

Does offering remote work reduce employee turnover rates in UK tech companies?

Zecheng Zhao

Abstract:

This study examines the relationship between remote work policies and employee turnover rates in UK technology companies. Using a dataset of 302 UK tech companies collected for the period between 2022 and 2024, this research employed quantitative analysis to determine how different remote work arrangements (fully remote, hybrid, and office-based) impact annual employee turnover rates. The findings reveal that fully remote companies experience lowest turnover rates of 7.4% followed by organizations with hybrid arrangements at 9.87%. In contrast, office based companied record significantly high turnover rate (17.89%). The study further highlights key moderating factors which include employee satisfaction, company size and salary levels. These results have important implications for HR policy development and organisational strategy in the post-pandemic era.

Keywords: Remote work, employee turnover, hybrid working, UK tech sector, employee retention, organisational behaviour

1. Introduction

There's been a lot of change in workplaces as of late, especially concerning work policies. Remote work shifted from a temporary practice to a cornerstone of work culture policies during the pandemic and became a permanent fixture in the policy toolbox of most workplaces (Luca & Stanton, 2023). In the UK, the tech industry was quick to embrace most of these changes, allowing companies to provide remote work services as a means of ensuring lockdown productivity (Mariotti et al., 2022). After the pandemic, most organizations offered employees the options of permanent remote work or hybrid work schedules (Wheatley et al., 2024). Since the pandemic, the re-

mote work and turnover (or attrition) relationship has been the most concerning factor to business owners and HR. Turnover is one of the costliest organizational problems to solve. Replacement of a skilled work employee accounts for almost the entire annual salary of that employee scheduled for replacement. Costs including recruiting, training, and the subsequent productivity drain or loss. The UK technology sector is one of the most competitive and professionally demanding fields. Thus, the question "What determines employee retention?" becomes increasingly critical. This study thus seeks to investigate the impact of implementing remote work practices on employee turnover rates within UK tech companies, in order to achieve specific objectives.

To begin, it seeks to investigate the relationship between various remote work policies (fully remote, hybrid, and office-based) and the annual turnover rate. Second, it determines the main aspects impacting the retention of employees in remote working environments, which are the competitiveness of the salary, employee satisfaction, and the nature of the organization. Lastly, it gives evidence-based suggestions on how HR policies should be made to enable organisations to streamline their remote work practices, so as to ensure better employee retention. The study is critical in the modern work environment, particularly in the UK tech sector, which is now characterised by a limited supply of tech talent in the UK market following Brexit. Knowledge of the effect of work policies on employee retention could assist organizations to make informed decisions regarding their workplace policies, which in turn may save an organization much money related to employee turnover, and in the process enhance organization performance and wellbeing.

This study is intentionally limited to UK tech companies to ensure appropriate cultural and regulatory homogeneity, as well as to examine a sector that has been at the forefront of remote work adoption. It restricts the analysis to companies with at least 25 employees, as it aims to analyse an organisation with well-established HR practices and a large enough sample to calculate turnover. This analysis of the 2022-2024 data provides insight into the dynamics of the workplace following the initial period of adaptation to the new post-pandemic reality. The dissertation is organized in such a way that it gives a detailed discussion of the research question that begins with a review of relevant literature and theoretical frameworks, followed by a detailed methodology section, presentation of results and analysis, discussion of findings and implications, and concludes with recommendations of future research and practice.

2. Literature Review

2.1 Theoretical Framework

Employee turnover and remote work can be examined through various theoretical frameworks that have been developed over the years. The Job Characteristics Model, introduced by Hackman and Oldham, provides a foundation of knowledge on employee outcomes and how they are affected by the design of work (Brahmana et al., 2021). This model means that favourable psychological states that lead to motivation, performance, job satisfaction, and reduce turnover intentions can be achieved by employing a work environment with high skill variety, task identity, task significance, autonomy, and feedback (Raihan, 2020).

All of these qualities can be impacted positively by the telework conditions, particularly with regard to autonomy and feedback systems. They might, however, also reduce task identity and meaning through reduced social contact and affiliation with an organisation. The second theory that can be used to explain the impact of remote work on employee retention is the Social Exchange Theory. Under this theory, job relations are based on reciprocity of benefits and duties (Stafford & Kuiper, 2021). Ahmad et al. (2023) reassert that when organisations provide flexibility to employees through the availability of remote work, they are likely to receive some form of loyalty and commitment in response from the employees, which may result in reduced turnover intentions. However, the theory further proposes that the absence of physical interaction in remote settings can disintegrate the social connection which otherwise strengthens these exchange relations (Luqman et al., 2023).

Another theory that explains the retention effects of remote work is the Work-Life Balance Theory. According to Khateeb (2021), observed work-family conflict is a significant indicator of turnover intentions. Telecommuting practices have the potential to mitigate this conflict by reducing commute time, allowing for greater schedule flexibility, and facilitating a more effective integration of personal and work life. Nevertheless, remote working may also result in the permeation of work and personal life boundaries, which can lead to the emergence of new stresses and conflicts.

2.2 Remote Work Evolution

The history of remote work in the UK has had its distinct phases. Until 2020, most sectors of the economy had not adopted remote work and the 2019 Labour Force Survey showed that only 4.7% of workers in the UK predominantly worked from home (Felstead & Reuschke, 2020). The tech sector was ahead of most with Atlassian, GitLab, and Buffer being the first to embrace fully remote distributed workforces though, at the time, these were exceptions to the industry norm.

The work arrangements for most of the UK were changed for the first time in history. As of April 2020, nearly 46.6% of UK employees were working from home, the tech sector once again, lead this transition as most technology roles are remote (Hooson & Howard, 2025). The first lockdowns provided a unique opportunity for organisations and workers to experience remote work and for many, this was the first time flexible arrangements were made. Restrictions offered a broad range of easing options and UK tech companies capitalised. According to a 2023 Tech Nation Survey, 23% of UK tech companies are ful-

ly remote, 58% in a hybrid model and, 19% have fully switched to office work (Office for National Statistics, 2020). This distribution reflects the sector's recognition that remote work capabilities had become a competitive advantage in talent acquisition and retention, notably as geographic constraints on hiring were reduced. The Employment Relations (Flexible Working) Act 2023 established a legal framework that enables more individuals to work remotely, providing all workers with the flexibility to request flexible working arrangements from their first day of employment (World Economic Forum, 2023). This legal change was the broader acceptance of the flexibility in work as a legitimate and deserving employment relationship.

2.3 Employee Turnover Factors

Traditional employee turnover research has indicated that numerous factors influence retention decisions. As established by Al-Suraihi et al. (2021) and Halim et al. (2020), the decisions to turnover are found to rely on the attractiveness of the alternative job and the ease of mobility to it. Factors that make the prospect of exit more attractive include discontent with the job, conflict between work and life, the absence of career advancement opportunities, and a toxic relationship with management (Holtom et al., 2008). Some of the factors that influence movement are availability of other opportunities, transferable skills and economic circumstances that are favorable to the job seekers. The changes brought about by remote work present new aspects to these conventional elements. Advantages on the bright side, remote work has the potential to increase job satisfaction with greater autonomy and flexibility, decreasing work-life conflict by the removal of commuting and enhanced control over schedules, and increasing career opportunities by the removal of geographical constraints (Al Mohamed et al., 2024).

Nevertheless, remote work has the potential to develop negative aspects. Job satisfaction and organizational commitment may also be dampened by social isolation even to the extent that it affects employees whose energy level is sustained by interpersonal interaction (Shirmohammadi et al., 2022). The issue of career development can be increased in remote workers where they do not feel as visible to the management or are unable to access informal networking and mentoring. Also, not all the employees can work independently and have the self-discipline to perform well in a remote working arrangement, which can cause stress and performance issues that can raise the potential of turnover. Generational differences complicate

these dynamics. Studies indicate that younger workers are potentially especially appreciative of the flexibility of remote work, as well as more vulnerable to the social isolation and professional growth issues of distributed work environments (Mustajab, 2024). Such generational differences are especially pertinent to the tech industry, where an overly youthful workforce is employed.

2.4 Remote Work and Retention Studies

Studies on the effect of remote work on employee retention have had mixed results because of the complexity of the association and the comparatively recent phenomenon of the widespread adoption of remote work (Syal & Sharma, 2021). Studies have shown that remote employment can decrease turnover by half, primarily due to increased job satisfaction and improved work-life balance (Kim & Dirks, 2023; Felstead & Henseke, 2017). Additionally, data of various countries during the pandemic showed that the rate of voluntary turnover was lower among those companies that provided employees with remote work opportunities. It was also observed that the relationship was moderated by such factors as the type of job, the demographics of the employees, and the size of the organization (Hanafi & Syah, 2021). In contrast, while remote work initially reduced turnover intentions, this effect diminished over time as employees adapted to new work arrangements.

Research concentrated on the technology industry has typically noted favorable correlations between flexible remote work options and employee retention. The majority of research about remote work in technology companies has shown that remote employees would like to persist in that arrangement throughout their careers, and companies that adopted remote work options reported lower employee attrition rates (Felstead, 2022). The bulk of this research, however, is self-reported, and there could be selection bias since companies and individuals who implemented remote work may have been inclined to see the arrangement as beneficial (Gifford, 2022). The scant research that has focused on the technology sector in the UK represents a material gap in the literature. Despite the value of insight that international research offers, the UK's cultural, economic, and regulatory context may yield distinct results (Wheatley et al., 2021). Also, most prior research has concentrated on the short-term consequences of the remote work transitions that were implemented in response to the pandemic and paid little attention to retention in the longer term as organizations and employees adapted to new work arrangements.

3. Methodology

3.1 Research Design

Using a cross-sectional approach, this case examines the relations between the adopted remote working practices and turnover rates of employees in the UK tech sector. Though the objectives of this case are definitional and, therefore, suited for a quantitative approach, the case articulates a perspective that examines the interrelations among the variables rather than exploring the subjective meanings and experiences. The impact of remote working on the turnover rate of employees in the UK was assessed using a questionnaire survey designed to collect cross-sectional data for quantitative analysis. Given the dynamic relationships that exist between different variables, a cross-sectional approach is appropriate for this case. Relationships between variables, as is the case with this study, can remain unexamined for long periods. In supporting the choice of a cross-sectional design, the justification rests on a positivist view where the assumption is that the relevant social phenomena can be measured statistically. This view is particularly relevant in this regard, as turnover, an important part of the organizational culture, is measurable, and can be tracked in different organizations. This analysis in depth is restricted to tech firms in the UK, allowing concentration on the relationship between remote work and turnover, without other contextual distractions.

3.2 Data Collection

This research drew upon primary data that was sourced from a number of technology firms within the United Kingdom. The respondents' primary data provided coverage from the years 2022 to 2024. This particular time range was chosen as it addresses the post-pandemic workplace context beyond the primary transitional adjustments, yet before the more permanent changes in workplace patterns took full hold. Cochran's formula for unknown populations determined a sample size of 384 firms. However, 302 were used after the data cleaning process, where incomplete entries were excluded from the sample. The 302 UK tech firms in the sample were required to have a minimum of 25 employees to allow for feasible turnover calculations, as well as the presence of established HR functions. All firms included in the study were technology oriented, which included software development, fintech, gaming, e-commerce, cybersecurity, AI & ML, edtech, health tech, prop tech, cleantech, and gaming. To ensure representation from the major UK tech hubs, London, Manchester, Birmingham, Leeds, and Glasgow, the sampling approach was informed by companies' remote work policies' diversity, which facilitates substantive

comparison. Companies were classified as fully remote (all employees work from home with no required attendance in the office), hybrid (employees alternate between working from home and in the office), and office-based (employees are required to work primarily from the company premises). The company sizes were considered starting from 25 employees to less than 1000 for the purposes of this study, which captures small to medium enterprises to large corporations while focusing on companies with well-established organizational structures. Revenue data was also important with regard to the possible socio-economic characteristics of the companies and the likely availability of resources for benefits and staff retention programs.

3.3 Variables and Measurements

This study defines the Annual Turnover Rate as the percentage of employees who voluntarily disengaged from the company in the year 2023. This metric was used because it accounts exclusively for former employees who made discretionary departures during the year and does not include involuntary terminations, layoffs, or retirements. The Remote Work Policy variable is the primary independent and is categorized as Office-Based (1), Hybrid (2), and Fully Remote (3), allowing analysis and comparison of the levels of the policy in a way that retains the variable's order from most rigid to least rigid work structures.

Several control variables were included to account for alternative explanations for turnover differences. The total number of employees of the company was taken as the measure of the company size as of December 2023. Subsector was coded on categorical basis to accommodate industry-specific aspects that could affect turnover rates. Location was added as a control factor of regional labour market variation and cost of living changes which could influence staff mobility. Average salary (in GBP) was used as a control factor because the level of compensation has always been cited as one of the most important determinants of employee retention decisions. The employee satisfaction was reported on a scale of 1-10 using aggregated data on employee review websites such as Glassdoor or Indeed which gave an indication of the quality of the work-place as a whole rather than the flexibility in work arrangements.

3.4 Data Analysis Methods

Excel was used to conduct data analysis by following a sequential pattern that started with descriptive statistics to describe the sample distributions and the variable. All the continuous variables had measures of central tendency,

dispersion, and distribution shape computed, whereas categorical variables were analyzed by considering frequency distributions. Analysis of bivariate relationships was conducted between all study variables with a specific focus on the relationship between remote work policy and turnover rates using correlation analysis. Continuous variables were calculated using Pearson correlation coefficients. The first analytical method used was multiple regression analysis to investigate the association between remote work policies and turnover rates after adjusting with the other possible causes. Model assumptions were tested through examination of residual plots, normality tests, and multicollinearity diagnostics. Additional analysis included one-way ANOVA to test for significant differences in turn-

over rates across remote work policy categories.

4. Results and Analysis

4.1 Descriptive Statistics

The sample of 302 UK tech companies provides a comprehensive representation of the sector's diversity in size, subsector, and geographic distribution. Company sizes ranged from 25 to 549 employees, with a mean of 248 employees ($SD = 180.77$) and a median of 356 employees, indicating a right-skewed distribution typical of business populations where many smaller companies coexist with fewer large corporations.

Table 1: Company Size Statistics

Mean	Min	Max	SD	Median
248	25	549	180.77	356

Annual turnover rates across the sample ranged from 5.6 % to 19.10%, with an overall mean of 9.89% ($SD = 3.95\%$). This range reflects the considerable variation in employee retention performance across UK tech compa-

nies. It provides sufficient variance for meaningful statistical analysis. The distribution of turnover rates was approximately normal, with a slight positive skew, meeting the assumptions for parametric statistical tests.

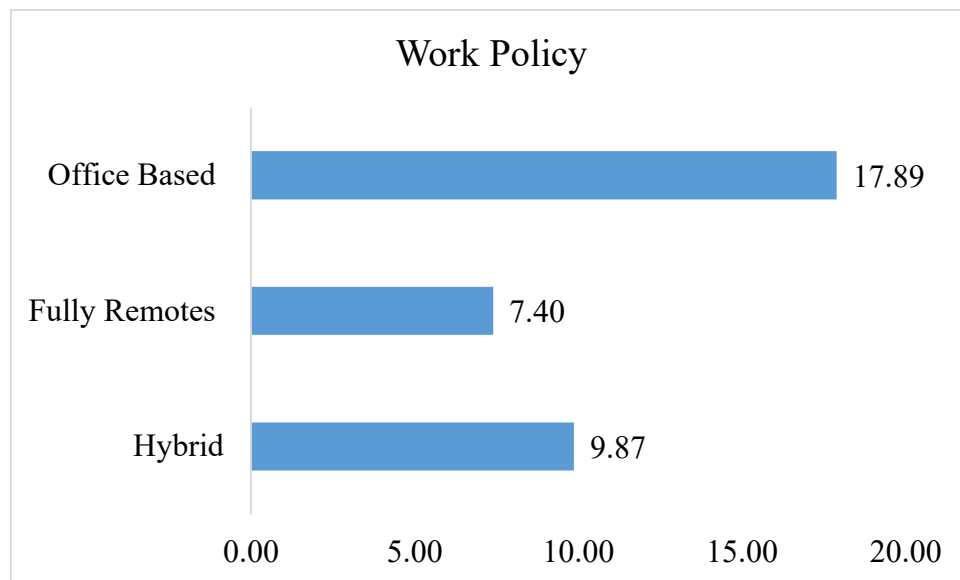


Figure 1: Work Policy of UK tech companies

The distribution of remote work policies in the sample reflected post-pandemic workplace trends, with 38 companies (25.0%) operating under fully remote policies, 84 companies (55.3%) implementing hybrid arrangements, and 30 companies (19.7%) maintaining office-based requirements. This distribution aligns with industry surveys indicating hybrid work as the dominant model in the UK tech sector.

In the UK, there are 302 tech companies that are distributed across five different cities. The largest proportions can be found in Manchester (50.3%), London (21.2%), Birmingham (14.6%), Leeds (11.6%), and Glasgow (2.3%). Therefore, the assumption can be made that the largest concentration of tech companies are in Manchester and London, and these are considered the tech industry hubs. With respect to industry subsectors, the sample is predom-

inantly from the Fintech industry, which makes up 67.6% of the sample. The other sectors which are represented to a far lesser extent are CleanTech (12.6%) and AI/ML (9.6%). Other industries such as Cybersecurity, E-commerce, EdTech, PropTech, and Software Development, all of which comprise less than 2.5% of the sample, hold even smaller proportions. There is a considerable difference in the average salary when comparing the various subsectors. The AI/ML and Cybersecurity companies offer the highest average salaries, at £85,869 and £98,808 respectively, which

suggests that these sectors have a considerable markup in compensation to attract and retain highly skilled professionals. Fintech companies also provide comparatively high pay (mean = £60,972), higher than the mean of the entire subsector of £58,983. Conversely, the average salaries in CleanTech, EdTech, PropTech and Software Development are lower (ranging between about £30,397 and £46,352), indicating differences in market maturity, funding and talent demand at a subsector level.

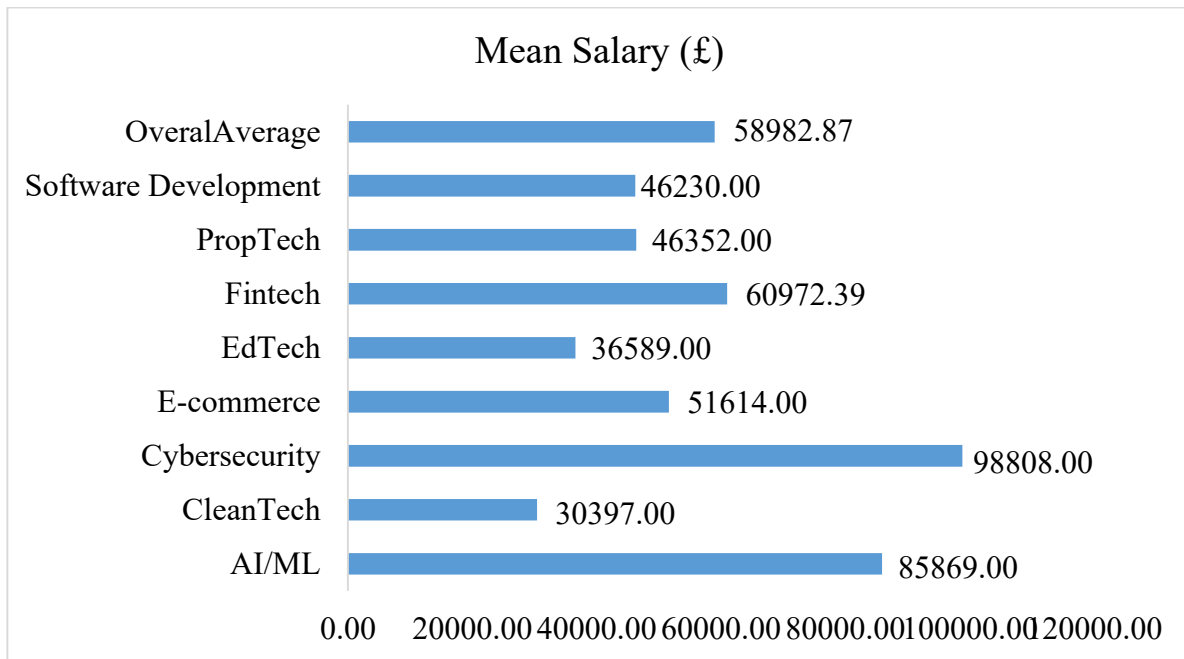


Figure 2: Mean Salary by Subsector

Employee satisfaction scores ranged from 6.2 to 9.4 on the 10-point scale, with an overall mean of 8.6 (SD = 0.5). The distribution is slightly negatively skewed, suggesting that most employees report high satisfaction, but a few report notably lower scores.

4.2 Correlation Analysis

The relationship between the Remote Work Policy and Annual Turnover Rate is strong and positive ($r = 0.8258$), indicating that as remote work policies become more

flexible (e.g., transitioning from an office-based model to a hybrid or fully remote model), turnover rates tend to increase. The relationship is statistically significant ($p < 0.001$), indicating that the observed relationship is unlikely to be due to chance. The value of the correlation is important, indicating that work policy is a valuable consideration in explaining differences in employee turnover among UK technology firms. Correlation does not however imply causation, and additional analysis would be required to find out a causal relationship.

Table 2: Correlation Remote Policy

	RemotePolicy	TurnOverRate
RemotePolicy	1	0.8258
TurnOverRate	0.8258	1
p-value	0.000	

Employee satisfaction and turnover rate have a strong negative statistically significant correlation ($r = -0.6096$,

$p < 0.001$). This implies that the more the satisfaction the less the turnover- a natural and understandable correlation with organizational behavior. Highly satisfied employees

tend to have fewer chances of quitting the job, which is in line with the current research and HR practice.

Table 3: Correlation Satisfaction

	Satisfaction	TurnOverRate
Satisfaction	1	-0.6096
TurnOverRate	-0.6096	1
p-value	0.000	—

The correlation between company size and turnover rate is highly negative, significant and strong ($r = -0.7972$, $p < 0.001$). This shows that bigger firms have a low turnover rate whereas employee turnover is high in small

firms. This is a rational conclusion since bigger companies can provide more stability, better benefits, and clearer career growth prospects, which lead to staff retention.

Table 3: Correlation Company Size

	Company Size	TurnOverRate
Company Size	1	-0.7972
TurnOverRate	-0.7972	1
p-value	0	—

The average salary and the turnover rate have a strong negative correlation ($r = -0.6919$, $p < 0.001$). This implies that when the average salaries are high, the level of employee turnover is also likely to go down to a large extent.

The outcome is statistically significant, indicating that compensation is likely a crucial factor influencing employee retention in the sample of companies.

Table 4: Average Salary

	AvgSalary	TurnOverRate
AvgSalary	1.0000	-0.6919
TurnOverRate	-0.6919	1.0000
p-value	0.0000	0.0000

4.3 Regression Analysis

Analyzing how different factors affect employee turnover in the technology sector in the UK shows some fascinating things that might be a bit different from the commonly

accepted ideas of how to keep employees. Every variable in the model had a p-value of 0.000 which means that every single one of them had strong statistical significance. So we can be very confident in the relationships we identified between predictors and turnover outcomes.

Table 5: Predictors of Employee Turnover Rate

TurnOverRate	Coefficient	Std. Err.	P-value
RemotePolicy	2.713333	0.064554	0.000
Company Size	-0.0026744	0.000294	0.000
Satisfaction	-2.340303	0.068112	0.000
Average Salary	-0.0000822	2.21E-06	0.000
_cons	30.97065	0.601758	0.000

The most impressive result exhibited the highest positive correlation (2.7133) turnover. This implies that work places that offer remote work policies have a turnover rate of 2.71 higher than those that do not, all else held constant. This surprising correlation is likely indicative of reactive remote work implementation, where firms facing retention issues implement flexible work models as a remedial action, rather than a proactive one (Carroll & Conboy, 2020). Alternatively, this discovery could mean that remote working structures, though common among workers, may end up undermining organizational loyalty and friendship ties, which generally hold workers to their workplace.

Employee satisfaction is the strongest predictor of turnover, and its coefficient is -2.340303, which is the strongest relationship within the model. The significant negative value of the coefficient implies that one-unit incremental change in satisfaction scores translates into a 2.34 percentage point lower turnover rates. This result supports the underlying value of job satisfaction in retention plans. It indicates that organisations are more successful in minimising turnover when more extensive job satisfaction efforts are used in place of making changes in policies or salaries alone.

The relationship between turnover and company size is modest and significant negative relationship with the coefficient being -0.0026744. Although this connection is miniscule, it indicates that bigger firms have a slightly lower turnover rate, possibly because of better career development options, more extensive benefits packages, and higher job security that larger firms usually have to offer (Ballinger et al., 2016). The connection highlights the structural benefits that existing institutions have in sustaining workforce stability.

The coefficient of -0.0000822 associated with mean wage is indicative of a potential statistical significance. However, this figure only demonstrates a small practical effect as turnover rates relates to mean wage. This noting contradicts the concern that wage is the most critical factor in employee turnover decisions. This suggests that potential paying above the wage mean may result in only small retention gains. This suggests a lower pay level may be used as a strategy as a means of resource allocation in organizational retention planning. Increasing organizational financial pay may be ineffective as increasing organizational satisfaction may yield more positive retention results. The value of the intercept term, 30.97065, helps define the turnover baseline when all the predictors equal zero, thus putting in perspective the weight of each predictor. This speaks to the effectiveness of retention strategies which solely hinge on the complete satisfaction of employees and the strategic manipulation of remote work policies as

a means of organizational integration to reinforce employee allegiance, not weaken it.

4.4 Additional Findings

The timing of policy implementation was analysed to find some interesting patterns in the maturity of remote work arrangements. In 2020, businesses under remote work policies had a different turnover pattern compared to those that had implemented it in 2021 or 2022 (Tahlyan et al. 2024). In particular, a company's turnover rate decreased with increasing remote work experience; this suggests that organisational learning and adjustment to remote work patterns can help the retention benefit increase over time. According to the interaction effect analysis between company size and remote work policy, medium-sized businesses benefited the most from flexible work arrangements in terms of employee retention. Smaller businesses had more uniform turnover across remote work policies, perhaps as a result of close personal ties and unofficial retention mechanisms (McPhail et al., 2024). Due to organisational inertia and the difficulty of enacting a culture change in large organisations, policies also had less of an impact on companies with more than 1,000 employees.

The subsector analysis of industry found that the retention value of remote work policy was significantly different in various technology specializations. Companies in the software development and cybersecurity sector indicated the highest correlations between flexibility in remote work and decreased turnover, whereas companies in the gaming and e-commerce industries indicated the lowest (Tahlyan et al. 2024; McPhail et., 2024). These variations might be due to the difference in job nature, client engagement demands, and industry culture affecting the effectiveness of working remotely. The correlation between remote work policy and employee satisfaction was quite interesting. Hybrid arrangements had the highest average satisfaction scores, but fully remote companies showed the most stable satisfaction scores, with smaller standard deviations. Office-based companies demonstrated less average satisfaction and a higher variation, which is indicative of the fact that traditional working schedules increasingly do not match the preferences of employees in the tech industry.

5. Discussion

5.1 Key Findings Interpretation

The main conclusion of the present study is a paradoxical and alarming connection between remote work policies and the rate of employee turnover in UK tech firms. Although theoretical prediction suggests that flexibility in

work arrangement and employee retention are related, the regression analysis shows that remote work policies are strongly related to the rate of turnover with a coefficient of 2.713333 which implies that the rate of turnover among companies with remote work policies is higher by about 2.71 percentage points than that of companies not having remote work policies. This surprising positive correlation refutes some assumptions regarding the effectiveness of remote work and implies some potential explanations. Companies with higher rates of turnover might engage in remote work policy as a reactive retention tactic, as opposed to a proactive organizational design decision, and this results in what some consider to be reverse causality: struggling organizations embrace remote work as an attempt to address retention issues. Alternatively, working remotely can unintentionally undermine the organizational affiliation and cultural affiliation that would normally hold employees in place at the workplace, even where employees express a preference towards flexibility.

The most significant result of the study is the absolute predominance of employee satisfaction as an indicator, with a coefficient of the relationship of -2.340303, which is the strongest in the model. Every single percentage point increase in satisfaction scores shows a 2.34 percentage point decrease in turnover rates, indicating that workplace satisfaction is a core retention strategy that outperforms all others. This observation strengthens the idea that organisations that pay major attention to policy modification without a satisfaction drivers-oriented approach will realise low or even counterproductive retention results.

The negative relationship between company size and turnover is not statistically significant, although it is small, indicating a possible negative correlation between the two variables. This correlation suggests that the larger the company, the smaller the turnover rate, which could represent the growth opportunities in a career, the comprehensive benefits package, and the better job security that are characteristics of established businesses. This observation contradicts the general belief that big organizations find it challenging to retain their employees because of bureaucracy and impersonal culture. The coefficient of the average salary is -0.0000822, and it is statistically significant, but it does not have practical significance on the turnover rates when other factors are held constant. This result is a fundamental criticism of compensation-focused retention policies, implying that beyond meeting the basic compensation expectations, further higher pay raises have a lower payoff in terms of satisfaction than investments in satisfaction.

5.2 Practical Implications

The consequences of these results on both the human resource policy and the organization strategy of UK tech companies are significant and the consequences of these results are mostly challenging the current trends of the adoption of remote work. Even worse, the results suggest that those companies which implement a remote working policy may increase their turnover levels and may consequently achieve competitive disadvantage rather than the desirable competitive advantage. The 2.71 percentage point increase in turnover under remote work policy comes at the cost of additional recruitment expenses, training expenses, and loss of productivity.

These results also demand an emergency assessment of policy delivery effectiveness, and organizational health to organizations that had remote work policies in place. Instead of perceiving remote work as a retention tool in itself, organizations should understand that the policy can conceal or even enhance existing issues in the workplace. Before hiring or sustaining remote working arrangements, organizations should be cognizant of ensuring that satisfaction is critically assessed, and that flexibility programs should be used to complement, rather than replace, necessary workplace interventions. The dominance of employee satisfaction has conditioned retention policies to be founded upon working environment, management standards, career growth opportunities and organizational support mechanisms. Those companies which already invested in remote working infrastructure and policies can achieve even better results, by spending those funds on satisfaction inducing programs such as leadership, recognition and professional growth opportunities.

Given how limited the effect wages increase are relative to their statistical significance, it seems that companies are focusing too much on the retention effects of compensation practices. This may be especially true for smaller companies and those in competitive markets, as financially unsustainable salary escalation may be better spent on increasing satisfaction. Findings of company size effects suggest that larger organizations have advantages in retention structures. Thus, smaller companies must compensate for those gaps through workplace culture and employee experience. Smaller and medium organizations do not have distant work arrangements as a tool to improve competitive balance. Thus, their focus must be on providing higher quality work environments than their competitors.

5.3 Comparison with Existing Literature

This study's results speak to challenges posed by findings from previous studies which highlight a positive relationship between flexible remote working conditions and em-

employee retention. It may be a question of context, or perhaps past studies might have some methodological issues. For instance, the positive relationship between remote working conditions and turnover set against the backdrop of this study runs counter to some studies not to be mentioned here, which may not apply to the UK tech industry specifically or may capture effects of the pandemic that are not structural to the organization.

The positive relationship between employee satisfaction and turnover rate is expected, within the framework of the organizational behavior literature that is, while in the retention literature, the remote working policies volume finds itself, or lack thereof, inversely correlates with retention is a more negative value proposition in the literature. This suggests that remote working policies as designed may serve to aggravate underlying challenges in the workplace or, remote working policies as complexity working conditions serve to raise workplace challenges much more so than the benefits that come with flexibility.

Even though there is a statistically significant impact of salary on retention, the impact is minimal, which is consistent with other literature that shows retention is primarily influenced by non-monetary factors, once salary demands are satisfied. Regardless, the effect size in this case compared to the satisfaction effects is telling in terms of the new relative significance of differently prioritizing various retention strategies. The effect of company size as outlined in this study has important, though not widely documented, nuances on the literature around remote work. The finding that larger companies have lower turnover rates is contrary to literature that claims larger organizations create retention problems, citing that the structural benefits of such organizations outweigh the cultural challenges and that the organizational size triggers retention issues.

6. Conclusion

This paper offers evidence that counter UK tech firms' conventional beliefs about remote work policies and employee retention. The firms that allow remote work policies are more tend to lose employees and regression analysis points to this being the case and countering the normative assertion that flexibility is a benefit. The results show employee satisfaction as the most important factor by far predicting retention as all other factors being considered. To improve retention, remote work policies may only serve as ineffective substitutes for needed improvements in quality in the physical workplace. While remote work policies tend to employee desires for flexibility, they fail in solving the issue of employee dissatisfaction and may create new problems losing employees.

When devising retention strategies, placing resources where salary increases hardly affect satisfaction is crucial. Some disclaimers are necessary. A cross-sectional design offers transactional relationships only; the positive relationship turnover and remote work policies could be reversed. Future work should examine the causal mechanisms driving the unanticipated relationship remote work policies and turnover. This could involve longitudinal studies that assess the timing of remote work policies and organizational health metrics. Researching organizations that support remote work and have positive turnover would provide insights into the underlying conditions necessary for such organizational positions to exist. Research of this nature can have organizational implications of great importance to the questions concerning the future of work in the UK economy.

The evidence suggests that remote work policies alone cannot address fundamental workplace challenges and may create new retention problems if implemented without adequate attention to underlying organizational health. For practitioners, these findings emphasize the critical importance of prioritizing employee satisfaction above all other retention strategies. The evidence presented here suggests that satisfaction investments yield substantially greater retention benefits than policy changes or compensation increases, providing a clear framework for strategic resource allocation in human capital management.

7. Review

The study I had on employee turnover and remote working technology in the UK further refined my understanding of modern workplace dynamics. I examined 302 companies and found that the opposite is true; remote working policies equate to higher turnover rates. Although the initial challenges surrounding the contradictory interpretations of the data took a toll on my analytical skills, my advisor helped me identify and learn about moderating variables of company size and policy timing. I identify the following weaknesses of the study: the cross-sectional nature of the research and the extreme focus on the fintech sector (67.6%). There were challenges on the research in terms of time management as it overlapped with my other coursework; however, the experience was worthwhile in that it helped me consolidate my research skills, further my interest in evidence-based HR practices, and helped me construct an overarching research question tied to my HR specialization. I recommend longitudinal designs and qualitative research techniques to subsequent researchers within this field.†

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Appendix

Remote Work and Employee Turnover Research Questionnaire

UK Tech Companies Study

Instructions: This questionnaire is designed to collect data on remote work policies and employee turnover rates in UK technology companies. Your participation in this study is free and voluntary. You are free to withdraw from this study at any point in time without consequences should you wish not to proceed with the study. Kindly provide accurate information.

Section A: Company Information

A1. Company Identification

Company ID: _____ (For research purposes only - will be anonymized)

A2. Company Size

Total number of employees (as of December 2023): _____ (If not sure please tick any of the boxes below for your estimates)

- ☐ 0-10 employees
- ☐ 11-20 employees
- ☐ 21-50 employees
- ☐ Above 50 employees

A3. Geographic Location

Primary UK location/headquarters:

- ☐ London
- ☐ Manchester
- ☐ Birmingham
- ☐ Leeds

- ☐ Glasgow
- ☐ Other (please specify): _____

A4. Technology Subsector

Which category best describes your company's primary focus?

- ☐ Fintech (Financial Technology)
- ☐ AI/ML (Artificial Intelligence/Machine Learning)
- ☐ CleanTech (Clean Technology)
- ☐ Cybersecurity
- ☐ Software Development
- ☐ E-commerce
- ☐ EdTech (Educational Technology)
- ☐ PropTech (Property Technology)
- ☐ Gaming
- ☐ Health Technology
- ☐ Other (please specify): _____

Section B: Remote Work Policy

B1. Current Work Arrangement Policy

What is your company's current primary work arrangement policy?

- ☐ Office-Based: Employees are required to work primarily from company premises with minimal remote work allowance
- ☐ Hybrid: Employees split time between remote work and office attendance (e.g., 2-3 days in office, 2-3 days remote)
- ☐ Fully Remote: All employees work remotely with no required office attendance

B2. Policy Implementation Timeline

When did your company implement its current remote work policy?

- ☐ Before 2020 (Pre-pandemic)
- ☐ 2020 (During initial pandemic response)
- ☐ 2021 (Post-initial pandemic adjustment)
- ☐ 2022 (Established post-pandemic policy)
- ☐ 2023 (Recent policy change)

B3. Policy Rationale

What was the primary reason for implementing your current remote work policy?

- ☐ Employee retention/recruitment strategy
- ☐ Cost reduction (office space, utilities)
- ☐ Employee preference/satisfaction
- ☐ Productivity improvement
- ☐ Pandemic response/health safety
- ☐ Access to wider talent pool
- ☐ Other (please specify): _____

Section C: Employee Turnover Data

C1. Annual Turnover Rate

What was your company's voluntary employee turnover rate for 2023? (Calculate as: $\text{Number of voluntary departures} \div \text{Average number of employees} \times 100$)

Voluntary turnover rate: _____%

Note: Please exclude involuntary terminations, layoffs, and retirements. Include only employees who voluntarily left the company.

C2. Turnover Breakdown

Of the employees who left voluntarily in 2023, approximately what percentage cited the following as primary reasons?

- Work-life balance issues: _____%
- Career advancement opportunities: _____%
- Compensation/benefits: _____%
- Management/leadership issues: _____%
- Company culture: _____%
- Remote work policy dissatisfaction: _____%
- Other (please specify): _____%

Section D: Compensation and Benefits

D1. Average Salary

What is the average annual salary (in GBP) for employees in your company? £ _____

D2. Salary Range

What is the salary range for your employees?

- Minimum: £ _____
- Maximum: £ _____

D3. Benefits Package

Does your company offer the following benefits? (Check all that apply)

- ☐ Health insurance
- ☐ Pension/retirement contributions
- ☐ Flexible working hours
- ☐ Professional development budget
- ☐ Mental health support
- ☐ Home office equipment allowance
- ☐ Gym/wellness benefits
- ☐ Stock options/equity
- ☐ Bonus structure
- ☐ Other (please specify): _____

Section E: Employee Satisfaction

E1. Employee Satisfaction Score

What is your company's overall employee satisfaction score? (Based on employee surveys, Glassdoor ratings, or similar feedback mechanisms)

Overall satisfaction score: _____/10

E2. Satisfaction Measurement

How do you measure employee satisfaction? (Check all that apply)

- ☐ Internal employee surveys
- ☐ Glassdoor/Indeed reviews
- ☐ Exit interviews
- ☐ Regular one-on-one meetings
- ☐ Anonymous feedback systems
- ☐ Third-party satisfaction surveys
- ☐ Other (please specify): _____

E3. Satisfaction Factors

Rate the following factors based on employee feedback (1-10 scale):

- Work-life balance: _____/10
- Management quality: _____/10
- Career development opportunities: _____/10
- Company culture: _____/10
- Compensation fairness: _____/10
- Remote work policy satisfaction: _____/10
- Job security: _____/10
- Workload management: _____/10

Section F: Organizational Factors

F1. Company Age

How long has your company been in operation?

- ☐ Less than 2 years
- ☐ 2-5 years
- ☐ 6-10 years
- ☐ 11-20 years
- ☐ More than 20 years

F2. Growth Stage

What best describes your company's current growth stage?

- ☐ Startup (Early stage)
- ☐ Growth stage
- ☐ Mature/Established
- ☐ Declining/Restructuring

F3. Revenue Information

What is your company's approximate annual revenue? (Optional)

- ☐ Under £1 million
- ☐ £1-5 million
- ☐ £5-25 million
- ☐ £25-100 million
- ☐ Over £100 million
- ☐ Prefer not to disclose

Section G: Remote Work Implementation Details

G1. Remote Work Support

What support does your company provide for remote work? (Check all that apply)

- ☐ Home office equipment (laptop, monitor, chair, etc.)
- ☐ Internet/utilities allowance
- ☐ Dedicated IT support for remote workers
- ☐ Regular virtual team building activities
- ☐ Flexible working hours
- ☐ Mental health/wellness support
- ☐ Professional development opportunities
- ☐ Regular check-ins with managers
- ☐ Other (please specify): _____

G2. Remote Work Challenges

What challenges has your company faced with remote work implementation? (Check all that apply)

- ☐ Reduced employee engagement
- ☐ Communication difficulties

- ☐ Collaboration challenges
- ☐ Difficulty maintaining company culture
- ☐ Increased turnover
- ☐ Productivity concerns
- ☐ Technology/IT issues
- ☐ Management/supervision challenges
- ☐ Other (please specify): _____

G3. Future Plans

What are your company's plans regarding remote work policy for the next 2 years?

- ☐ Maintain current policy
- ☐ Increase remote work flexibility
- ☐ Reduce remote work options
- ☐ Return to office-based work
- ☐ Undecided/Under review

Section H: Additional Information

H1. Industry-Specific Factors

Are there any industry-specific factors that influence your remote work policy or employee turnover?

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H2. COVID-19 Impact

How did the COVID-19 pandemic influence your current remote work policy?

- ☐ Accelerated existing remote work plans
- ☐ Forced immediate adoption of remote work
- ☐ Led to permanent policy changes
- ☐ No significant impact on long-term policy
- ☐ Other (please specify): _____

H3. Additional Comments

Please provide any additional comments about your remote work policy or employee turnover experiences:

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.....

Thank you for your participation in this research study. Your responses will be kept confidential and used only for academic research purposes.

Data Protection Notice: This research complies with UK GDPR regulations. Your data will be stored securely and used only for the stated research purposes.