training Initiative

- Ensure every employee receives at least 1 training session within first 90 days
- Focus on 61 employees with 0 training
- **Expected Impact**: Reduce attrition from 21% → 6%

4. Young Employee Onboarding Overhaul

- Enhanced 90-day onboarding for under-25 employees
- Assign mentors/buddies
- Monthly check-ins for first year
- **Expected Impact**: Reduce under-25 attrition from 41% → 20-25%

5. Cardiology Department Intervention

- Conduct department-specific audit (workload, management, culture)

- Learn from Neurology's success and replicate best practices
- Manager training on engagement and retention
- **Expected Impact**: Reduce Cardiology attrition from 13.94% → 9-10%

6. Training Quality Redesign

- Audit what the "2 training sessions" are that 611 employees receive (36% of workforce)
- Replace mandatory compliance-only training with meaningful skill development
- Make training relevant, engaging, and tied to career growth
- **Expected Impact**: Reduce 2-training group attrition from 15% → 9%

7. Internal Mobility Support Program

- Create structured onboarding for employees changing roles internally
- Pre-transition job shadowing and realistic previews
- 60-90 day trial periods with option to return to previous role
- Post-promotion leadership training and support
- **Expected Impact**: Reduce new-role attrition from 27-29% → 12-15%

8. Comprehensive Engagement Strategy

- Regular pulse surveys to monitor satisfaction
- Manager training on employee engagement
- Recognition programs for high performers
- Stay interviews (not just exit interviews)
- **Expected Impact**: Improve overall satisfaction, reduce low-satisfaction attrition from 16% → 10%

9. Geographic Retention Programs

- Transportation subsidies or enhanced parking for 15-19 km employees
- Flexible scheduling to avoid peak commute times
- Local recruitment focus (0-10 km radius)
- **Expected Impact**: Reduce mid-distance attrition from 22% → 12-15%

10. Career Development Framework

- Create non-management advancement paths (clinical ladders, specialist tracks)
- Make promotions opt-in, not assumed
- Celebrate 10-year tenure milestone explicitly
- **Expected Impact**: Maintain long-tenure stability, improve career satisfaction

EXPECTED OUTCOMES

Current State:

- 199 employees leaving annually (11.87% attrition)
- Estimated turnover cost: $10-20 million annually (at 0.75-2x average salary)

Projected State (12 months post-implementation):

- **Target attrition rate: 8-9%** (25-30% reduction)
- **Estimated savings: 50-65 employees retained** annually
- **Cost savings: $2.5-9 million** annually in reduced turnover costs
- **ROI: 3-5x** on retention program investments

Key Success Metrics to Track:

1. Overall attrition rate (monthly)
2. Under-25 attrition rate
3. Poor WLB employee count and attrition
4. Cardiology department attrition
5. New hire 90-day retention rate
6. Training completion rates (especially 0→1 training)
7. Employee satisfaction scores (quarterly pulse surveys)

CONCLUSION

This analysis reveals that **Watson Healthcare's 11.87% attrition rate is driven by addressable, controllable factors** rather than external market forces. The data shows clear patterns:

✅ **Work-life balance, compensation, and early-career support** are the primary levers

✅ **Department-level variation** suggests organizational factors, not industry-wide trends

✅ **Training investment and quality** directly impact retention

✅ **Internal mobility processes** need improvement to prevent attrition after role changes

The hospital has **significant opportunity to reduce attrition by 25-30%** through focused interventions on the identified high-risk groups. With 75% of the workforce in

their first decade of tenure, **retention investments now will compound over time** as employees reach the stable 10+ year milestone.

Bottom Line: The data supports a clear business case for investing in work-life balance improvements, competitive entry-level compensation, enhanced onboarding, training quality, and targeted department interventions. These changes are not only right for employees - they're financially justified through reduced turnover costs.