

Exploring the impact of employee turnover on business resilience

High employee turnover is a sure sign that something is wrong with your business. While folks jump ship for all manner of reasons, a flurry of resignations indicates that folks are overworked, underpaid, or a combination of both.

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Unnecessarily high turnover can undermine your business' profitability, too. Replacing employees is costly as recruiting, onboarding, and training new hires costs an average of £5,000. Too much hiring and firing can quickly undermine your financial goals and derail your long-term plans.

Conversely, low turnover can boost your business' resilience. Experienced staff can forecast future issues and make strategic decisions that will save you money during periods of economic downturn. This is particularly important today, as global markets have thrown many industries into turmoil.

Understanding turnover

No business owner ever wants to say "goodbye" to talented employees. However, a low turnover rate can actually be good for the health of your company. As a business, you should shoot for a turnover rate around the 10% mark. This figure gives you a chance to clear out underperforming employees but ensures that staff who contribute to the business want to stick around.

Dangerously high turnover rates are expensive and can be hard to understand. If your *turnover has ballooned* well above 10%, it may be due to reasons like:

- Low Growth Opportunities: Talented staff want to progress their careers and gain promotion within your firm. Failing to facilitate career growth will have employees turning to competitors who can offer a clearer path to the top.
- Micromanagement: Overbearing managers take the joy out of working and drive creative professionals out of a business.
- Lack of Flexible Work: Folks want to fit their work life around their personal life. Businesses that refuse to accommodate flexible schedules will quickly find that employees jump ship in favour of more flexible working options.
- Overworking: No staff members want to be pushed to burnout for an extended period. Eventually, overworked employees will either leave or be forced to take time off for sick leave.

Turnover can be caused by any number of factors. However, high turnover will weaken your business and make your firm less resilient in the face of adversity.

Resilient business

Resiliency is key to the long-term success of your business. Recent research by the McKinsey group suggests that resilient businesses are *43% less likely to go bankrupt* and are far more likely to find new income streams thanks to agile decision-making and strong leadership.

Becoming *more resilient during times of economic uncertainty* can be tricky. However, you can build resilience in your firm by:

- Prioritising Safety

- Experimenting with flexi-work and remote work
- Strengthening your IT systems and cybersecurity
- Expanding your services and product offerings
- Establishing an essential continuity plan

These simple steps should be the bedrock of your business operations. They'll give staff the reassurance that they need and can help you overcome market headwinds or cybersecurity threats. Just be sure to put aside a budget for worker well-being, lest you be seen as a firm that doesn't support employee mental health.

Improving worker well-being

Motivated, loyal employees are worth their weight in gold during times of economic downturn. However, you can't expect folks to stand by your business if you don't actively improve their quality of life.

Start improving worker well-being by reassessing your current leadership style. The leaders at your firm can significantly reduce the stress your staff are under by using active listening to empathise with employees. Schedule time away from typical tasks to really connect with employees and listen to their hopes and fears. This will help you form a well-being program that is relevant to your current staff.

Further improve your employee well-being by addressing conflict and improving work-life balance. So many Brits shoulder multiple responsibilities and have to play the part of a parent, caregiver, and breadwinner. Help these folks out by creating a culture where conflict is resolved amicably. This will help folks "turn off" after work, too, meaning they can spend more of their free time with the people they love.

Conclusion

Low turnover can be good for your business. Fresh faces bring new ideas and unproductive employees won't be missed. However, you need to retain your top talent if you want to overcome volatile market conditions. Improve your businesses' resilience by investing big in your staff. This will show employees that you care about their well-being and will ensure that you get the most out of your best workers.

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