

The New Zealand Herald - November 2009

Upturn brings year of churn writes Andrea Milner

Employers should brace for an avalanche of staff turnover next year that could see them lose half their workforce, according to new surveys.

They face a year of "churn", when unhappy employees, held hostage during the recession, look for something better as the economy recovers.

A recent Hays survey showed more than 55 per cent of employees are looking for a new job, and a Hudson report found 47 per cent are seeking a new role.

More than half say they would consider roles they previously would not have considered (56 per cent).

These figures are in stark contrast with employers' perceptions of the current state of workplace morale. While 44 per cent of employees stated it had plummeted, only 26 per cent of employers acknowledged it had dropped.

Data gathered by the Seek job website showed two in every five workers, or 42 per cent, were looking to leave their employer within the next six months.

Of those surveyed, 64 per cent said they were keeping their eyes open for other options.

Forty-five per cent were unhappy in their job - only 8 per cent were very happy.

Hays managing director Jason Walker says all it will take is a little new job creation to ignite major market movement, making next year the year of churn for many unprepared organisations.

"It will only take one catalyst to get those disengaged workers to start moving in their droves."

Demand for staff has already started to increase, especially in Auckland.

New job advertisements on Seek are up 12.2 per cent in the four months from July to October. Auckland had a 14.6 per cent rise in job ads and Christchurch followed with 9.7 per cent growth, while Wellington lagged with 3 per cent.

The big churn will be driven by employees becoming less risk-averse as the market loosens. The recession kept attrition levels artificially low, says Hudson

general manager Peter de Boer, but once demand for skills increases, it will start a chain reaction.

Those least satisfied will leave first. This will trigger the next rung of less-than-satisfied employees to ramp up job-hunting efforts, ultimately leading to a massive game of musical chairs being played out across the country.

Richard Manthel, of Robert Walters, says employees often return from Christmas holidays highly motivated to find new jobs in the New Year. He expects this to intensify this holiday season following a particularly tough year.

Churn is expensive for employers - Paul Weaver of HainesAtract says a conservative employee replacement cost is 1.5 times their salary.

With most companies already running fairly lean, Walker says losing a key staff member will damage productivity, morale and revenue generation. And companies will lose a disproportionately greater number of high performers than average ones.

Jo Kerridge of Kerridge and Partners says one in four high performers are unhappy, which is 2 times more than rank-and-file employees.

Penny Stonyer, general manager of Talent2, says high performers who don't think their organisations handled changes well during the recession will walk as soon as the market shifts.

The end of previous recessions has also seen a small trickle of new jobs cause a tidal wave of unexpected replacement hiring, and employers need to get ready now.

But recruitment experts say very few employers are prepared for this spike in staff turnover, which will be significant and will happen soon.

Aaron Dodd, operations director of the Mindset Group, says adding to this, the talent shortage hamstringing businesses before the global financial crisis is actually still there.

"It's like a wild beast hibernating, waiting for the thaw - which will be here sooner than most think.

"Many would argue that it's waking now as the cold metaphorical winter we've just experienced comes to an end."

When the market picks up, there's going to be an underlying talent shortage

that's going to be more severe than ever before, Aquent chief executive Greg Savage says.

"Seventy per cent of middle management staff will be looking to move when they're confident the market has settled. That's going to cause a potential hiring frenzy."

Manthel says once churn kicks in, so does aggressive staff poaching, and salaries rise as a result.

Employers should be paranoid about their top talent being headhunted, he says.

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