

## Employee turnover on the rise: HR Metrics Service

*Median cost of resignation rises 60 per cent*

While the employment rate may be increasing, employee turnover is also on the rise as absenteeism and resignations increase and business struggle to retain employees, according to the HR Metrics Service.

There has been a sharp increase in the rate of resignations since 2009 and this is expected to grow. In 2009, the median cost of resignations per organization for a workforce of 500 was \$1.2 million. In 2010, the cost increased by 60 per cent to \$1.9 million, found the metrics service, a collaborative venture by the BC Human Resources Management Association (BC HRMA), the Human Resource Management Association of Manitoba (HRMAM) and the Human Resources Professionals Association (HRPA).

“Although the projected labour shortage has not materialized, there is still a shortage of key skills and a mismatch between the skills available and the roles available,” said the *Talent Management Update – Q2 2011*. “Employers also have a preference for hiring those who are working rather than those who are not. The data suggests that there are a growing number of opportunities for those with the right skills and employers would be wise to invest in retention strategies for their key talent instead of suffering the costs of resignations.”

Absences from work are also on the rise and some of the absences are linked to employees looking for new jobs.

- Between 2009 and 2010, the annual direct cost of absences increased by \$300 per person.
- In 2010, the total cost of absences for each full-time equivalent (FTE or measure of hours worked) was \$1,800.
- Cost of time not worked per year for a workforce of 500 FTE was almost \$1 million in 2010.
- In 2011, the cost of time not worked is expected to increase by seven per cent.

“Absenteeism has been linked to job search behaviour by employees and a portion of the increase in absenteeism will be due to employees looking for new jobs. Therefore, organizations are likely to see an increase in voluntary turnover and competition for replacements,” said the HR Metrics Service.

The increase in absenteeism can be attributed to a range of factors such as the aging workforce, lower levels of employee commitment and employee burnout.

“The rising absenteeism brings a significant increase in additional organizational costs through lost productivity, additional labour costs for overtime and increased HR/managerial workload to track and deal with attendance,” said the *Talent Management Update*. “It also indicates a likely future increase in health-care costs, as a percentage of all absences will become chronic health issues.”