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EMPLOYEE TURNOVER: STOP THE BLEEDING

Employee turnover is on the rise. What used to be called “job hopping” is no longer the stigma that it once was, with Millennials expected to change jobs up to 15 times during their careers. Turnover of such frequency costs a lot of money. Estimates range from 25 to 200 percent of one’s annual salary to find and train a replacement. In addition to the direct cost of turnover, there are indirect costs in damage to employee morale, burnout from excess workload, loss of productivity, and reduced customer satisfaction.

Employees and their bosses disagree completely on the major reasons for turnover. Ninety percent of departing employees report that they leave due to issues with their boss, their work activities or their work environment/company culture. On the other hand, 90 percent of bosses believe that employees leave “mostly for the money.” Who is correct? Actually, both. Research shows that the reasons for turnover given by employees refer to “stay factors” and the reason given by bosses refers to a “leave factor.”

In other words, boss relations, work activities, work environment/culture, **and** money are important issues in employee turnover. To “stop the bleeding,” all four factors need to be addressed. It is not enough to hire the right people, although reducing turnover begins with good employee selection procedures. Keeping the right people requires sustained effort.

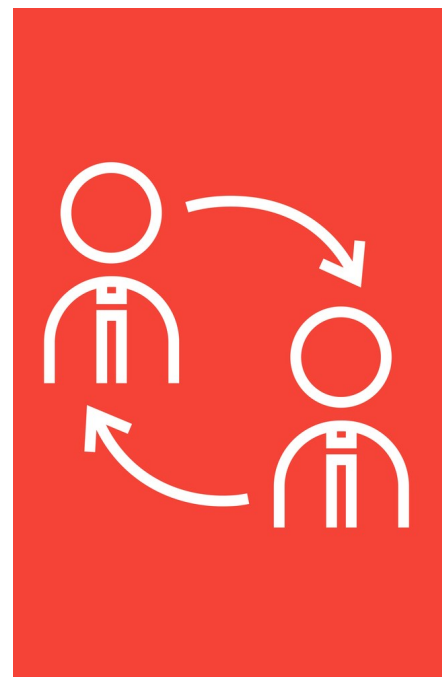
Boss Relations

A Gallup survey of 400 companies found that an employee’s relationship with his/her direct boss is more responsible for retention than either pay or job perks. This means that companies in today’s market must pay attention to the interpersonal skills and coaching/mentoring skills of their supervisors and managers. Employees want their bosses to be competent, optimistic about their company, and concerned for employee welfare. If not, they leave.

Work Activities

In the past, increased job responsibility has been regarded as a motivator in employee retention. However, many new workers no longer seek an “onward and upward” pathway. In fact, the percentage of workers seeking more responsibility on the job has

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Reducing turnover begins with good employee selection.

measurably decreased in the past 20 years. At the same time, employees do not want to do “idiot work.” They want their work activities to have meaning, purpose, challenge and continuous learning opportunity. In fact, in a survey of 17,000 employees on reasons that people stay in their jobs, the number one reason was “exciting work and challenge.”

Work Environment/Culture

It goes without saying that “balance” and “quality of life” have become important issues in employee turnover. Employees who saw their parents working 60 or more hours per week do not want to do likewise. At the same time, today’s workers want to be valued, respected, and recognized. They want a “great work environment” where they can work with “great people.” If they don’t get it, they will go elsewhere to find it.

Money

Money is a given; employees expect to be paid competitively. Compensation is a symbol of value, respect, and fairness. And, compensation needs to be defined broadly. Many employees are not aware of their total compensation package, and need to be educated on employer costs for health insurance, pension, taxes, bonuses, free/subsidized meals, transportation/parking allowances, tuition reimbursement, and the like. When compensation is perceived as unfair, employees will find another place to work.

Hire Right

Attention to the four factors mentioned above, in combination, will help to reduce employee turnover. However, efforts in these four areas will be for naught if companies do not hire the right people. Many employees leave their jobs because they were not a good fit in the first place. Employers can hire right by first understanding the factors that lead to success in their companies, and second, by using multiple methods in the employment selection process to screen people on these “success factors.” These methods include properly documented employment tests, along with behavioral-based job interviews and evaluation of education/work experience.

While finding and hiring good employees is difficult, time consuming, and expensive, the cost of replacing employees is even greater. Reduce employee turnover by hiring right, paying fairly, providing meaningful work, attending to work atmosphere, and adopting a coaching/mentoring style of management. These are the best ways to stop the bleeding.



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