

# HR:PULSE



## AHRI PULSE SURVEY TURNOVER AND RETENTION



The findings of this survey reveal an average turnover figure of 16 per cent, a 3 per cent increase on the average reported in AHRI's previous 2012 survey on turnover and retention. In some ways this finding is not a surprise. With the sharp rise in recent years of social media and professional networking websites such as LinkedIn, workers have ready access to information about new job opportunities, and that ease of access encourages greater movement in the labour market. The upshot is that it increases the pressure on employers to compete for talent, as both existing and potential employees now possess greater capability to compare opportunities in the job market and look for better offers.

The attraction of new and potentially exciting career opportunities combined with a lack of career progression opportunities in the present role, and better pay offers elsewhere were identified by respondents as the three most common reasons why employees choose to leave an employer. For many organisations, investing in retention initiatives such as talent management or competitive pay may not be a financially viable option, and so the response to higher turnover levels is limited to that extent. That perhaps accounts for one of the reasons why fewer than half of the survey respondents believe that data gathered on why people leave ends up informing future retention strategies. That said, with seven out of ten respondents reporting that their workplace does not actually measure the cost of turnover, there is precious little certainty in those organisations about the lost opportunities that can be put down to the neglect of retention initiatives, especially when further investment in the area could actually prove to be the more cost effective approach.

On the whole, the findings indicate that while a low

turnover rate is highly valued by respondents, tackling turnover and retention issues is still very much a work in progress for many Australian organisations. The causes and most effective responses to turnover and retention issues will naturally vary from organisation to organisation. Accordingly it is in their interest for workplaces to conduct their own investigations, and to make use of the information collected to determine solutions that work best for them.

I commend the findings of the report to you.

A handwritten signature in black ink that reads "Peter Wilson". The signature is written in a cursive, flowing style.

**Peter Wilson AM**  
Chairman  
Australian Human Resources Institute



Our survey reports on turnover and retention are among the most sought-after studies we have conducted in the HR Pulse series over the years. Apart from general questions around whether there is an optimum level of turnover for organisations, there are issues around what causes turnover rates to vary from time to time.

A case in point was the level of turnover heading towards 20 per cent reported in our 2008 study at a time before the global financial crisis. At that time salaries were rising and there were shortages of talent in many fields, so employees moved freely in response to better offers. The comparison with our 2012 study figure of 13 per cent turnover four years later was stark, as the economy flattened, jobs were hard to hold on to, and people tended to play safe and stay put. And now in 2015 a more modest finding in the order of 16 per cent is reported.

As we are expecting this 2015 report to join its predecessors as one of the more frequently downloaded reports from the AHRI research webpage, it is very encouraging to see a strong level of engagement with this subject as reflected in the member respondent numbers to the survey.

I would like to take this opportunity to express my appreciation to those members who contributed to the survey, and I trust its findings will be of value and interest to business in general and HR practitioners in particular.

Later this year, AHRI will be releasing HR Pulse survey reports on the subjects of talent and HR outsourcing. I expect that will provide some further insights into how organisations seek to engage and retain high potential employees.

A handwritten signature in black ink, appearing to read 'Lyn Goodear', written in a cursive style.

**Lyn Goodear**  
Chief Executive Officer  
Australian Human Resources Institute

## **Acknowledgements**

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AHRI would also like to thank its Research Advisory Panel members for their input into this survey.

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# SURVEY OVERVIEW

The survey that resulted in these findings was conducted online in April and May of 2015. It was communicated by email to a sample of the member database of the Australian Human Resources Institute.

A total of 603 respondents returned answers to the survey.

Responses were treated anonymously.



# KEY FINDINGS AT A GLANCE

- Based on the responses to this survey, the average staff turnover for the last 12 months is 16 per cent. This is a 3 per cent increase on the 13 per cent average reported in our 2012 survey, but 2.5 per cent lower than the average of 18.5 per cent surveyed prior to the 2008 global financial crisis.
- Almost half (47 per cent) of respondents believe turnover in their workplace is too high, while only 11.5 per cent believe it is too low.
- Considerably more than half (58.5 per cent) believe turnover has had a negative impact on workplace performance. More than two-thirds (69 per cent) believe an average turnover of 10 per cent or less is ideal.
- More than half (57 per cent) believe the retention strategies in their workplace are effective.
- As a way of encouraging retention, 61 per cent of respondents report that their organisations offer training and development opportunities, 51 per cent offer flexible work opportunities, and half (50 per cent) have put performance appraisal and feedback systems in place.
- Effective management and leadership, opportunities for career progression and promotion, and a positive workplace culture were most commonly identified by respondents as effective ways to retain employees.
- Nearly seven out of ten respondents (69 per cent) report that the cost of turnover is not measured in their workplace.
- More than half of respondents (54 per cent) report that graduates and junior level employees experience the highest level of turnover while fewer than 5 per cent report that senior managers and executives account for the highest turnover.

# DEMOGRAPHICS

FIGURE 1. GENDER  
599 RESPONSES

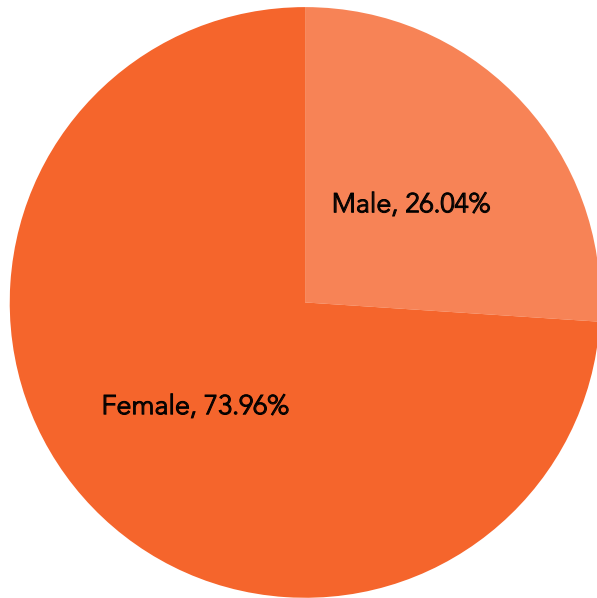
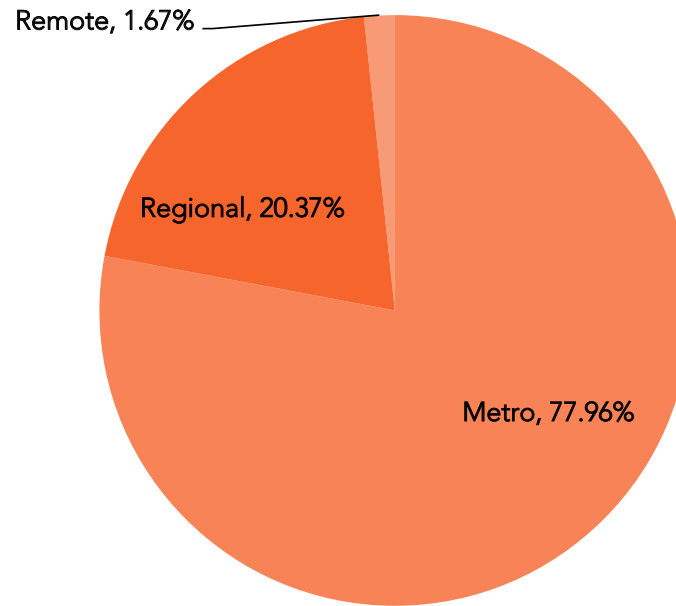


FIGURE 2. LOCATION  
599 RESPONSES

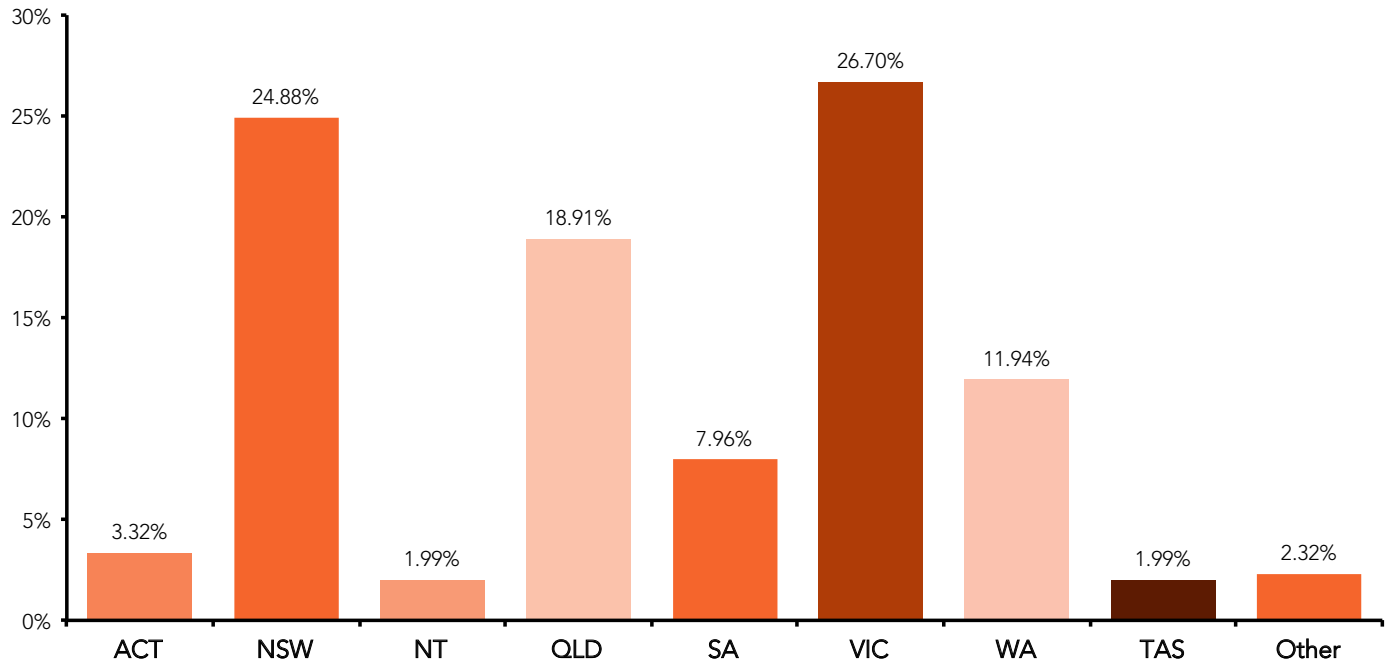


# DEMOGRAPHICS

**TABLE 1: OCCUPATION**  
604 RESPONSES

ANSWER	COUNT	PERCENT
Academic	5	1%
Accountant/ Finance	7	1%
Administrator	17	3%
Barrister/Solicitor	1	0%
Consultant	46	8%
HR Administrator	18	3%
HR Coordinator	40	7%
HR Advisor	89	15%
HR Manager	167	28%
Senior HR Manager	104	17%
Director/GM/ CEO/Executive	73	12%
Other	37	6%

**FIGURE 3: STATE OR TERRITORY**  
603 RESPONSES

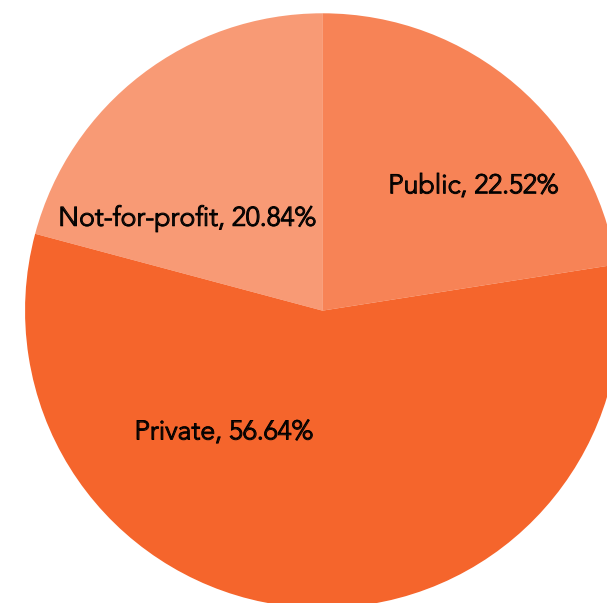


# DEMOGRAPHICS

**TABLE 2: ORGANISATION INDUSTRY**  
557 RESPONSES

ANSWER	COUNT	PERCENT
Agriculture, Forestry and Fishing	6	1%
Mining	17	3%
Manufacturing	32	6%
Electricity, Gas, Water and Waste Services	11	2%
Construction	23	4%
Wholesale Trade	9	2%
Retail Trade	23	4%
Accommodation and Food Services	12	2%
Transport, Postal and Warehousing	21	4%
Information Media and Telecommunications	28	5%
Financial and Insurance Services	54	10%
Rental, Hiring and Real Estate Services	7	1%
Professional, Scientific and Technical Services	6	1%
Administrative and Support Services	6	1%
Public Administration and Safety	28	5%
Education and Training	41	7%
Health Care and social Assistance	77	14%
Arts and Recreation Services	8	1%
Other	92	17%

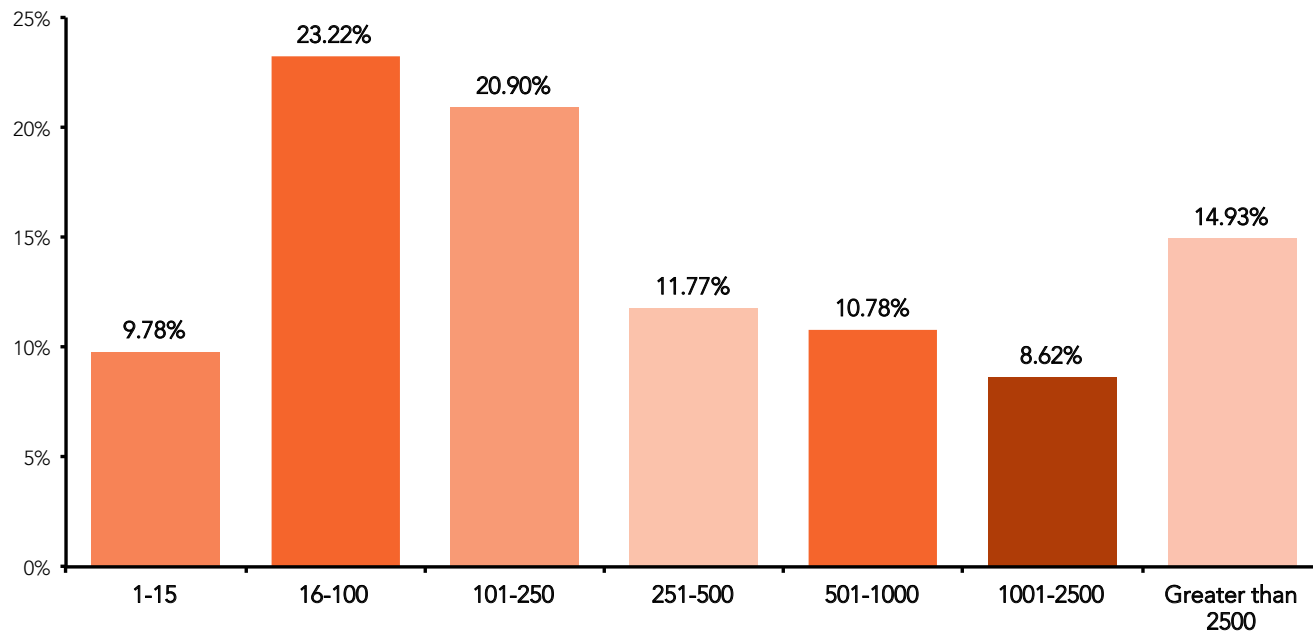
**FIGURE 4: ORGANISATION SECTOR**  
595 RESPONSES





# DEMOGRAPHICS

**FIGURE 5. ORGANISATION SIZE**  
603 RESPONSES



As shown in Figure 5, more than half of the respondent sample (54 per cent) work in businesses employing fewer than 250 staff.

**FIGURE 6: LENGTH OF TIME RESPONDENT HAS WORKED AT CURRENT ORGANISATION**  
603 RESPONSES

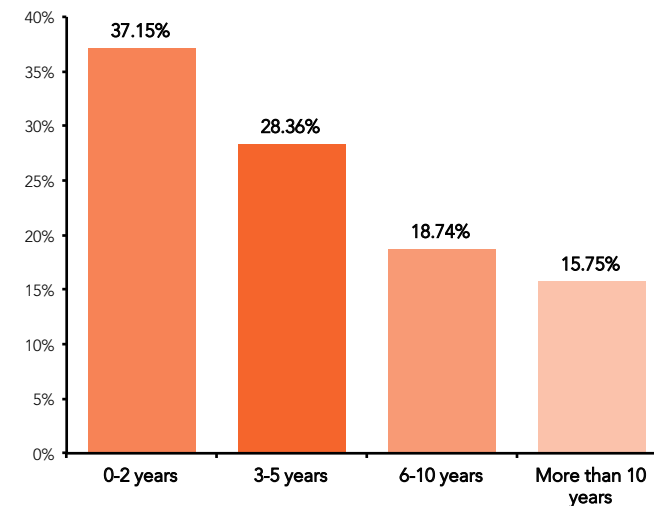


Figure 6 shows that nearly two thirds of respondents (65 per cent) have worked in their present organisation for at least three years.

# DETAILED FINDINGS

**TABLE 3: WHAT PERCENTAGE OF EMPLOYEE TURNOVER HAS YOUR WORKPLACE EXPERIENCED IN THE LAST 12 MONTHS?**

<b>2008 AVERAGE TURNOVER</b> 1007 respondents	<b>2012 AVERAGE TURNOVER</b> 439 respondents	<b>2015 AVERAGE TURNOVER</b> 530 respondents
18.5%	13%	16%

Table 3 indicates that the average turnover reported by respondents has increased by 3 per cent compared with the 2012 AHRI survey results, but still remains 2.5 per cent lower than the average reported in the 2008 survey conducted prior to the global financial crisis.

**TABLE 4: IN YOUR OPINION, WHAT WOULD BE THE IDEAL LEVEL OF TURNOVER IN YOUR WORKPLACE?**

530 respondents		
<b>IDEAL LEVEL OF TURNOVER</b>	<b>RESPONSE COUNT</b>	<b>PERCENTAGE OF RESPONDENTS</b>
1-10%	364	68.7%
11-20%	143	27.0%
21-30%	13	2.5%
31-40%	4	0.8%
41-50%	2	0.4%
51-60%	2	0.4%
61-70%	1	0.2%
71-80%	1	0.2%
81-90%	0	0%
91-100%	0	0%

More than two-thirds (68.7 per cent) of respondents ideally want an average turnover of 10 per cent or less. Just over a quarter (27 per cent) believe a slightly higher average turnover of between 11-20 per cent, would be ideal.

# DEMOGRAPHICS

## FIGURES 7 AND 8: WHAT DO RESPONDENTS THINK ABOUT THE CURRENT LEVEL OF TURNOVER IN THEIR WORKPLACE

FIGURE 7: 2012 (545 RESPONDENTS)

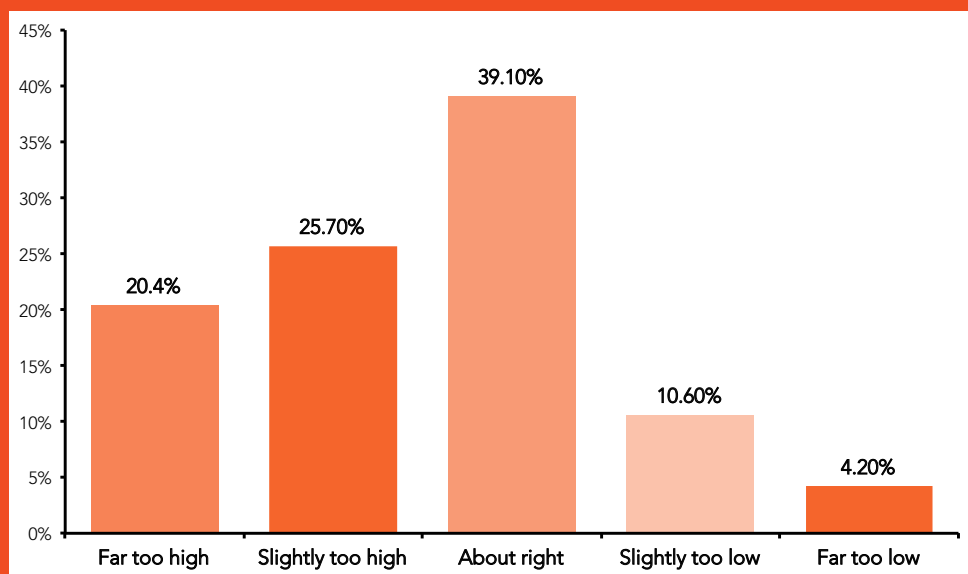
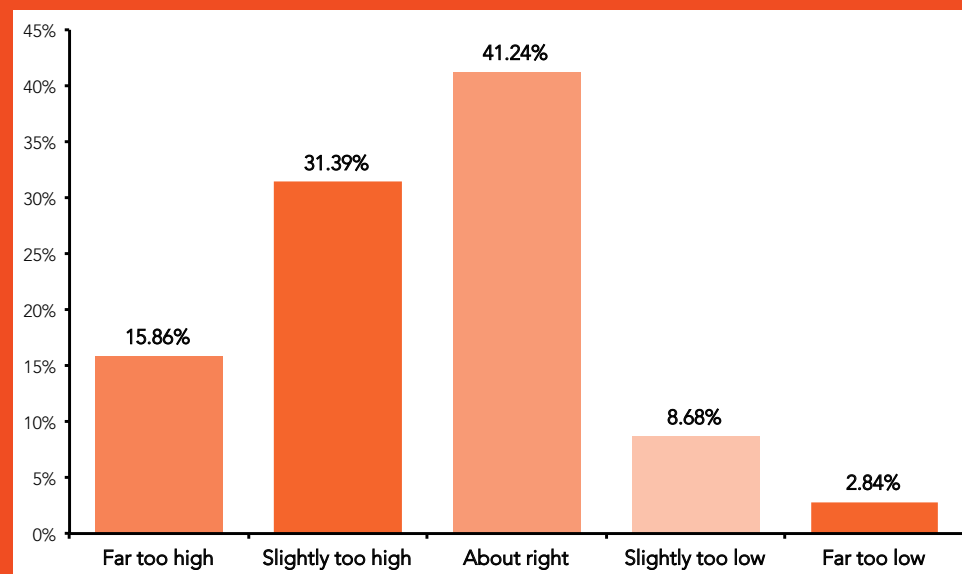


FIGURE 8: 2015 (599 RESPONDENTS)

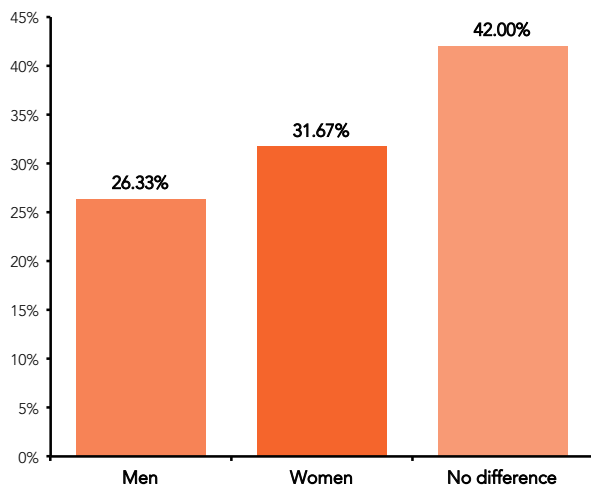


Figures 7 and 8 show that respondents' view on turnover is very similar in 2015 to what it was in 2012. Almost half of respondents still believe turnover is too high, increasing only slightly from 46.1 per cent in 2012 to 47.25 per cent in 2015. Likewise, the proportion of respondents who believe turnover is 'about right' remains around four in 10, with just a small increase from 39.1 per cent in 2012 to 41.24 per cent in 2015. The greatest movement can be seen in the percentage of respondents who believe turnover is too low, the number declining from 14.8 per cent in 2012 to 11.52 per cent in 2015.

# DETAILED FINDINGS

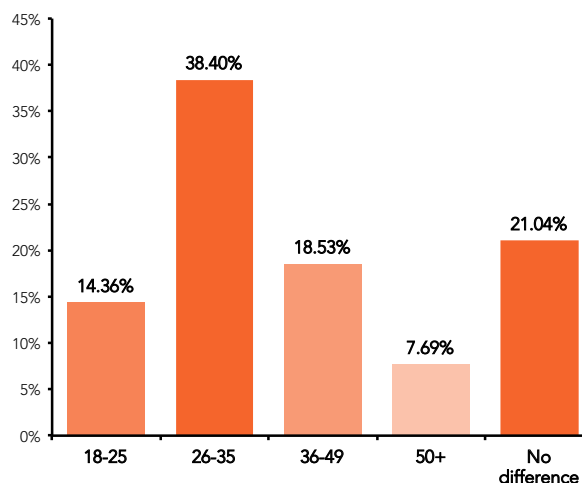
## FIGURE 9, 10 AND 11: WHICH GROUPS HAVE THE HIGHEST PERCENTAGE OF TURNOVER?

**FIGURE 9: GENDER**  
600 RESPONSES



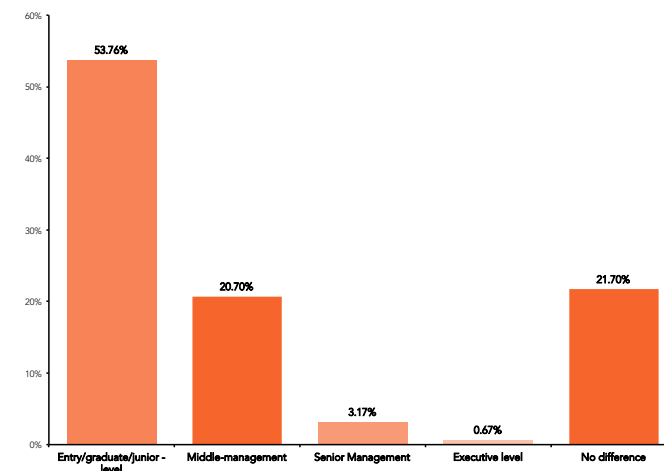
Fewer than a third (31.67 per cent) of respondents report that women experience a higher percentage of turnover than men, while more than a quarter (26.33 per cent) reporting that the turnover of men is higher. The remaining 42 per cent report there is no difference in turnover between men and women.

**FIGURE 10: AGE**  
599 RESPONSES



Over a third (38.4 per cent) of respondents report that the 26-35 age group experiences the highest level of turnover, while nearly one in five (18.53 per cent) report 36-49 year olds experience the highest turnover. Only 7.68 per cent of respondents report that the over-50 age group experiences the highest turnover.

**FIGURE 11: POSITION**  
599 RESPONSES



More than half of respondents (53.76 per cent) report that entry/graduate/junior level roles experience the highest percentage of turnover. One in five (20.7 per cent) report that middle-managers experience the highest percentage of turnover, while a minute 3.84 per cent report senior managers or executive-level employees experience the highest turnover. One in five (21.7 per cent) report no difference in turnover according to employee position within the organisation.

# DETAILED FINDINGS

**TABLE 5: WHAT ARE THE MAIN REASONS WHY EMPLOYEES CHOOSE TO LEAVE?**  
602 RESPONSES

<b>ANSWERS</b>	<b>COUNT</b>	<b>PERCENTAGE</b>
New career opportunity	343	56.98%
Lack of career progression/opportunities	291	48.34%
Better pay elsewhere	209	34.72%
Poor relationship with supervisor/manager	163	27.08%
Personal circumstances e.g. health	143	23.75%
Relocation of employee	95	15.78%
Poor work/life balance	64	10.63%
Lack of training and development opportunities	44	10.47%
Lack of employee voice in the organisation	44	7.31%
Poor relationship with co-workers	30	4.98%
Inconvenient work location	27	4.49%
Physical work environment	20	3.32%
Weak employer brand	16	2.66%
Other	81	13.46%

More than half of respondents (56.98 per cent) report one of the main reasons why employees choose to leave their workplace is because of a new career opportunity. Just under half (48.34 per cent) believe a lack of career opportunities in their present position is a common reason for moving, while a third (34.72 per cent) report that better pay elsewhere is a frequent cause of departure.

# DETAILED FINDINGS

**TABLE 6: WHAT ARE THE MAIN REASONS WHY EMPLOYEES CHOOSE TO STAY?**

601 RESPONSES

ANSWERS	COUNT	PERCENTAGE
Good relationship with colleagues	265	44.09%
Job satisfaction	211	35.11%
Good work/life balance	197	32.78%
Flexible work options	165	27.45%
Competitive pay and benefits	152	25.29%
Convenient work location	139	23.13%
Good relationship with supervisor/line manager	113	18.80%
Lack of job opportunities elsewhere	112	18.64%
Strong employer brand	108	17.97%
Opportunities for career progression	87	14.48%
Training and development opportunities	70	11.65%
Physical work environment	23	3.83%
Extent of employee voice in the organisation	16	2.66%
Personal circumstance e.g. health	13	2.16%
Other	27	4.49%

Almost half (44.09 per cent) of respondents report that a main reason why employees stay in their workplace is because of good relationships with colleagues. Just over a third (35.11 per cent) believe job satisfaction is one of the main reasons employees remain, and just under a third (32.78 per cent) believe the offer of a good work/life balance causes people to stay.

# DETAILED FINDINGS

**FIGURE 12: WHAT IMPACT DO YOU BELIEVE TURNOVER LEVELS HAVE HAD ON ORGANISATIONAL PERFORMANCE?  
600 RESPONSES**

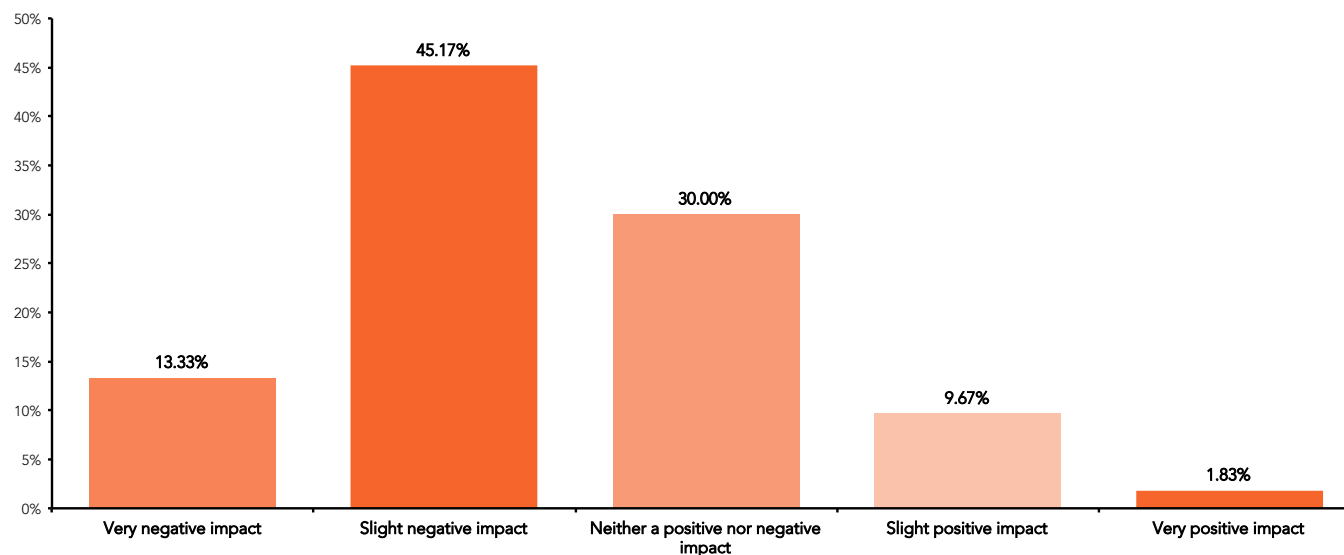


Figure 12 reveals that considerably more than half (58.5 per cent) of respondents believe turnover levels have had a negative impact on workplace performance. Fewer than a third (30 per cent) believe turnover has had neither a positive nor a negative impact, while around one in 10 (11.5 per cent) believe turnover levels have made a positive impact.

**TABLE 7: OF THOSE THAT HAVE LEFT THE ORGANISATION IN THE LAST 12 MONTHS, WHAT PROPORTION WOULD YOU IDENTIFY AS 'KEY TALENT'?  
601 RESPONSES**

ANSWER	COUNT	PERCENT
1-10%	296	49.25%
11-20%	103	17.14%
21-30%	41	6.82%
31-40%	39	6.49%
41-50%	16	2.66%
51-60%	18	3.00%
61-70%	16	2.66%
71-80%	11	1.83%
81-90%	6	1.00%
91-100%	6	1.00%
Don't know	49	8.15%

Table 7 indicates that almost half (49.25 per cent) of the respondent sample believe that of the employees who have left in the previous 12 months, fewer than one in ten were key talent. Around one in five (17.14 per cent) believe that departures in the region of 10-20 per cent could be identified as losses of key talent.

# DETAILED FINDINGS

**TABLE 8: WHAT STRATEGIES, IF ANY, DOES YOUR ORGANISATION CURRENTLY HAVE IN PLACE TO ENCOURAGE EMPLOYEE RETENTION?**  
602 RESPONSES

<b>ANSWERS</b>	<b>COUNT</b>	<b>PERCENTAGE</b>
Training and development opportunities	368	61.13%
Flexible work options	308	51.16%
Performance appraisal and feedback system	299	49.67%
Recognition for employee contribution	246	40.86%
Employee opinion/climate survey	234	38.87%
Work/life balance initiatives	222	36.88%
Competitive salary	213	35.38%
Career progression	210	34.88%
Competitive benefits	195	32.39%
Effective management/leadership	189	31.40%
Effective recruitment processes	186	30.90%
Mentoring program	101	16.78%
No strategies in place	69	11.46%
Other	15	2.49%

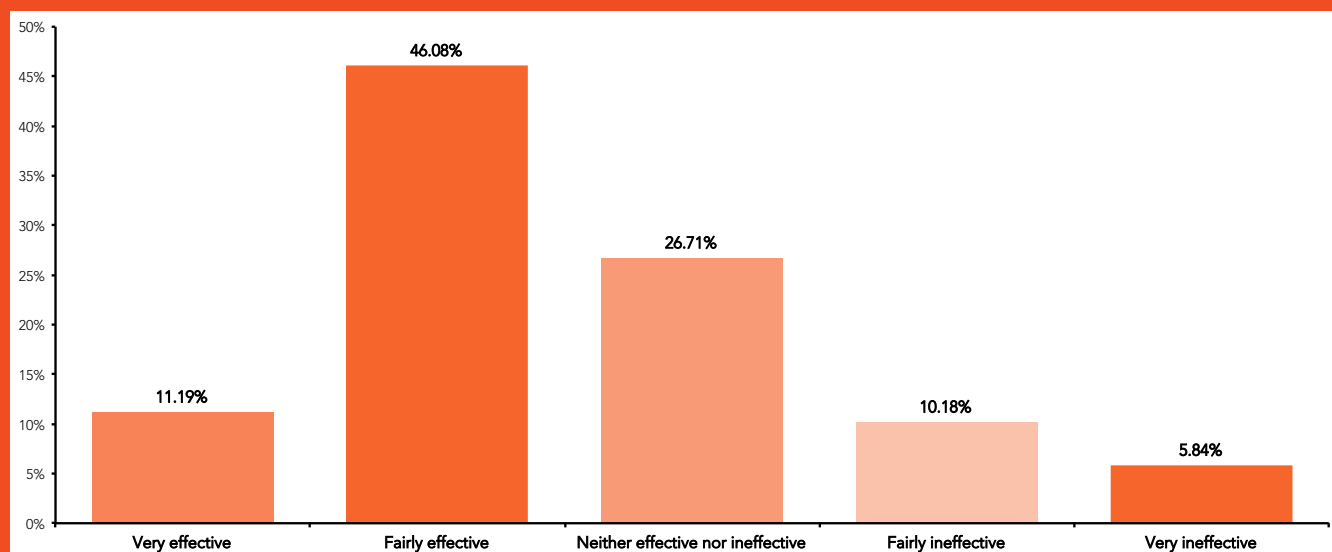
Table 8 indicates that offering training and development opportunities (61.13 per cent) and flexible work options (51.16 per cent), encourage retention. Nearly half (49.67 per cent) believe the operation of performance appraisal and feedback systems is a common retention strategy. At least half of respondents reporting that their organisation has these in place.

Fewer than one in five (16.78 per cent) report that their organisation operates a mentoring program. Only one in ten (11.46 per cent) report their organisation doesn't have any retention strategies in place.



# DETAILED FINDINGS

**FIGURE 13: ON THE WHOLE, HOW EFFECTIVE DO YOU BELIEVE YOUR WORKPLACE'S CURRENT RETENTION STRATEGIES ARE?**  
599 RESPONSES



More than half of respondents (57.27 per cent) believe the retention strategies in their workplace are effective or very effective. Only 16.02 per cent believe their retention strategies are ineffective or very ineffective.

**TABLE 9: WHAT METHODS DOES YOUR WORKPLACE USE TO GATHER DATA ON WHY EMPLOYEES CHOOSE TO STAY IN OR LEAVE THE ORGANISATION?**  
600 RESPONSES

ANSWER	COUNT	PERCENT
Exit interviews	487	81.17%
Performance appraisals	312	52.00%
Employee climate surveys	292	48.67%
Word of mouth/anecdotal	286	47.67%
Employee focus groups	67	11.17%
None	43	7.17%
Other	17	2.83%

A substantial majority (81.17 per cent) of respondents report that their organisation gathers data through exit interviews on why people leave. Around half report that information is gained through performance appraisals (52 per cent), employee climate surveys (48.67 per cent), and word of mouth and anecdotal methods (47.67 per cent). Fewer than one in ten (7.17 per cent) gather no data on employee departures.

# DETAILED FINDINGS

FIGURE 14: HOW EFFECTIVELY DO YOU THINK YOUR WORKPLACE USES THIS DATA TO INFORM RETENTION STRATEGIES?  
597 RESPONSES

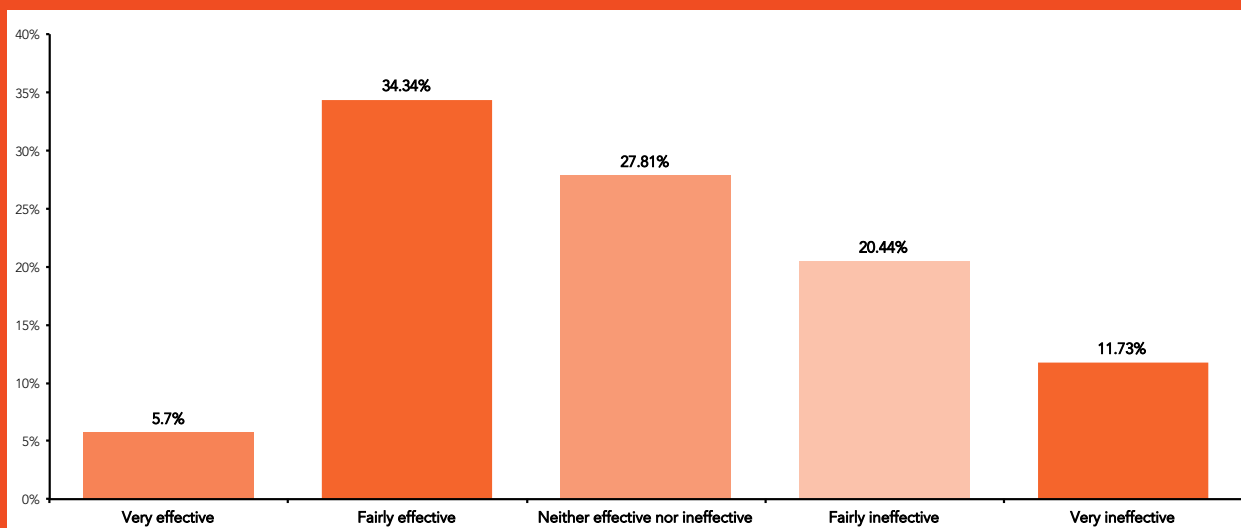
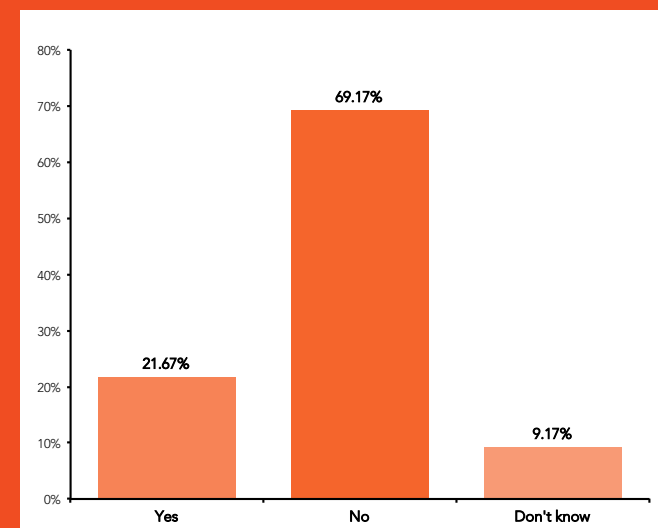


Figure 14 reveals that only four in ten respondents (40.04 per cent) believe their workplace effectively uses the data gathered on why people leave to inform retention strategies. A third (32.17 per cent) believe exit data is not used effectively in their workplace.

FIGURE 15: DOES YOUR WORKPLACE MEASURE THE COST OF TURNOVER?  
600 RESPONSES



Nearly seven out of ten (69.17 per cent) respondents report that the cost of turnover is not measured in their workplace, while one in five (21.67 per cent) report it is measured. Nearly one in ten (9.17 per cent) report they don't know whether or not turnover costs are measured.

# DETAILED FINDINGS

**TABLE 10: WHICH OF THE FOLLOWING DO YOU BELIEVE ARE THE MOST EFFECTIVE WAYS FOR ORGANISATIONS TO RETAIN WORKERS (UP TO THREE ANSWERS)?**

600 RESPONSES

<b>ANSWERS (MULTIPLE OPTIONS ALLOWED)</b>	<b>COUNT</b>	<b>PERCENTAGE</b>
Effective management/leadership	282	47.00%
Opportunities for career progression and promotion	269	44.83%
Positive workplace culture	259	43.17%
Flexible work options	232	38.67%
Training and development opportunities	190	31.67%
Excellent pay and benefits	172	28.67%
Regular feedback on performance	105	17.50%
People management training for line managers	60	10.00%
Effective recruitment and selection process	57	9.50%
Excellent work environment and facilities	47	7.83%
Coaching and mentoring programs	38	6.33%
Recognition programs	27	4.50%
Health and wellbeing programs	17	2.83%
Comprehensive induction program	17	2.83%
Other	6	1.00%

Effective management and leadership (47 per cent), offering opportunities for career progression and promotion (44.83 per cent), and providing a positive workplace culture (43.17 per cent) were most commonly identified by respondents as the most effective ways to retain employees.

Pay and benefits was selected by around a quarter (28.67 per cent) of respondents as an effective retention method.

Coaching and mentoring programs (6.33 per cent), comprehensive induction programs (2.83 per cent), health and wellbeing programs (2.83 per cent) and recognition programs (4.5 per cent) were identified the least frequently as the most effective ways to retain workers.



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