

Executive Pulse: The 4 Corporate Functions Facing the Most Turnover Risk

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Initiatives: [Employee Experience](#); [Executive Leadership](#); [Executive Transitions](#); [Executive Leadership: Talent](#); [Future of Work Reinvented Resource Center](#)

Executive leaders are finding roadblocks to the new tactics they'd like to use to prevent talent shortages – especially in the most vulnerable areas, which are critical for enterprises seeking growth as economies recover.

More detailed role-specific reports may be available on the website, depending on your subscription.

HR leaders say the top four corporate functions in the danger zone for staff turnover are: IT, operations (including supply chain, quality, manufacturing, logistics and procurement), R&D, and sales and marketing (See Figure 1).

And executives in each of those areas say they're worried. At just the time signs are emerging of the great talent churn they've been fearing, organizations must deliver on high expectations for growth, innovation and efficiency as the economy recovers from the pandemic crisis. ¹

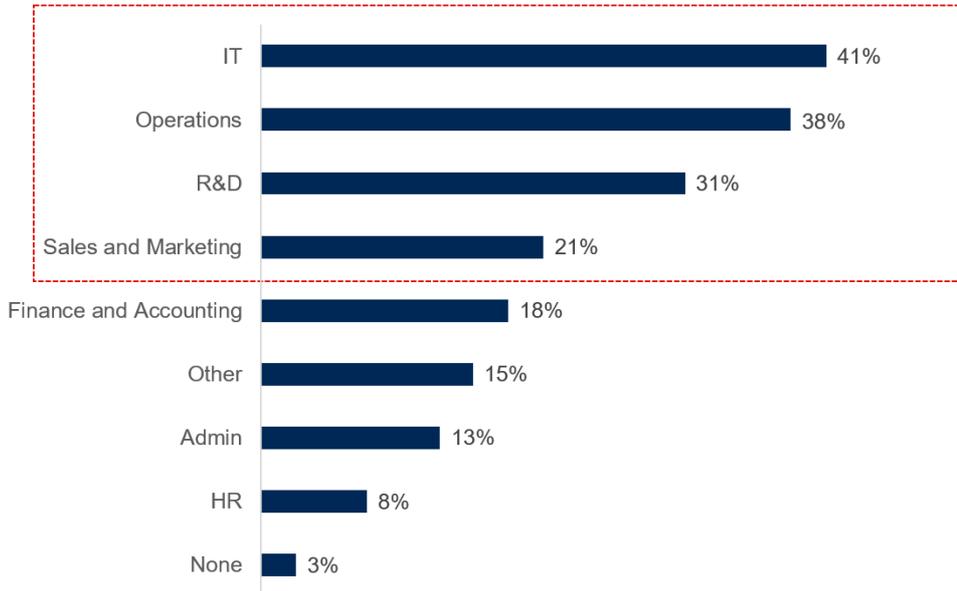
Flexibility of location and hours are the top tactics they're considering, but they face obstacles. Pay is also an issue, heads of teams tell us, but only 27% of HR survey respondents say they expect to encourage retention by raising compensation. ²

Figure 1: Top Attrition Risks: IT, Ops, R&D & Sales

Top Attrition Risks: IT, Ops, R&D & Sales

Functions With Highest Perceived Attrition Risk

Percent of HR Leaders; Select Up to Three



n = 39 HR leaders

Q: Which functions are you most concerned about in terms of their attrition risk? (Select up to three)

Source: Gartner Work Location Flexibility Webinar Poll (26 May 2021)



Other go-to strategies include...

- Training managers in career and retention policies (cited by 64% of HR leaders)
- Enhancing employee development opportunities (64%)
- Leveraging analytics to better understand retention risks (45%)³

The IT Talent Crunch Is Even More Acute

CIOs and IT leaders, who have faced tough competition for talent for years, tell us that retention in 2021 is even more difficult because:

- Other parts of the business are seeking talent internally – and other companies are luring them externally by offering better pay, benefits, flexibility and growth opportunities.

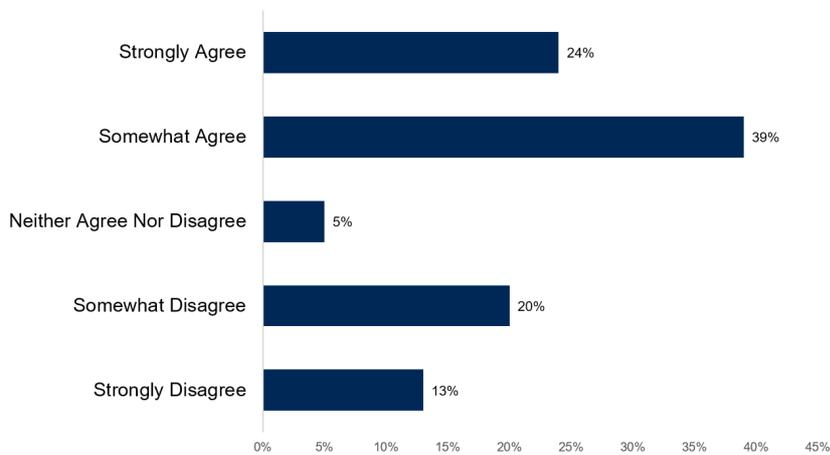
- HR typically can't make exceptions to retain high performers before C-suite executives decide on long-term hybrid work policies, such as the ability to work partially or fully remote.

More than six in 10 (63%) of CIOs and IT leaders say their organization's leaders realize that offering flexibility will help retain and recruit talent. But one-third say their leadership isn't on board (see Figure 2):

Figure 2: Does Your Leadership See Flexibility as a Way to Retain and Recruit Talent?

Does Your Leadership See Flexibility as a Way to Retain and Recruit Talent?

Percent of CIOs and IT Leaders



Q: Respond to the following statement: Our leadership understands that offering flexibility in where, when and how work gets done will be essential to retaining and recruiting talent.
Gartner Preparing for the Postpandemic Workplace Webinar Poll (June 8th) n = 535 CIOs and IT Leaders

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Chief information security officers (CISOs) also told us they are struggling to recruit and retain talent because:

- They can't find the required skills and competencies
- Candidates' salary expectations are too high for the role
- Candidates lack certifications
- They don't have enough money in their budget

CISOs tell us in calls that skills gaps are even larger for specialized areas like cloud computing or a combination of cybersecurity and AI expertise. They say HR typically ties these roles to standard IT pay scales – meaning the compensation they can offer is far below market rates for these high-demand roles.

And chief data officers tell us attrition of top performers is common when managers assign repetitive tasks such as data collection and quality checks to those who become easily bored – if their organization doesn't provide opportunities to stretch their skills with advanced and specialized work such as developing new tools using AI and machine learning.

Operations Leaders Face Sky-High Hourly Worker Turnover

Operations leaders tell us they are dealing with two separate talent shortages:

- Hourly worker roles such as warehousing where they are reporting attrition rates of 70% to 80% and in some cases even higher, depending on their location and function.
- High-skill and in-demand roles where technology and analytics are key, where they are struggling most to attract Millennials and Generation Z workers.

R&D Leaders Seek New Retention Strategies

Nearly eight in 10 R&D leaders said in June their concern about losing employees over the next 12 months ⁴ is prompting them to explore new strategies:

- They are looking for ways to offer flexibility to some employees without losing the creativity sparked when teams develop products at one location.
- They may turn to new outsourcing partnerships to fill gaps in knowledge and capabilities. They are redesigning career trajectories and considering rotational programs to motivate new hires and existing talent.

Sales Leaders Deal With a Push-Pull on Pay Demands

Chief sales officers are integrating virtual sales with traditional field practices.

They tell us in conversations that fighting the talent war means paying a premium for junior and senior roles alike, but at the same time, CFOs are pushing them to maintain budgetary discipline. They also say:

- Sales reps are eager to get back to travel; this was a key pre-pandemic perk, especially for up-and-coming reps, so the function's leaders are struggling to work out other ways, beyond just pay, to recruit and retain them.
- Yet others who demonstrated success in virtual selling are questioning the need to return to the office full time or at all, especially if customers are operating in a hybrid work model.
- To improve customer engagements and reimagine some of the in-person dynamics that sellers have valued, organizations are weighing new investments, like virtual reality equipment and corporate or at-home production studios.

Marketers Consider Dispersed Talent While Keeping a Lid on Costs

Over the course of the pandemic, marketing leaders faced the most significant budget challenges of any function in the enterprise. ⁵

Chief Marketing Officers (CMOs) have been reluctant to make drastic cuts to their in-house team, looking first to media and agency investments for potential savings. But CMOs tell us they are taking steps to address their ongoing resource challenges:

- They're looking to use more shared services functions and centers of excellence to drive scale and efficiency from expensive, and scarce, in-house talent.
- They are pulling a greater proportion of marketing's work in-house. Realizing potential agency cost savings is dependent on recruiting expensive, and sometimes scarce talent.
- However, the shift to work-from-home and hybrid working has offered CMOs the opportunity to seek talent beyond the immediate vicinity of the corporate head office, expanding their horizons past major cities such as New York or London. ⁶

Contributions from the following Gartner teams:

- Chief Human Resources Officer
- CIO
- Chief Information Security Officers
- Chief Data and Analytics Officer

- R&D
- Sales
- Marketing

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Contact [Daniel](#) with any questions or comments.

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[The Role of Managers in Contextualizing the Return-to-the Workplace Strategy](#)

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Endnotes

¹ In the Gartner Work Location Flexibility Webinar Poll (26th May 2021) HR leaders were asked to assess their level of concern about employee turnover as economies pick up. Thirty-five percent said they were 'significantly concerned', 55% said they were 'somewhat concerned' and 10% said they were not concerned. When asked if they saw early signs of employee turnover, 57% selected 'yes, somewhat,' 16% selected 'yes, significantly' 27% said 'no'.

² Gartner Work Location Flexibility Webinar Poll (26th May 2021)

³ Gartner Work Location Flexibility Webinar Poll (26th May 2021): The most common answer: 73% of HR leaders told us they are either doing or planning to offer more flexible work options as a way to address employee turnover.

⁴ Gartner June 2021 R&D Talent Pulse Poll. R&D leaders responded to the pulse poll question "To what extent are you concerned about R&D employee attrition over the next 12 months?." 17% said they were very concerned, 60% were somewhat concerned, 17% were a little concerned, and 7% were not at all concerned.

⁵ Gartner's 2020 Business Cost Optimization Through a Crisis study reported that 9 out of 10 CMOs had faced some form of budget cut in 2020. And 65% of respondents to [Gartner's CMO Strategic Priorities Survey 2020-2021](#) stated that they faced a budget cut of more than 5%, and 12% of respondents reported a cut of more than a quarter of their total budget in 2020.

⁶ Based on analysis using Gartner's TalentNeuron platform.

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