

Managing Employee Turnover

In a tight labour market, many organisations are working hard to attract well qualified staff so it makes sense to ensure that you work on building loyalty with your people to minimise turnover where possible.

Not all turnover is bad; organisations need new blood from time to time to bring fresh ideas. However, the cost of replacing an employee is estimated at one half to five times the employee's annual salary. Losing a valuable employee costs a business in time, money and stress. So what can you do to keep turnover at a healthy level?

According to Gallup research, there are consistent warning signals for potential turnover, provided that organisations know what to look for. The five top predictors of turnover are:

The Top 5 Predictors of Turnover

1. The Immediate Manager

Managers can create employee turnover when they fail to:

- a. make their expectations clear
- b. provide adequate equipment, materials and resources
- c. provide opportunities for progress and development

2. Fit to the Job

Another sign of trouble appears when employees perceive that they don't have opportunities to do what they do best every day

3. Commitment of Co-Workers to Quality.

Employees will become disgruntled if they feel that co-workers are not doing their fair share of the work.

4. Pay and Benefits

If employees are unhappy with their work or the environment, they are more likely to move jobs for more money. People who believe that their co-workers aren't pulling their weight may feel entitled to extra compensation to make them feel valued by their employer.

5. Connection to the Organisation or to Senior Management

Another key sign of potential turnover is when employees don't feel a connection to the organisation's mission or purpose or to its leadership.

Managers can have a significant impact on employee turnover by the way they manage team activities and in how they develop their people. One of the best predictors of turnover is whether an employee has had opportunities to learn and grow and turnover is lower in organisations where managers adapt jobs to suit individual talents and strengths so that their team members have the opportunity to do what they do best. It's important that managers are skilled in selecting the right people for the organisation to ensure a good skills match and that they communicate effectively with their people, providing feedback on performance, recognition for good work and opportunities for growth and development.