Staff turnover 'way too high'

By JULIE MIDDLETON

Staff turnover in New Zealand companies is generally "way too high", says an international study issued yesterday.

The survey found that turnover in the local tourism industry is frequently above the internationally recognised danger level of 15 per cent a year.

The figures come from recruitment giant TMP Worldwide's six-monthly Job Index Survey, which asked for the turnover rate of the 1602 companies that took part.

It offers the most up-to-date picture of how often New Zealanders change their jobs.

Of the tourism businesses surveyed, 37 per cent reported annual staff turnover above 15 per cent.

In the health sector - which includes medicine and pharmaceuticals - a third of companies lost more than 15 per cent of their staff a year.

In IT, advertising/marketing and retail, nearly a quarter of companies reported staff turnover above that level.

TMP strategy director Dr Kaye McAulay said the statistics showed that staff turnover in New Zealand was way too high.

Overall, 39 per cent of surveyed companies admitted to losing between 6 per cent and 15 per cent of staff every year. Turnover of between 16 per cent and 51 per cent plus was reported by 19 per cent of businesses. In addition, 7.6 per cent of companies surveyed had not measured their staff movement at all.

Dr McAulay said higher turnover was expected in industries employing large numbers of unskilled and younger people, as in parts of the tourism, service and hospitality sectors.

The staff shortage in the health sector had been well documented.

But business in general needed to create career paths and structures aimed at limiting turnover to no more than 5 per cent a year.

This would help to prevent valuable knowledge, as well as training acquired on the job, from walking out.

"You're losing relationships," she said, "and business nowadays is often about relationships with clients.

"Key relationships walk with the employee, and it may take years for those relationships to be re-established, or maybe never."

The TMP survey also found that the more northerly an industry, the more frequently staff moved on. Just 32 per cent of North Island businesses pegged their average annual turnover at 5 per cent or below. The corresponding figure for the South Island was 50 per cent.

Dr McAulay said that the turnover figures incorporated redundancies, which had risen in some international companies with New Zealand headquarters in Auckland as the global shakedown of large corporations continued.

The larger centres probably also had more job opportunities, making it easier for people to job-hop.

The TMP figures echo a study carried out in November last year by University of Auckland academics Dr Erling Rasmussen and Professor Peter Boxall.

That study took a different approach, asking individuals rather than companies about job movements.

The phone survey of 549 people over 25 years of age in seven cities, the precursor to a larger study next year, found that companies experienced, on average, 10 per cent labour turnover annually.

Dr Rasmussen said offices structured into teams suffered most from staff movement.

"If you have too much turnover, then the team becomes unstable and doesn't work as well. In that case, 5 to 10 per cent may be too much. In some areas, you would expect there would be a high turnover, but that's part and parcel of how you play the game."

But turnover statistics were generally scarce because they had not been considered relevant since the 1960s and 1970s when there were more jobs than people. "I guess such studies fell out of fashion as the labour market deteriorated."