UNDERSTANDING EMPLOYEE TURNOVER

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What is Employee Turnover?

Employee turnover is a catch-all term that refers to employees leaving an organization, whether by their own volition (voluntary turnover) or the organization asking them to leave (involuntary turnover).[1] Turnover is a reality that organizations face. Understanding why turnover occurs can help organizations reduce its negative effects (when applicable) and plan for the future. Moreover, understanding its costs can help organizations find ways to keep their best talent. Our discussion here centers primarily on *voluntary turnover*.

With respect to voluntary turnover, employees choose to leave organizations for a number of reasons: long commutes, having a bad boss, compensation, and retirements, to name a few. By some estimates, turnover can cost employers between 1.5 and 2.0 times an individual employee's salary to replace them.[2] So in addition to ensuring organizations hire the right people, retaining them is also critical. With that in mind though, organizations will always have people who choose to leave at one point or another. Many organizations implement exit interviews as part of their HR processes, but unfortunately, exit interview data tend to be fraught with problems and the data themselves tend to be untrustworthy.

Bias in the Exit Interview Process

One of the biggest reasons exit interview data tend to have problems, is that bias gets in the way.[3] For example, many employees would like to keep their previous employers as dependable references, so if employees leave the organization because they were dissatisfied with something about the people they work with (perhaps overbearing management, lazy coworkers, or poor task delegation), many employees would not feel comfortable being forthright about their feelings. This phenomenon, when people bias their responses to survey and interview items in a way that makes them appear more favorable, is referred to as social desirability bias. It saves everyone's feelings (and favorable references) when an employee can say they left a job for a reason external to the job and the organization itself (such as, a better commute, more alignment with career goals, or better benefits) than a reason that taps into potential problems with how an

[1] http://smallbusiness.chron.com/employee-turnover-definitions-calculations-11611.html
[2] https://www.linkedin.com/pulse/20130816200159-131079-employee-retention-now-a-big-issue-why-the-tide-has-turned/
[3] https://hbr.org/2016/04/making-exit-interviews-count

organization is being ran. This is unfortunate, since the reasons internal to the organization are the ones the organization is empowered to actually do something about. Some have argued that hiring an outside consultant or having second-line managers conduct the exit interview can lead to more honest feedback than the employee's direct supervisor. Moreover, holding multiple exit interviews with different individuals may help to get at the real, underlying reasons why people leave their jobs.[4]

Preventing Turnover

How can you prevent voluntary turnover, to begin with? If there isn't an obvious reason why an employee left, think through what that individual employee's talents are. Were their skills being used? Were they being developed, or were they tasked with assignments that did not show off their strengths? In short, does the job fit the employee? For example, a study of Facebook employees found that employees quit their jobs when "their job wasn't enjoyable, their strengths weren't being used, and they weren't growing in their careers."[5] With that information, Facebook sought to move employees into different areas that fit the employee better when it seemed like they were becoming disengaged. That is, they worked to retain their talent, rather than ensuring that the individual hired for a particular job simply stayed in that role. Thinking through how these lessons can help you is one way to start limiting turnover at your own organization.

At CHCI, we help organizations understand the costs and causes of employee turnover using a multi-method approach.

About CHCI

CHCI provides business solutions through "best and next" practices in strategic human capital management. CHCI provides measurable, real-world strategies that support your organization to attract and retain high-performing people, build a diverse and inclusive workplace, and leverage individual and team performance throughout the enterprise. For more information, or if you have any questions, please contact Anne Loehr, Executive Vice President: anneloehr@centerforhci.org or (571) 970-4250, Ext. 113.

[4] Ibid.

[5] https://hbr.org/2018/01/why-people-really-quit-their-jobs