

eBook



THE RETENTION DILEMMA:

## Mitigating High Employee Turnover in The U.S.





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## Record high turnover rates

Employee turnover in the United States had reached a record high by the end of 2021. A favorable job market for employees combined with the Covid-19 pandemic caused many Americans to quit their jobs in search of better opportunities. This phenomenon is known as the Great Resignation, and it has represented a significant challenge for businesses across the country.

Business owners and HR professionals now face the challenge of reducing high turnover and mitigating its costly outcomes. In the current scenario, however, retaining employees while attracting new talent is a very competitive endeavor, and you must stand out to be successful. Providing a favorable work experience for your employees goes beyond generosity; it is a smart business decision.





# Turnover costs far exceed the capital costs and can impact brand

**Tech alone isn't enough; people matter more**  
Success depends on having skilled individuals who can leverage technology effectively for meaningful transformation.

## Table of contents:

Evolution of the job market

What is causing the turnover?.....7

The painful cost of turnover

What are the costs beyond recruitment and hiring?.....9

Solution 1: Training and vetting

Small investments pay large dividends .....13

Solution 2: Technology to help keep up

Tech is less costly than high-turnover expenses.....15

Solution 3: Competitive pay and career growth

Tips to keep employees engaged and excited to come to work. ....17

Paving the way to a great future

With PeopleGuru™ by your side success is within grasp.....19



# EVOLUTION OF THE JOB MARKET:



The Covid-19 pandemic exacerbated existing workplace issues while adding a whole set of unprecedented challenges, which contributed to the Great Resignation. Although the cause of resignations vary, it is possible to identify some trends when evaluating the state of our society at present.

Employees who were already dissatisfied with their jobs may not have been willing to deal with the extra challenges brought on by the pandemic and may have taken the opportunity to search for better fitting roles, while employees who were previously happy, may not have adapted to remote work or may have been unwilling to risk their health for mandatory in-person jobs.

As the resignations increased, so did the job posts, which motivated even more employees to search

for new opportunities. The overall favorable work conditions in the country have given Americans the confidence to look for better work opportunities and not settle for less.

Although the high turnover from the Great Resignation is expected to decrease in the coming months, currently, there are more job openings than job seekers in the market. To attract quality talent and retain your current employees, your company must provide a favorable experience and stand out from the competition.

**Unfortunately, with the current reality of high job turnover rates in the U.S., HR professionals are having to refill the same positions all over again in a just few short months.**

# IMPACTS CONTINUE FROM THE GREAT RESIGNATION

4.3M

Americans left jobs in  
Dec 2022

6.1%

Food service  
workers quit jobs

2.9%

U.S. non-farm work  
voluntarily leaving  
jobs rate

# The painful cost of turnover

A 2017 report by Employee Benefits News estimates that the cost of replacing an employee may be up to 33% of that employee's annual salary. With the average American salary being \$45,000, that's upwards of \$15,000 per replacement.

Employee replacement is so costly because it combines several direct and indirect expenses, from advertising the job position, to recruiting the candidates, interviewing, and performing background checks, not to mention the cost of onboarding and training the new hires. It is a time-consuming process that often impacts the productivity of your current employees.

Employers also have to contend with the reputational risk of high turnover and the general deterring of their future candidates that follows. But possibly the costliest impact of high turnover is the effect on customer service and business hours. Being consistently short-staffed will most certainly have an impact on staff morale causing lower sales and profits.

Realistically, no growing business can sustain itself for very long with high turnover rates.

**No growing business can sustain itself for very long with high turnover rates.**

## THE PAINFUL COST OF TURNOVER

### Monetary Costs

Employee replacement is so costly because it combines several direct and indirect expenses. A 2017 report by Employee Benefits News estimates that the cost of replacing an employee may be up to 33% of that employee's annual salary.

- 33% of salary replacement cost
- Average American salary \$45,000
- Up to \$15,000 per replacement

### Cultural and organizational costs

Far beyond monetary costs comes the impact on future hires. Employers have to contend with the reputational risk of high turnover and the general deterring of future candidates that follows.

The final and possibly the most costly impact of high turnover is the effect on customer service and business hours.

Being consistently short-staffed will most certainly impact staff morale and lower sales and profits.



# Solving the retention dilemma, together

peopleguru™



## Training and vetting

Training courses help acclimate employees to their duties, effectively diminishing the frustration of being overwhelmed by the responsibilities associated with starting a new job.



## Technology to help keep up

Managing the employee lifecycle beyond hiring and onboarding is necessary to retain your best employees.



## Competitive pay and career growth

Consider the cost of high turnover and the benefit of paying slightly higher than typical industry averages as a means of reducing your rate of turnover.

**These three solutions set you up for success and foster an environment primed for success**



# Solving the turnover dilemma

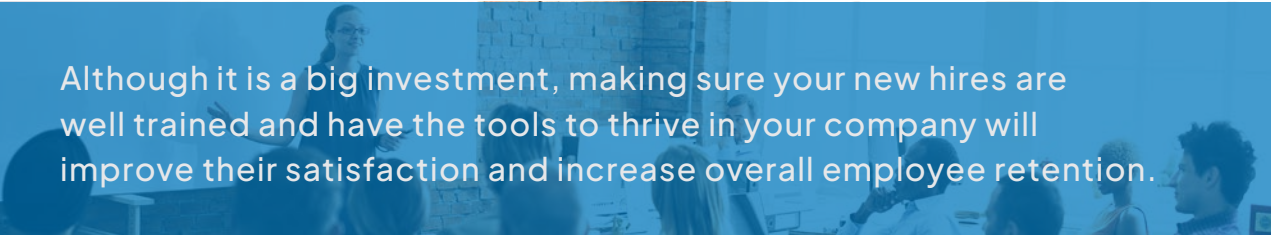
Approach high quality vetting and training processes as an investment to avoid further costs in the future .

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## 1 Training and vetting



Although it is a big investment, making sure your new hires are well trained and have the tools to thrive in your company will improve their satisfaction and increase overall employee retention.

Your job post may have gotten a lot of attention and received many applications, so you may be wondering why everyone is complaining about how hard it has been to recruit new talent. But upon a closer inspection, you may find that many of the job applicants did not fit the requirements for the position.

Vetting applicants who are not qualified is a very important step in the hiring process. If someone cannot or does not want to do the job, they are not likely to stay employed with you for long. Asking the right questions to assess your candidates' skills and intentions may save you a lot of time and money in the long run.

You can even leverage assessments to ensure your new hires best align with your opportunity. This can be well worth the investment and some payroll/HR partners, like PeopleGuru™, offer integrations with providers of assessment services such as Predictive Index. Nevertheless, you will likely find a qualified candidate for the job position. However, regardless of their previous experience and skills, they will still need to be trained adequately to understand your unique business. Training new hires is very expensive and time consuming; it requires attention from current employees, it temporarily reduces their productivity, and it may require costly materials.

# Solving the turnover dilemma

Investing in high quality technology to increase employees satisfaction and retention is certainly less costly than the cost of high turnover.

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# Technology to help keep up



**Hiring the right people is a great start but it is not enough on its own; managing the employee lifecycle beyond hiring and onboarding is necessary to retain your best employees.**

Obtaining an HR software partner to automate time and labor, payroll, time-off requests, employee benefits, and other HR services, is a good way to elevate your employees' experience and overall satisfaction.

PeopleGuru™ offers highly capable and configurable HR software that can be adapted to fit your organization's specific needs and automate HR and Payroll functions. Efficiency in the recruiting, onboarding, and training of employees will dramatically reduce manual effort and drive a more consistent hiring and development process, improving overall retention rates.



# Solving the turnover dilemma

Set expectations for job performance objectives with a growth-minded career path and keep employees engaged and excited to come to work.

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# Great Pay and Career Growth



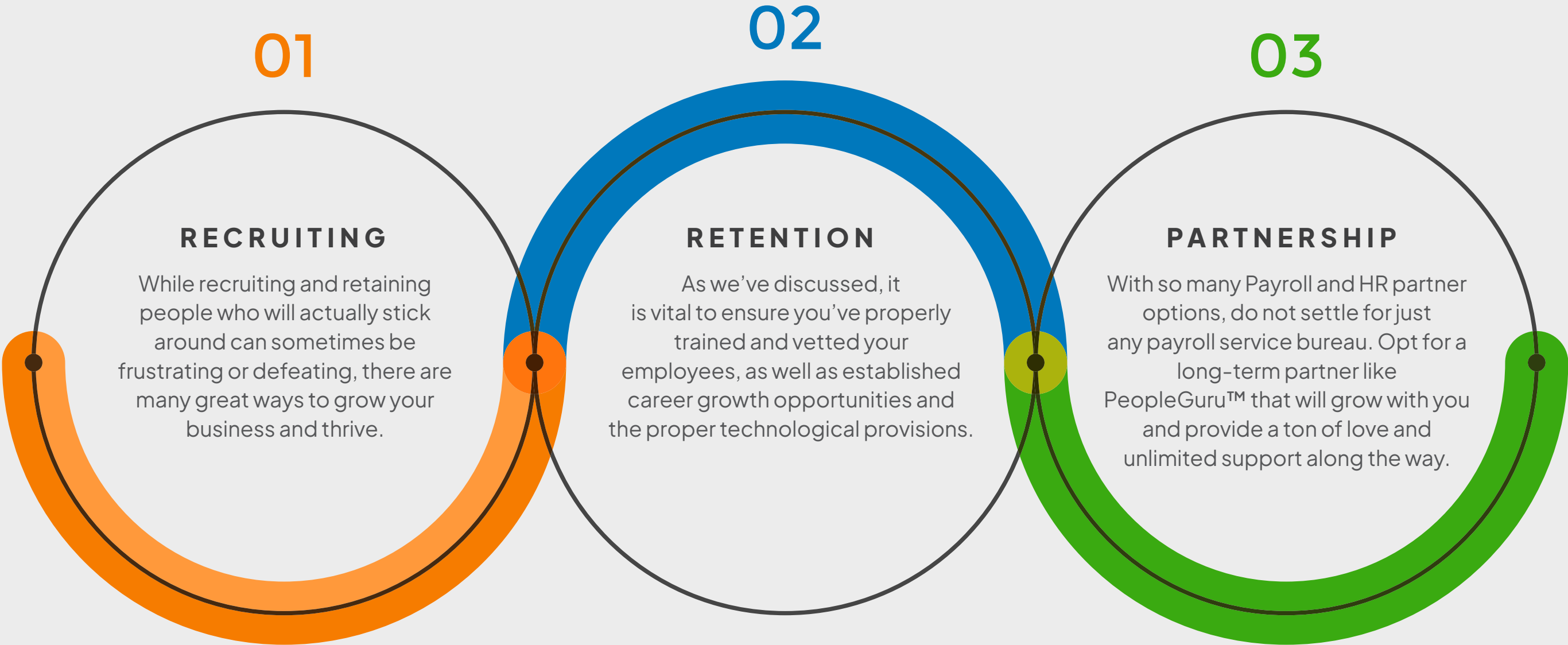
**It should be understood that you must pay competitively to retain a workforce long term.**

Analyzing your company's rates of pay to market rates of pay is an important exercise to do regularly. You should be prepared to adjust rates of pay if your wage analysis proves that you are underpaying for certain jobs.

Also, consider the cost of high turnover and the benefit of paying slightly higher than typical industry averages as a means of reducing your rate of turnover. With the current job market, filling open positions has been one of the main challenges for most businesses, so you must stand out to retain your current employees as well as attract new talent.

Additionally, great employees that do great work expect to be rewarded with opportunities to grow at your organization. Did you know that businesses offering professional development enjoy 34% higher retention rates than their counterparts? HR professionals can put policies in place to promote career planning and professional development and greatly improve retention rates in doing so. HR professionals should address career trajectories with employees early on - even as early as the very first interview.

# Paving the way for a great future in talent management







# FROM

# UNDERSTAFFED



# To thriving.

While recruiting and retaining people who will actually stick around can sometimes be frustrating or defeating, there are many great ways to grow your business and thrive. As we've discussed, it is vital to ensure you've properly trained and vetted your employees, as well as established career growth opportunities and the proper technological provisions.

With so many Payroll and HR partner options, do not settle for just any payroll service bureau. Opt for a long-term partner like PeopleGuru™ that will grow with you and provide a ton of love and unlimited support along the way.

Beware of inexperienced Payroll and HR providers! Do not just settle for any service bureau. Opt for a real partner that is willing and capable to support your current and future needs— one like PeopleGuru™ will provide you unlimited love and support along the way.

*- Rick Cangemi*  
CEO

Ready for  
exponential growth?

peopleguru™

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