Turnover:

WHAT'S CAUSING IT & HOW TO SOLVE IT

HR center of excellence

by Paycor

WHAT IS EMPLOYEE TURNOVER?

Turnover = the percentage of workers who leave and are replaced by new employees. Tracking turnover can help HR and finance leaders understand root causes, estimate the cost-to-hire and plan for the ebb and flow of growth. Turnover is typically expressed as a ratio (*i.e., the number of employees who leave divided by the total number of employees.*)

IS EMPLOYEE TURNOVER A REAL PROBLEM?

Not always. Some attrition is natural. Not everyone is a fit. However, according to a recent SHRM survey, 46% of business leaders named retention/turnover their number one problem.

Negative Effects of Turnover

$ Money*

- When entry-level employees leave, it costs 30-50% of their annual salary to replace them.

- When mid-level employees leave, it costs upwards of 150% of their annual salary to replace them..

- When high-level employees leave it costs 400% of their annual salary to replace them.

Time

Unusually high turnover can be a significant time suck. Exit interviews, advertising the job, recruiting candidates, interviewing and onboarding and training replacements…it all adds up.

Productivity

High turnover not only leads to additional recruiting and training expenses but also shows up as lower productivity for other associates who are picking up the slack during the gap of hiring a replacement and getting him or her up to speed.

What Are the True Causes of Turnover?

(Well, that depends on who you ask.)

Paycor surveyed business leaders and found a disconnect between what executives believe makes employees quit and what employees actually say are their reasons for leaving.

Why Employees Leave, According to C-suite Execs and HR Leaders

1 COMPENSATION

2 CAREER ADVANCEMENT

3 POOR PERFORMANCE

Reasons Employees Give for Leaving a Company

1 BURNOUT

50% of Millennials, 40% of Gen X and 35% of Baby Boomers say burnout makes them quit their jobs.

2 BAD BOSSES

The #1 reason people quit—bad managers. This single factor accounts for 75% of voluntary turnover.

3 LACK OF RECOGNITION

Only 1 in 3 employees strongly agrees that they are fairly recognized for their contributions. People who routinely feel ignored are twice as likely to leave.

Ways to Reduce Turnover

IT ALL STARTS WITH RECRUITING AND ONBOARDING

☐ **Paycor Recruiting** helps you hire the right people with scorecards, interview guides and the Gravity app, a built-in technology that facilitates employee referrals.

☐ **Build a strong candidate pipeline.** It's important to have a substantial database of qualified candidates for future hiring needs. Using tools like candidate texting helps you be proactive, sending instant screening questions, assessing excitement level and genuinely engaging with top prospects.

☐ **Fine tune your employee referral program.** Are you giving employees a bonus if they recommend an eventual new hire? Nearly half of businesses say their highest quality hires come from referrals.* Make sure the process is streamlined and easy for employees to share job openings on social media.

☐ **Identify and reduce process bottlenecks through analytics.** If you have a grasp on key recruiting metrics, finding top talent and filling that pipeline will be much easier. The key is, you need to dive deeper than just keeping a dashboard and a spreadsheet tallying resumes and interviews.

☐ **Paycor Onboarding** enables you to connect with new employees early. But remember, employee engagement is an ongoing process. More than half of new hires who leave their job do so in their first year due to lack of training, engagement or introduction to the organization/position. Troubleshoot your onboarding process with this Employee Onboarding Toolkit.

SHOW EMPLOYEES YOU APPRECIATE THEM

☐ **Design a great benefits package.** Organizations that view their benefits packages solely as a cost of doing business are missing out on a true competitive advantage. Learn how to reduce turnover with employee benefits.

☐ **Employee experience programs.** If your employees understand their place in your organization and can see a future for themselves there, they're far more likely to be engaged and stay. Here's what you need to know to create the ideal employee experience.

☐ **Reward and recognition.** Too often, star employees don't think the company appreciates their efforts. There are easy ways to fix that, but employee recognition does require a personal touch. To get started, learn about the care and feeding of different personalities.

90% of employees who feel cared for are likely to recommend their organization as a great place to work.*

☐ **Learning & development.** Giving your employees every opportunity to learn and grow is one of the most effective ways to reduce turnover. It's worth considering a learning management system that offers virtual, classroom, mobile and social capabilities.

☐ **Meaningful performance reviews and manager conversations.** The key word here is "meaningful." It's easy to get caught in the habit of pro-forma reviews that lead to very little action. Here some tips to help improve performance reviews.

*Source: The Limeaid Institute

Learning from Turnover

Finally, if your organization has a turnover problem, the very next step is to simply learn from it.

HERE ARE SOME IDEAS TO GET STARTED:

☐ Track who leaves and who stays so you can begin to spot trends

☐ Start (or continually optimize) your approach to exit interviews

☐ Monitor your rate of turnover to understand when it's happening

☐ Benchmark your employee turnover

☐ Field an "engagement survey" to identify problems early

☐ Brainstorm key drivers of turnover as they relate to new hires and people who have been with your organization for a long time

☐ Intervene early with employees who fit the "at risk" profile

☐ Analyze and refine your hiring process

☐ Benchmark your pay and benefits policy

☐ Take a hard look at your training, development, promotion policy and especially your performance review process

☐ Create and regularly review succession plans

How to Solve the Turnover Problem

To really understand turnover, analyze it from multiple perspectives.

Time to Fill: This metric tracks the number of days it takes to fill a job and can reveal important things about the effectiveness of recruiters and the hiring process overall.

Turnover Rate by Segments: Measuring your current turnover rates by pay, manager or length of service can help you identify problem areas and opportunities to improve.

Employee Referral Rate: When current employees refer candidates for open job positions. This continues to be a top source for quality hires.

Turnover Trends. Breakdown turnover results over different time frames to find areas that are improving and declining. As you put in new retention programs, you'll be able to see how those programs performed.

Need Help?

Paycor's Recruiting and Onboarding solutions give you actionable insights and can help reduce employee turnover.

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