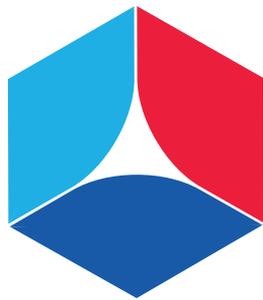


New Zealand  
**Staff Turnover**  
Survey Report 2020



LawsonWilliams  
future people

Including Covid -19 data



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## About the authors

Lawson Williams Consulting Group is a Recruitment Solutions business.

We work with a wide range of New Zealand businesses and for 29 years have delivered **improved recruitment outcomes** and **reduced the total cost of recruitment**.

The business operates with 3 Recruitment brands...



Specialising in 6 core verticals..

Manufacturing and Operations, Supply Chain and Procurement  
Technical, Quality and Health and Safety, Engineering  
Lean and Continuous Improvement, Sales and Marketing



Specialising in 6 core verticals..

Human Resources, Accounting, Customer Services, Office Support  
Tech/Trade/Ops, Sales and Marketing



Leadership recruitment for New Zealand  
organisations

Each brand operates with 3 divisions...

### End to end recruitment...

As recruitment specialists our role is to know who is right. It's about experience, capability, potential and fit  
Today's recruitment specialist must know both the market and the people in it. With over 25 years recruiting in New Zealand, including the completion of thousands of successful assignments we have become an authority within our areas of recruitment specialisation.

### Recruitment Consulting...

Our Recruitment consulting team work with clients who are looking for a fit for purpose recruitment solution, not always requiring our end to end specialist recruitment services. We work with Managers, Human Resources and Internal Recruitment to develop, implement or supplement unique recruitment services.

### HR Services....

Our clients often have human resources management needs that require reliable access to senior level HR experience, but not on a full-time basis. Whether it's a one-off project or on-going support and advice throughout the year, HR Services can develop and provide the HR service or support to meet your requirements.

## Introduction

The New Zealand National Staff Turnover Survey is now in its 13th year. The survey provides organisations a benchmark of the success of their recruitment, onboarding, retention and development activities.

### Staff Turnover

CEO's have become more focused on the costs of staff turnover in the last decade as business competition increases, there is a drive for cost reduction and skills are in short supply.

Staff turnover includes both direct and indirect costs to a business. These include:-

- The cost of hiring a new employee including the advertising, interviewing, screening, and hiring.
- The cost of onboarding a new person, including training and management time.
- Lost productivity—it may take a new employee one to two years to reach the productivity of an existing person.
- Lost engagement—other employees who see high turnover tend to disengage and lose productivity.
- Customer service and errors—for example new employees take longer and are often less adept at solving problems.
- Training cost—for example, over two to three years, a business likely invests 10 to 20 percent of an employee's salary or more in training
- Cultural impact—whenever someone leaves, others take time to ask why.

### Employee Retention

Most New Zealand businesses do not understand or know the true cost of staff turnover in their business.

To do this effectively requires having systems in place to track exit costs, recruiting, interviewing, hiring, orientation and training, lost productivity, potential customer dissatisfaction, reduced or lost business, administrative costs, lost expertise, etc.

This takes collaboration among departments (HR, Finance, Operations), ways to measure these costs, and reporting mechanisms.

Despite not knowing the true cost of turnover, a focus on employee retention is essential to minimise the level of unwanted staff turnover.

This year we continue to present the reasons for turnover and the retention strategies being used by New Zealand businesses to minimise it.

### Covid -19

In this report we have included data for the 6 months to June 2020 in addition to 2019. This will show the significant impact on people and organisations that has already occurred in 2020. We also canvassed predicted actions for the 6 months to Dec 2020 and will compare these results in our 2021 report.

## Our Survey Partners

Lawson Williams appreciates the ongoing support of the Human Resources Institute of New Zealand.



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## Executive Summary

The average National Staff turnover rate for 2019 was 19.7%. This is a 4% decrease from 2018. As expected Covid 19 has severely impacted the workforce causing the National turnover rate to fall to 10.3% for the first 6 months of 2020.

Staff Turnover in New Zealand plateaued through 2015 to 2017. In 2018 we saw a significant increase to 20.5, the highest rate since before the GFC in 2008. In 2019 we experienced a reduction in turnover and this trend was expected to continue as the economy was tightening. Covid -19 obviously rapidly pushed the economy downward and as expected and reported previously by this survey under these conditions we would expect a corresponding drop in overall staff turnover.

The rate of staff turnover is made up of both voluntary and involuntary turnover. In a typically strong economy the level of voluntary turnover will increase as employees feel more comfortable and positive and therefore will seek to improve their employment conditions through new employment opportunities. At the same time, we expect a decrease in the rate of involuntary turnover as businesses are more typically in a stable or growth mode and are not as often needing to actively reduce staff.

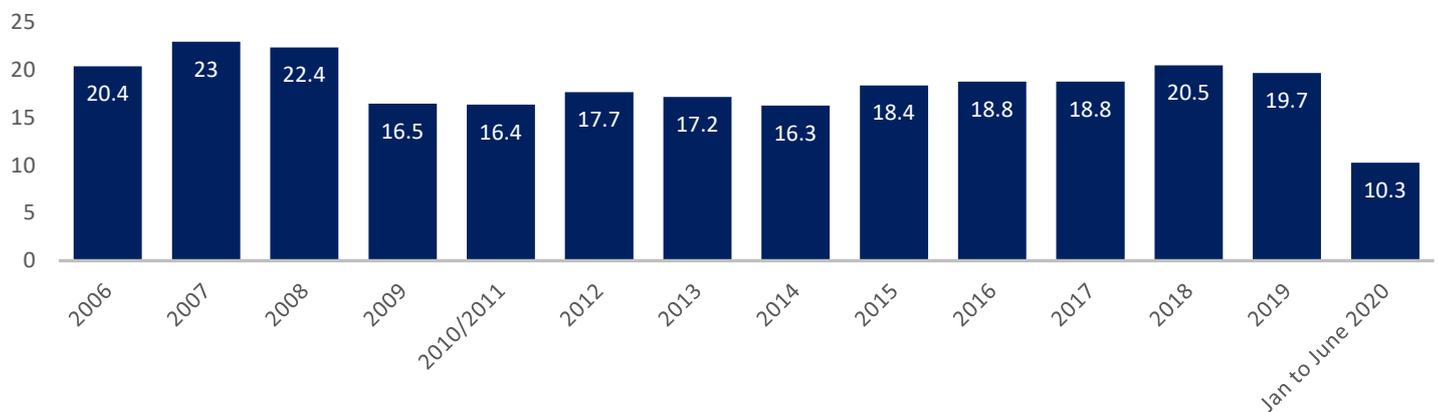
In 2018 we saw some interesting variability in Voluntary vs

Involuntary turnover. Involuntary turnover increased significantly by 62% to 4.2%. Normally we would expect with this rise to see a corresponding decrease in Voluntary turnover however this remained steady at 17.2%. This same variability was seen in 2014 and 2015 where we saw an increase in both Voluntary and Involuntary turnover. This trend is attributed to larger variability across sectors of the economy with events such as the Christchurch earthquake and subsequent recovery contributing significantly to variability across sectors and regions.

In 2019, a 4% decrease in National turnover occurred continuing a relatively stable period of turnover from 2015 through to 2019.

And then along came Covid-19. National average turnover for the 6 months to June 2020 fell by 48% reaching 10.3%. This fall is both rapid and large showing the speed of the impact of Covid-19 and the size of the impact created by New Zealand's elimination strategy.

Average National Staff Turnover  
 %



## Voluntary vs Involuntary Turnover

In 2017 we saw a 10.5% increase in Voluntary turnover to 16.9% and a 27.8% decrease in Involuntary turnover to 2.6%. Although the average turnover rate remained stable, these were significant movements in the underlying components of average turnover. Refer to the graphs on the following page. In 2018 we saw a large movement in Involuntary turnover which was a key driver in the national average turnover increasing to 20.5%.

A large movement in Voluntary turnover is more commonly matched by a drop in Involuntary turnover when an economy is in a growth phase. Voluntary turnover however, remained steady while Involuntary increased significantly which indicates that there was real variability of performance across industry sectors in New Zealand.

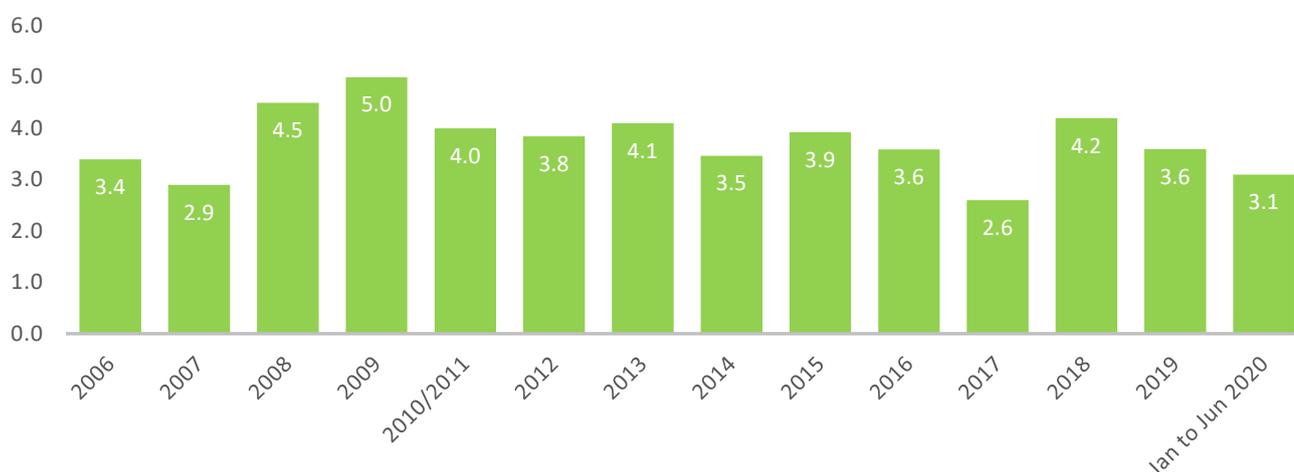
In 2019 we saw this trend continue, this time with a drop in both Voluntary and Involuntary turnover resulting in a 4%

decrease in the level of average National staff turnover.

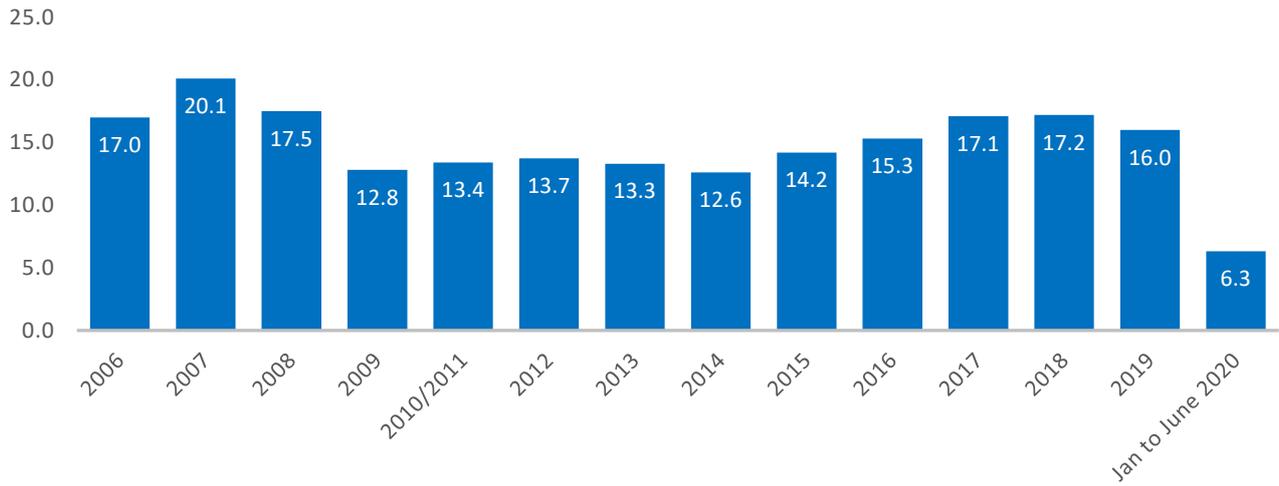
Again, for the first 6 months of 2020 we are surprised by the movements in Voluntary and Involuntary turnover. With a massive drop in National turnover caused by Covid-19 we would expect that this would be made up of a large decrease in Voluntary turnover (people were not seeking new jobs rather trying to hold onto the jobs they had) and a large increase in Involuntary turnover (large redundancies) due to the sudden pressure on the economy and the elimination strategy chosen by Government in response.

What we have instead seen is as a direct result of the Government support through products such as the wage subsidies, Involuntary turnover in the first 6 months of 2020 has decreased by 14%. As expected Voluntary turnover dropped by 69% to 6.3%, indicating that people became very cautious, preferring to hold onto the jobs they had.

Average National Involuntary Turnover  
 %



### Average National Voluntary Turnover %



## Turnover in the first twelve months of employment

In 2018 Staff Turnover in the first twelve months peaked at 31.9% which was equivalent to 1 in every 3.1 hires failing within the first year. This was the highest level of first year turnover reported by this Survey and passes for the second year the level recorded during the Global Financial Crisis in 2008.

The percentage difference between National Staff Turnover average and the first twelve months turnover average has increased significantly over the last 5 years. This is concerning as it appears, we are getting worse at recruiting and retaining our staff.

2019 showed a 16% decrease in first year turnover to 26.8% and as expected with Covid-19 this level has fallen heavily by 52% to 12.8%.

First year turnover is a key benchmark of recruitment and induction success.

The high rates pre Covid-19 show just how important it is for

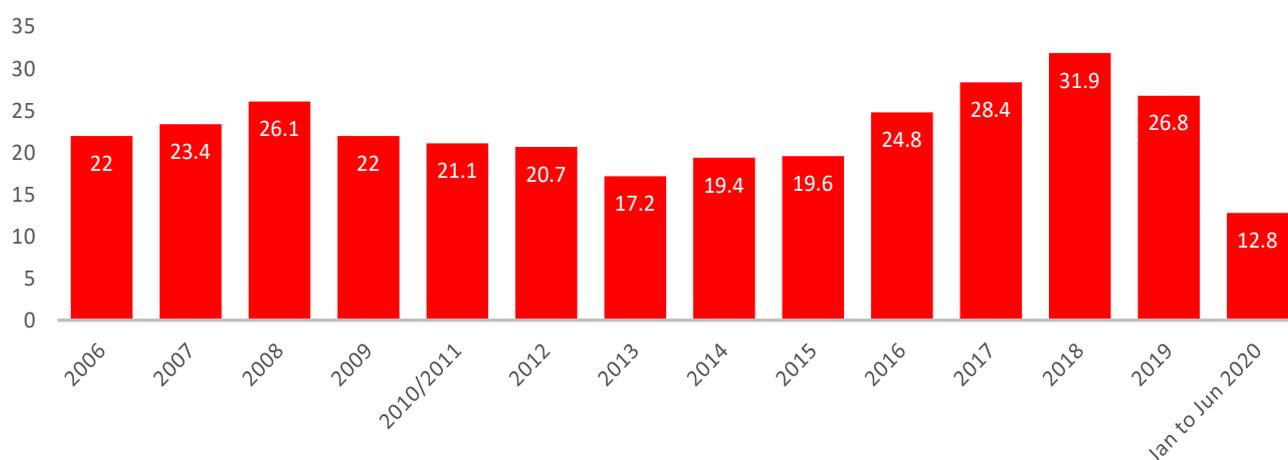
Companies to look carefully at its recruitment and selection strategy – and its onboarding process.

Ensuring new starters receive ongoing support and attention, and have the opportunity to raise any concerns as soon as possible, can help to avoid staff churn among this group.

Losing an average of one in 3.1 employees as in 2018 before completing one year of service is not only costly in terms of resources, but also for employee engagement among those already in post.

Can we expect Covid-19 to be a reset of turnover levels in the first twelve months of employment? Current employment conditions do provide businesses an opportunity to assess their recruitment, on boarding and retention strategies and strive to positively impact the first year employment failure rate and by doing so improve productivity and profitability.

Average % Turnover in first 12 months employment



## Comparisons by Industry Sector

Consistent with past results, 2019 turnover rates varied considerably across industry sectors. The variation across industries accentuates the need for organisations to evaluate the turnover/staff retention performance across their own industry sector, rather than using the national average turnover rate of 19.7% as a benchmark.

We have therefore provided industry-by-industry turnover figures throughout this report

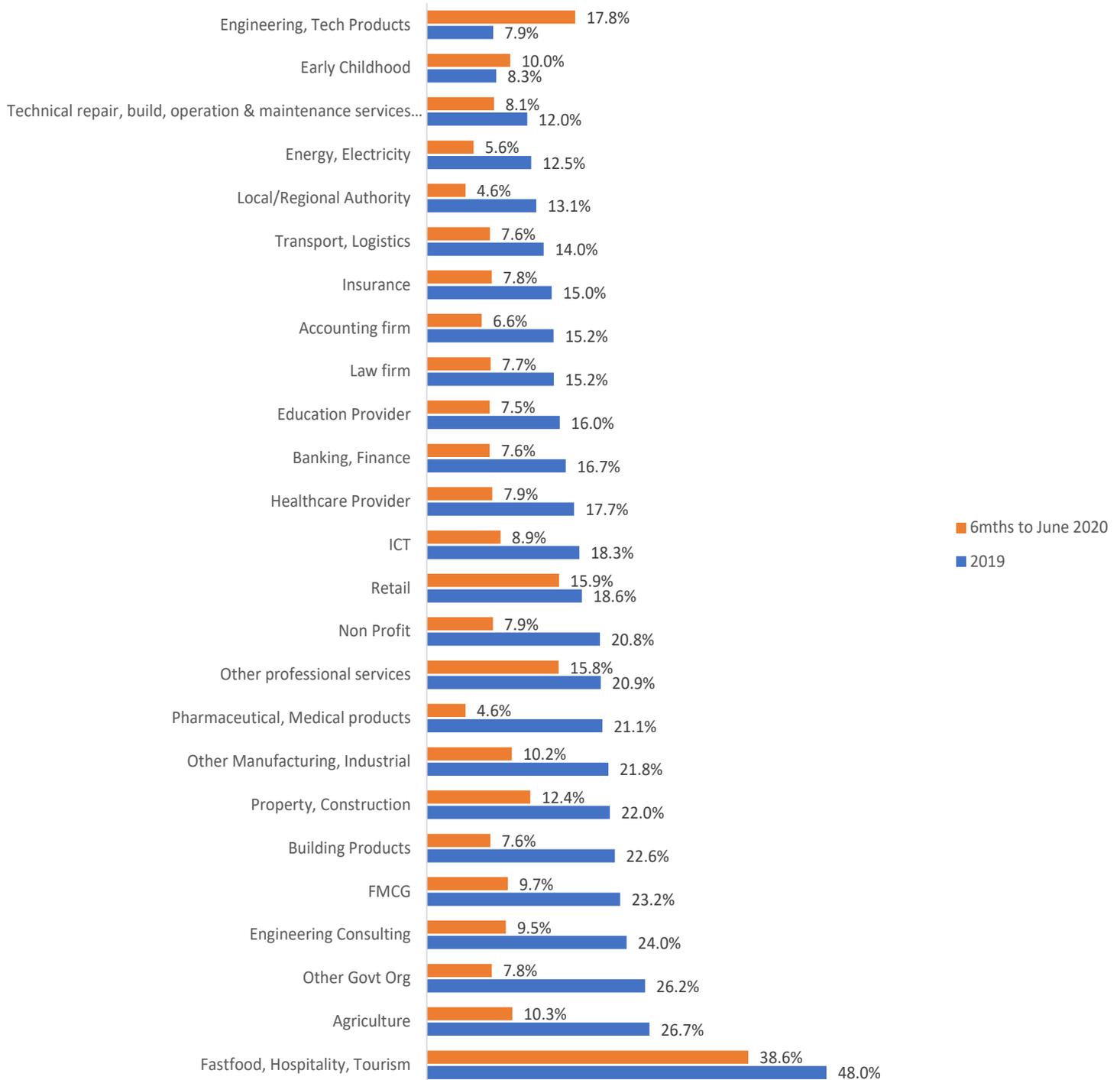
The following graphs display turnover data for different industries. The graph labels throughout the report are abbreviated (e.g., 'Agriculture' is short for the agriculture,

horticulture, forestry & fishing industry sector). A definition for each industry categorisation is available on p.29

Average turnover varied in 2019 from 7.9% (Engineering & other Technology products) to 48.0% (Fast food, Hospitality & Tourism). In the first 6 months of 2020 average turnover varies from 4.0% (Local Authority or Regional Authority) to 38.0% (Fast food, Hospitality & Tourism).

Previously in 2018 turnover across different industries ranged from 10.9% (Energy, Electricity) to 57.9% (Fast food, Hospitality & Tourism).

% Turnover by Industry  
 2019 and 6mths to June 2020



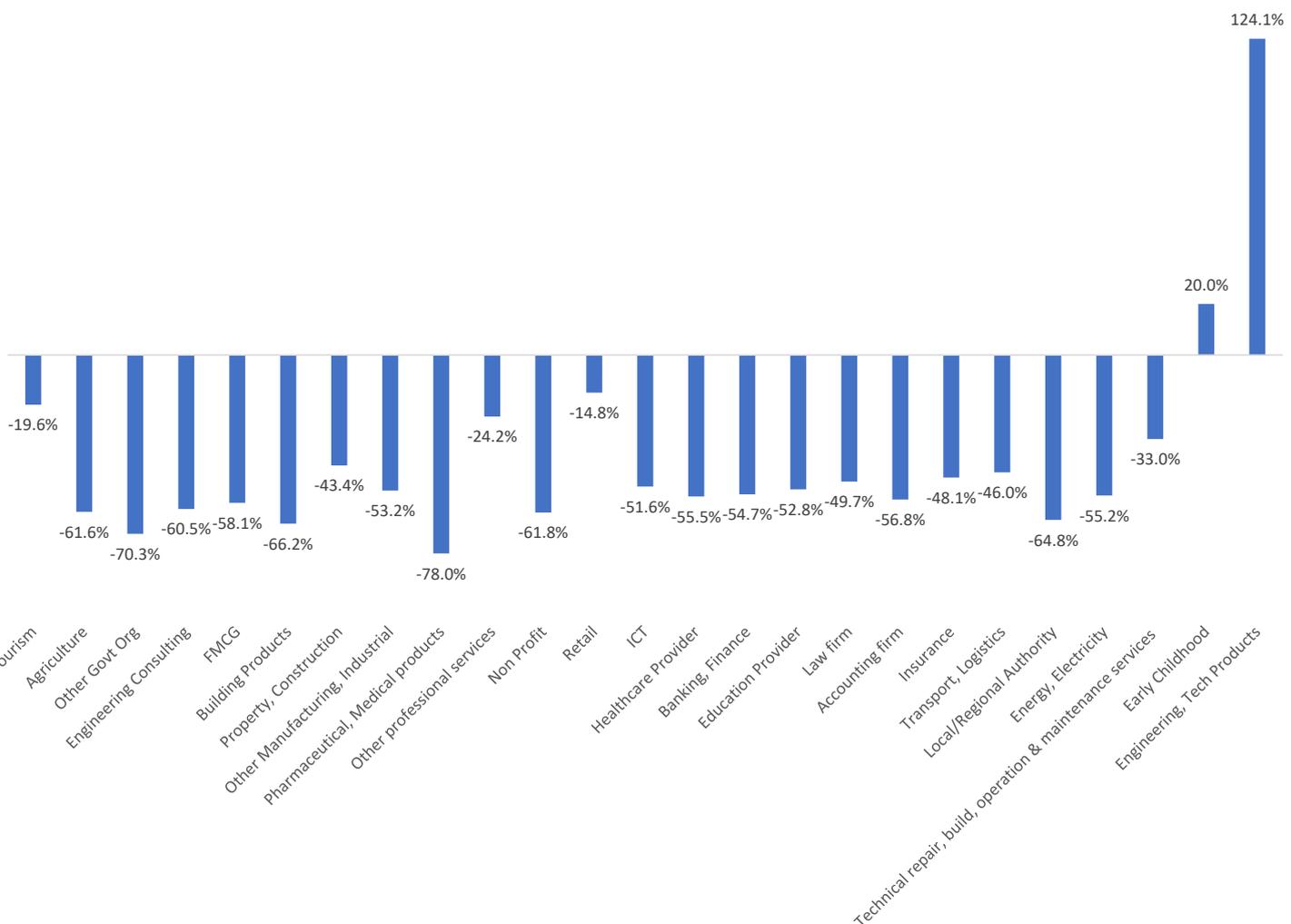
## Change in Turnover 2019 and 6 mths to June 2020

The impact of Covid-19 across industry sectors can be easily observed in this analysis.

As reported in the National average data there was a 69% drop from 2019 to the first 6 months in 2020 in Staff turnover. This is somewhat surprising as we could have expected some industry sectors in particular to have significantly increased

rates of turnover, such as Hospitality and Retail. Only two sectors show an increase in turnover from 2019 to 2020. The remainder have decreased which shows the impact of the Government support initiatives such as Wage subsidies. These have enabled many organisations to hold staff levels over the initial impact of Covid-19 and subsequent periods of Lockdown.

Industry Sector % Turnover change  
 between 2019 and 6mths to June 2020



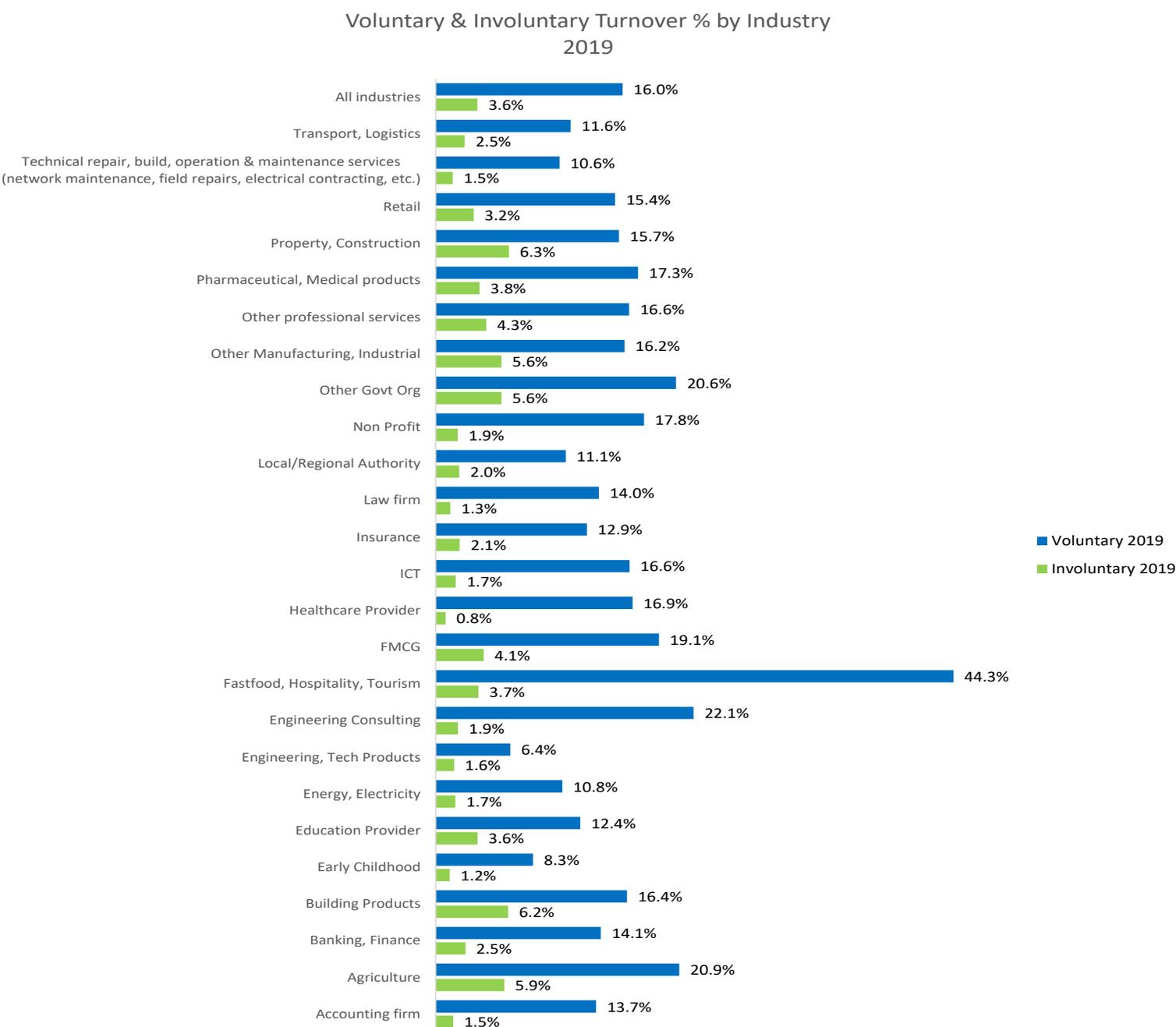
## Voluntary and Involuntary Turnover by Industry

Consistent with past results, rates of involuntary turnover varied greatly across industries in 2019 from 0.8% (Healthcare) to 6.2% (Building Products), and from 0.2% (Pharmaceutical, Medical Products) to 16.3% (Fast food, Hospitality) in 2020.

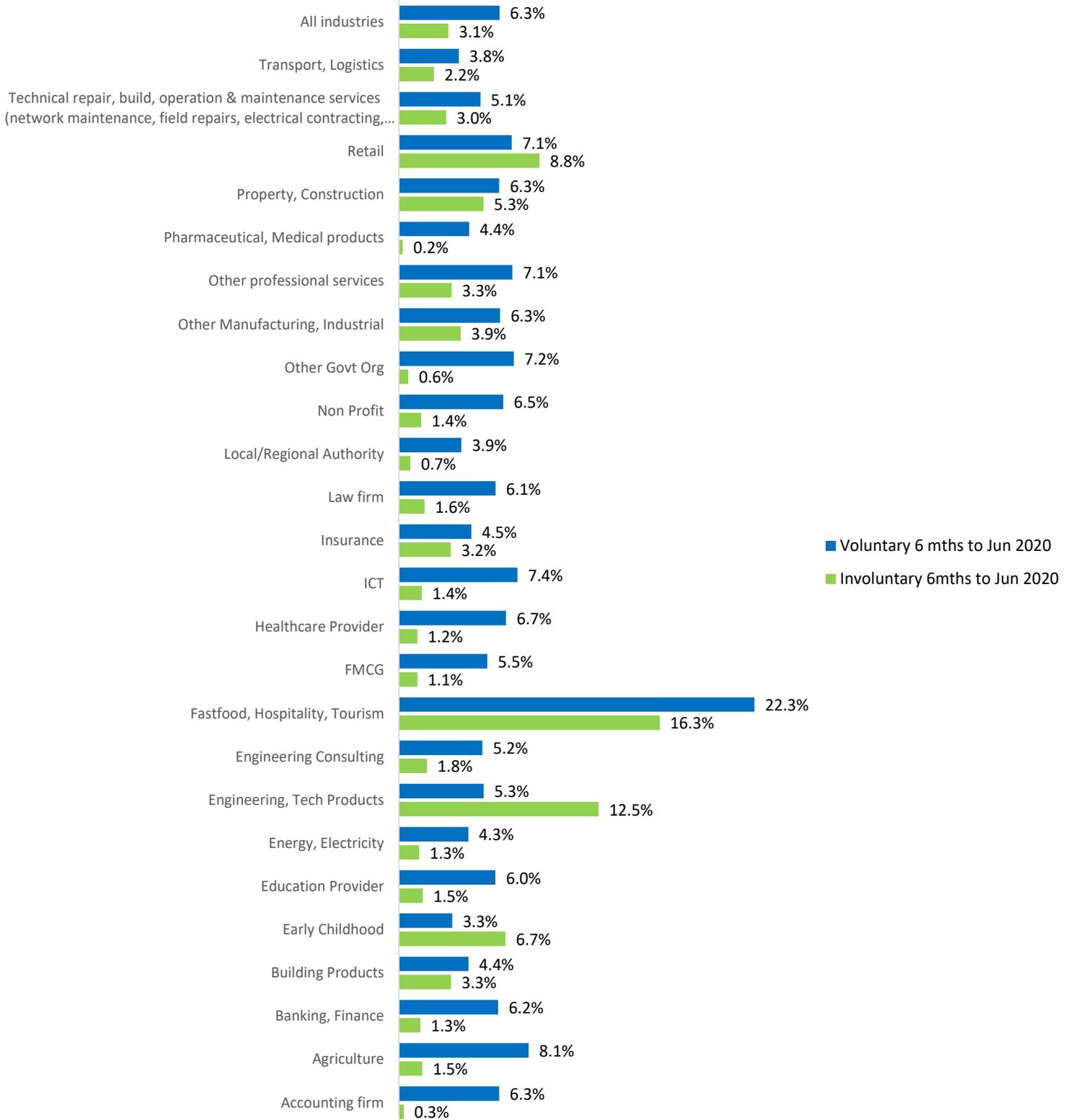
Voluntary turnover also varied between industries in 2019 from 6.4% (Engineering, Tech products) to 44.3% (Fast food, Hospitality), and from 3.3% (Early Childhood) to 22.5% (Fast

food, Hospitality) in 2020.

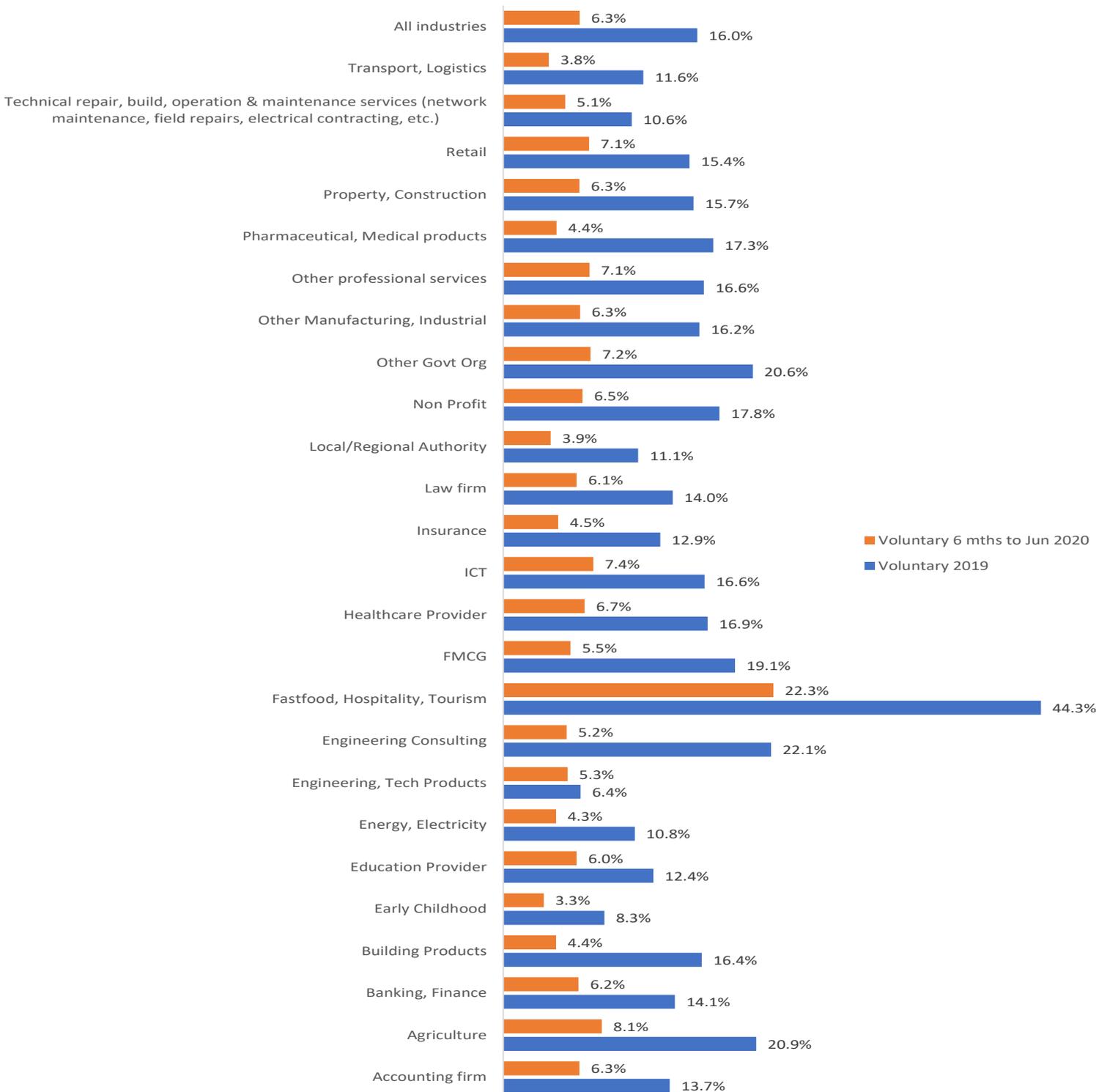
Again we see the majority of sectors experienced a reduction in Involuntary turnover between 2019 and 2020 despite Covid-19 showing the impact of Government support to businesses. Voluntary turnover reduced significantly showing employees preference to be cautious, not changing jobs during Covid-19.



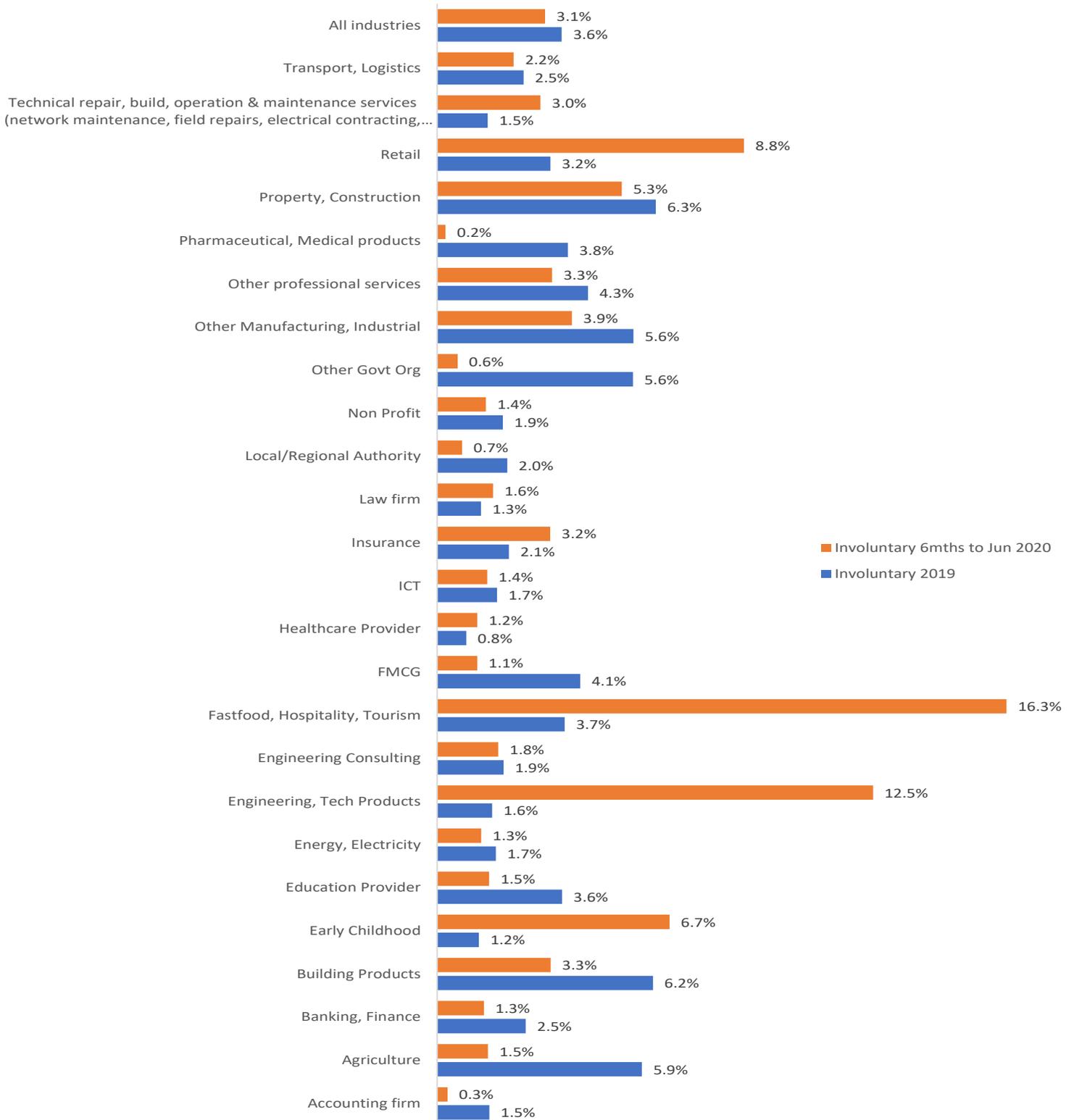
Voluntary & Involuntary Turnover % by Industry  
 Jan to June 30th 2020



**% Voluntary Turnover  
 2019 and 6 mths to June 2020**



% Involuntary Turnover  
 2019 and 6 mths to June 2020



## Turnover by Location

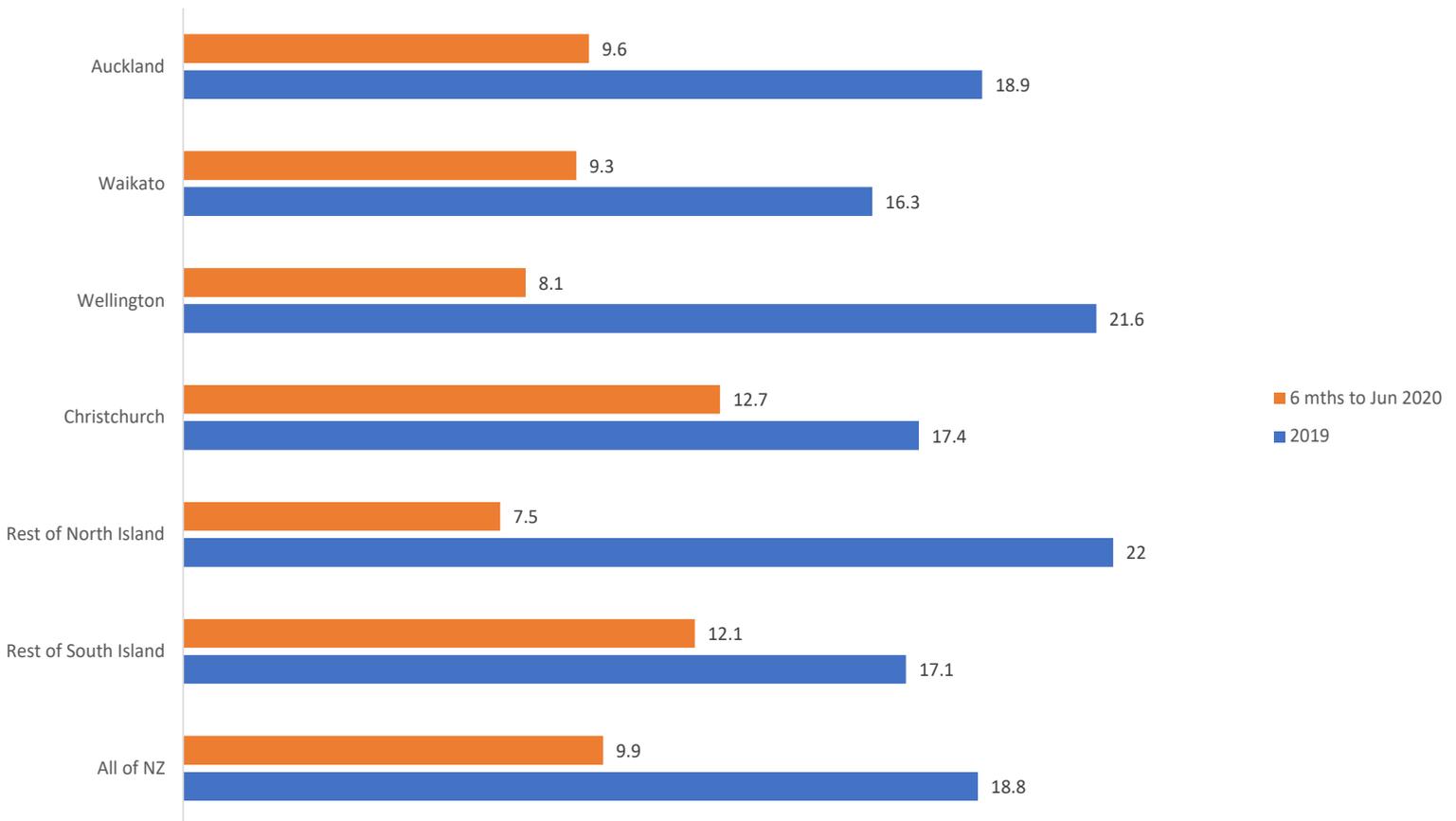
Participants were asked to provide the geographic location of where 50% or more of their staff are located. The following graph charts turnover data in Auckland, Waikato, Wellington, Rest of North Island, Christchurch, Rest of South Island, as well as an 'Across New Zealand' category for organisations with staff fully spread throughout the country.

Turnover in Auckland has consistently remained high in the past few years, indicating an active job market in this region.

Wellington continued to show the highest level of Turnover in 2019 however this was a 23% decrease from 2018.

Noticeably Turnover in the Rest of the North Island increased 21% in 2019 to lead the locations. Typically, the main centres of Auckland and Wellington are ahead of the regions. The Rest of the North Island has subsequently experienced the greatest decrease in 2020.

% Turnover by Location



## Government Support

Government Support packages have been available from the 17th of March 2020. In this section we consider the uptake of Wage subsidies, the Business Finance Guarantee scheme and the Small Business Loan Scheme.

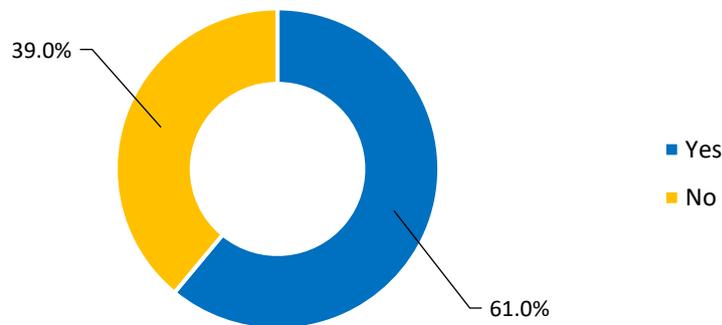
It is without doubt that the range of support packages developed by the government to support people and organisations through Covid-19 have positively impacted staff turnover. This has been evidenced in the lower than expected Involuntary turnover numbers for the first 6 months to June 2020 showing organisations have been able to hold on to staff by using this support.

The following graphs show that Wage subsidies have been the key support mechanism used by business with very little uptake of the Business Finance and Loan schemes.

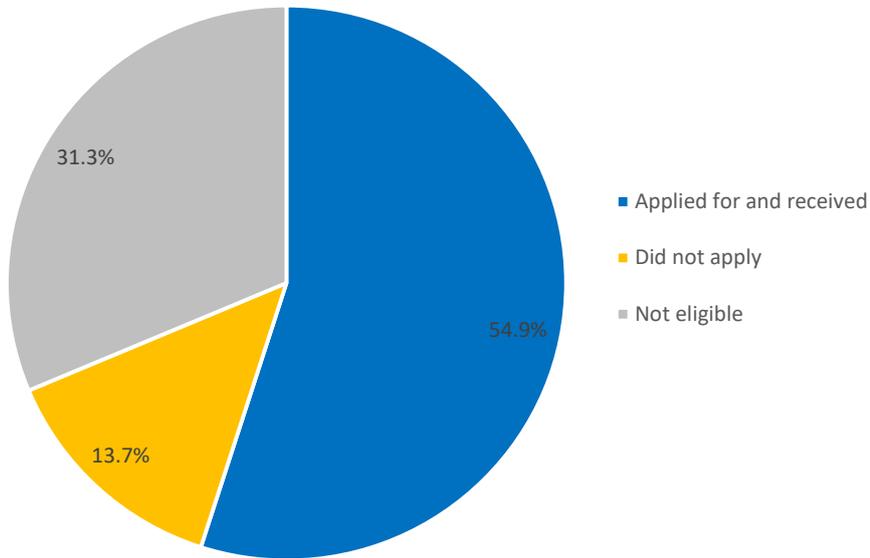
The wage subsidy graphs show from Wage Subsidy 1 to Wage Subsidy 2 a similar decrease in those organisations that applied for and received the subsidy to the increase in those that became ineligible to apply.

The intention to apply shows greater positivity of organisations between March and June with a 57% decrease between Subsidy 1 and 2.

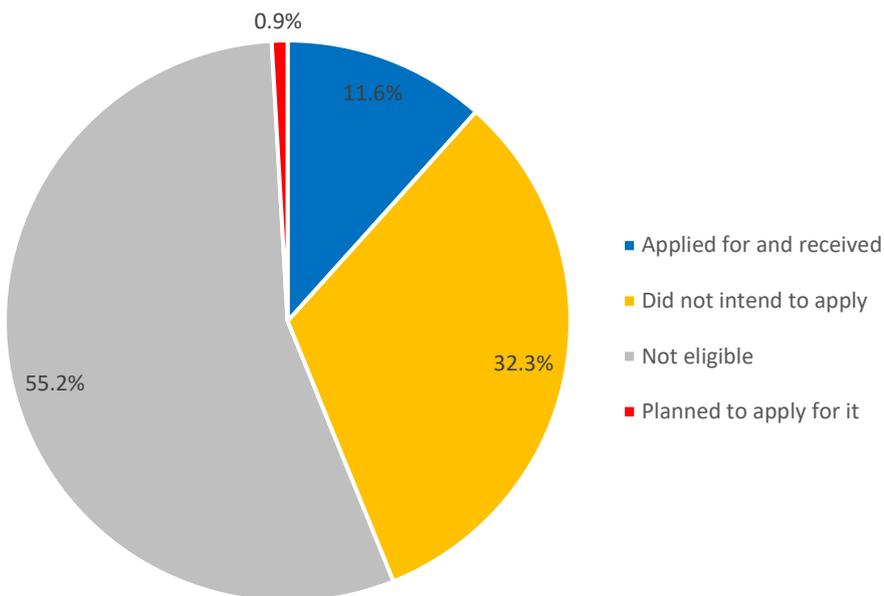
Business classed as Essential



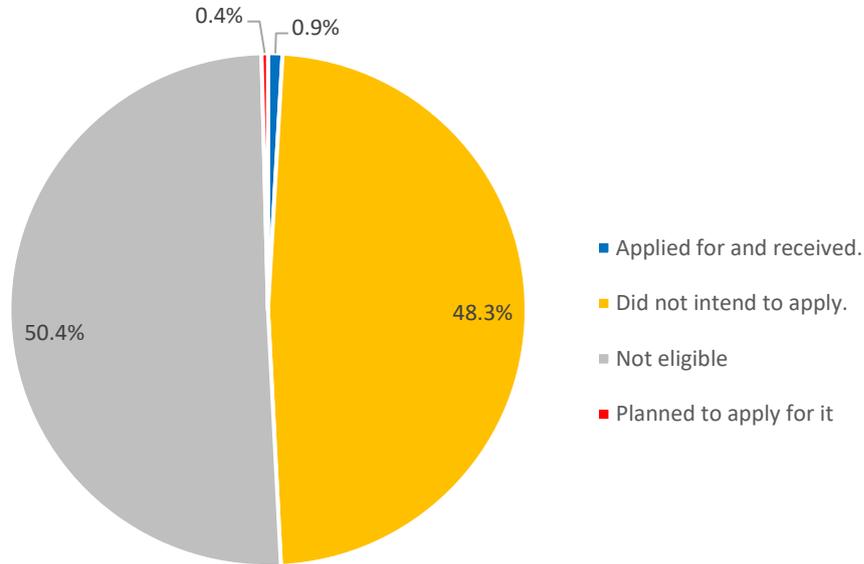
### Wage Subsidy 1 - what have you done?



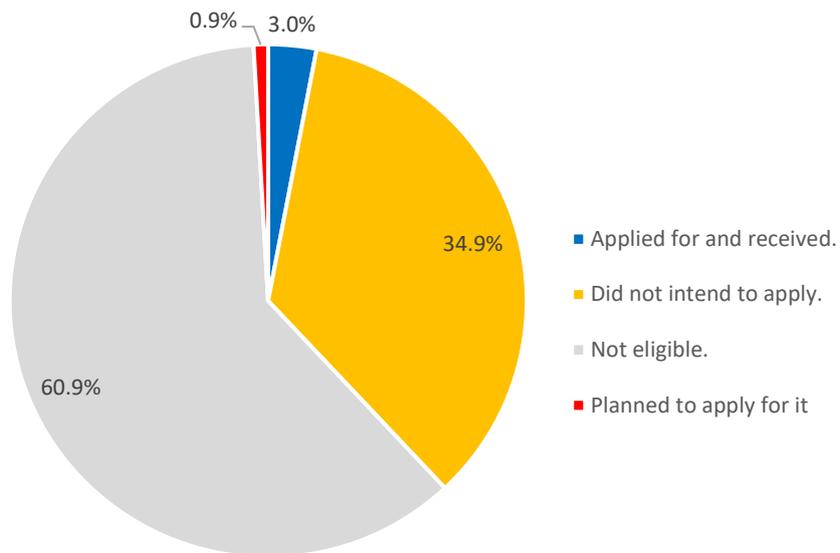
### Wage Subsidy 2 - as of 30 Jun 2020, what have you done?



Business Finance Guarantee Scheme - as of 30th June 2020, what had you done?



Small Business Loan Scheme - as of 30th June 2020 what had you done?

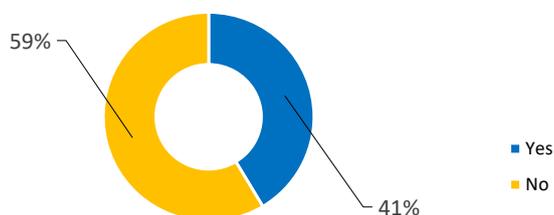


## The Disestablishment of Positions

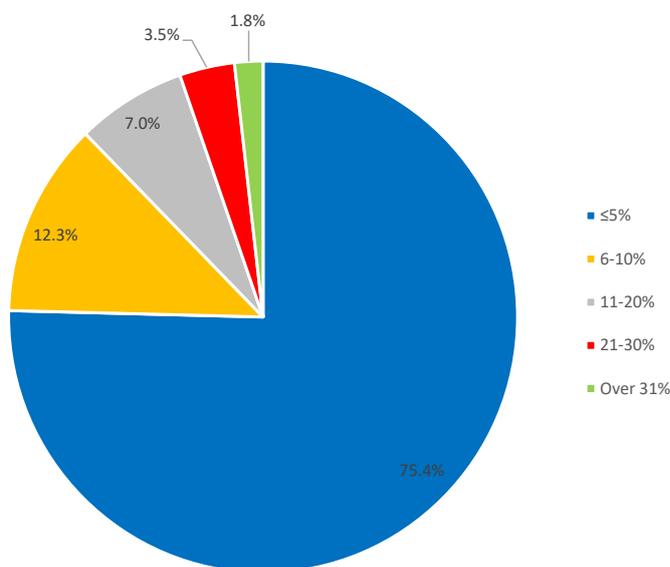
The disestablishment of positions (involuntary turnover) typically increases when the economy experiences difficulty. As discussed in the previous section, to date positions have been extensively protected through the provision of Government support however 41% of organisations in this survey disestablished positions in the first 6 months of 2020 with a decrease to 31% intending to do so in the second six months of 2020.

Of the 31% intending to disestablish positions in the second half of the year, the majority intend that this will be less than 5% of their workforce however there is a 272% increase in those predicting that this will be >30% of their the workforce.

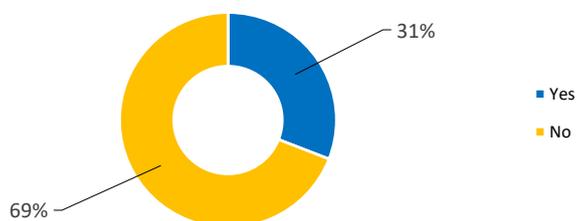
Have you made positions redundant in 6 mths to Jun 30th 2020?



If yes, what % of workforce?



Do you expect to make positions redundant in the 6 mths up to 31st Dec 2020?



If yes, what % of workforce?

