

Employee turnover rate at three-year low as...

By EWIN HANNAN WORKPLACE EDITOR

The Australian

Tuesday 16th June 2026

562 words

Page 6 | Section: THE NATION

333cm on the page



Employee turnover rate at three-year low as workers brace for drop in their real wages

EWIN HANNAN
WORKPLACE EDITOR

Australian workers are increasingly staying in their jobs, but a three-year low in the employee turnover rate does not necessarily equate to job satisfaction, with pay rises expected to lag the inflation rate over the year ahead.

Research by the Australian Human Resources Institute found employee turnover fell by 11 per cent over six months – from 15.2 per cent in the December quarter to 14.2 per cent in the March quarter and 13.5 per cent in the June quarter, the lowest rate since the AHRI survey began in 2023.

Recruitment intentions sit at 61 per cent, the second lowest level since the survey began, but redundancy intentions remain low at 19 per cent, with many employers adopting alternative approaches, including reskilling and retraining, and reducing the number of contractors.

Pay increase expectations for the year ahead remain moderate at 3.1 per cent, down slightly from 3.3 per cent in the previous quarter, with workers facing the prospect of real wage cuts unless the current 4.2 per cent inflation rate moder-

ates significantly.

AHRI chief executive Sarah McCann-Bartlett said any concern recent inflation increases would trigger compensatory wage rises and add to the rising cost pressures affecting employers “do not seem to be materialising yet”.

“Many employees will experience a further deterioration in real earnings, which could represent an employee engagement challenge for employers and, more broadly, for consumer spending,” she said.

The researchers took a deeper dive into the management of psychosocial hazards in the workplace, which has become an increasingly critical issue for employers in recent years. While the proportion of organisations reporting complaints or claims related to psychosocial hazards has eased significantly compared with 2024, they remain a significant concern for many businesses. Job demands continued to be the most significant psychosocial risk facing workplaces (23 per cent), ahead of poor workplace relationships (22 per cent), lack of role clarity (19 per cent) and poor support (17

per cent).

Remote or isolated work-related complaints have fallen from 17 per cent in 2024 to 13 per cent, a finding Ms McCann-Bartlett said signalled a settling of the hybrid working debate. “Against the backdrop of muted hiring activity and reduced reliance on contractors, a key risk for employers is that job demands and workload pressures increase in the months ahead,” she said.

“This is a significant shift from recent years where recruitment and retention pressures have been acute, and reinforces why employers must remain committed to improving employee engagement and developing internal talent.”

While the proportion of organisations reporting no psychosocial claims improved from 20 to 30 per cent, she said significant gaps in practice remained.

Employers were more likely to focus on monitoring risks and implementing employee support measures – such as flexible working (33 per cent) and work-life balance initiatives (32 per cent), instead of addressing underlying drivers of psychosocial risk, including workload, job design and management capability.

WORKFORCE EXPECTATIONS

