

New Zealand
Staff Turnover
Summary Report 2021



LawsonWilliams
future people

Including Covid data



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Summary Report - 2021

The NZ Staff Turnover Survey is operated as a free survey to participants.

This Summary Report provides general and national data on Staff Turnover.

The Full Survey report includes industry and sector data which enables companies to more effectively compare their Staff Turnover with others in the same sector or more closely aligned to their business.

We encourage you to participate in future surveys to receive the full survey report at no cost.

The full survey is available for purchase on the [Lawson Williams Website](http://www.lawsonwilliams.co.nz/surveys), Surveys section. www.lawsonwilliams.co.nz/surveys.

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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 2 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



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.

Our Survey Partners

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



Introduction

The New Zealand National Staff Turnover Survey is now in its 14th year. The survey provides organisations a benchmark of the success of their recruitment, onboarding, retention and development activities.

Note: for this 14th survey we received a significant reduction in survey participants. In talking to previous participants they have stated that due to the ongoing impacts of Covid they have not had the resources to enable them to participate this year. Some also stated that due to the high rates of turnover in their business as a result of Covid there was a reluctance to report turnover data particularly Involuntary Turnover.

It is interesting to note that conversely through our social media and website contact forms we have received a large increase in the number of requests for Staff Turnover Data. Importantly our survey results are provided free to participants.

As a result of the lower participation rate this year we have modified our Industry categories to ensure that we maintain statistical validity. Please refer to Page 29 for our industry classifications.

Also as we have modified the Industry Categories for the Full 2020 year and first 6 months of 2021, we have reevaluated the data for 2019 and the first 6 months of 2020 into the modified categories to provide relativity over the pre Covid year of 2019 and the Covid years of 2020 and 2021.

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.

Covid -19

The impact of Covid has been significant on people and organisations.

This impact has been progressive since 2019 with industry sectors experiencing the effects at different times. The Government response to Covid through the provision of a number of financial support mechanisms has also played a role in the impact of Covid on New Zealand businesses and the timing of any staff changes as a result.

To provide some additional insight into the progressive impact of Covid and staff turnover we have collected information in 2020 and 2021 at 6 month intervals.

In our 2020 report we included data for the 6 months to June 2020 in addition to 2019. In this report we provide data for the full 2020 year and the 6 months to June 2021.

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Executive Summary

Three key factors contributed to a decrease in National Staff Turnover in 2020.

The average National Staff turnover rate for 2020 was 18.5%. This is a 6.1% decrease from 2019. For the first half of 2021 National Staff Turnover has decreased to 10.4%, a similar level in the first half 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.

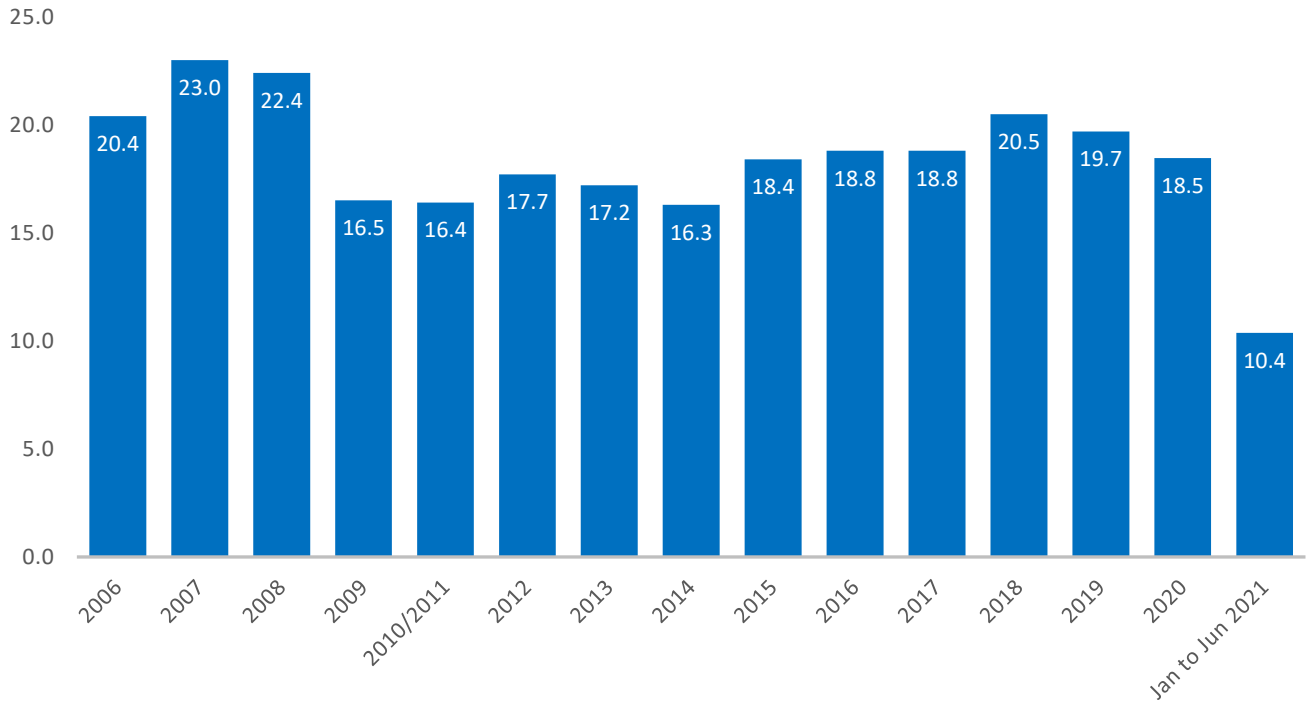
In 2020 we saw a further 6.1% decrease in National turnover. This may appear surprising when we consider the impact of Covid on our economy however we believe that 3 key factors have contributed to this decrease in turnover.

Firstly, the provision of financial support by the government throughout 2020 slowed the impact of Covid on businesses enabling them to maintain higher staff numbers than expected. This resulted in a lower increase in Involuntary turnover.

Secondly, the increase in Involuntary turnover was met by a reduction of Voluntary turnover as people chose to remain in their current role.

Thirdly, many businesses and sectors were able to perform well through 2020 again reducing the need to reduce staff numbers with some taking on extra staff to respond to demand.

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.

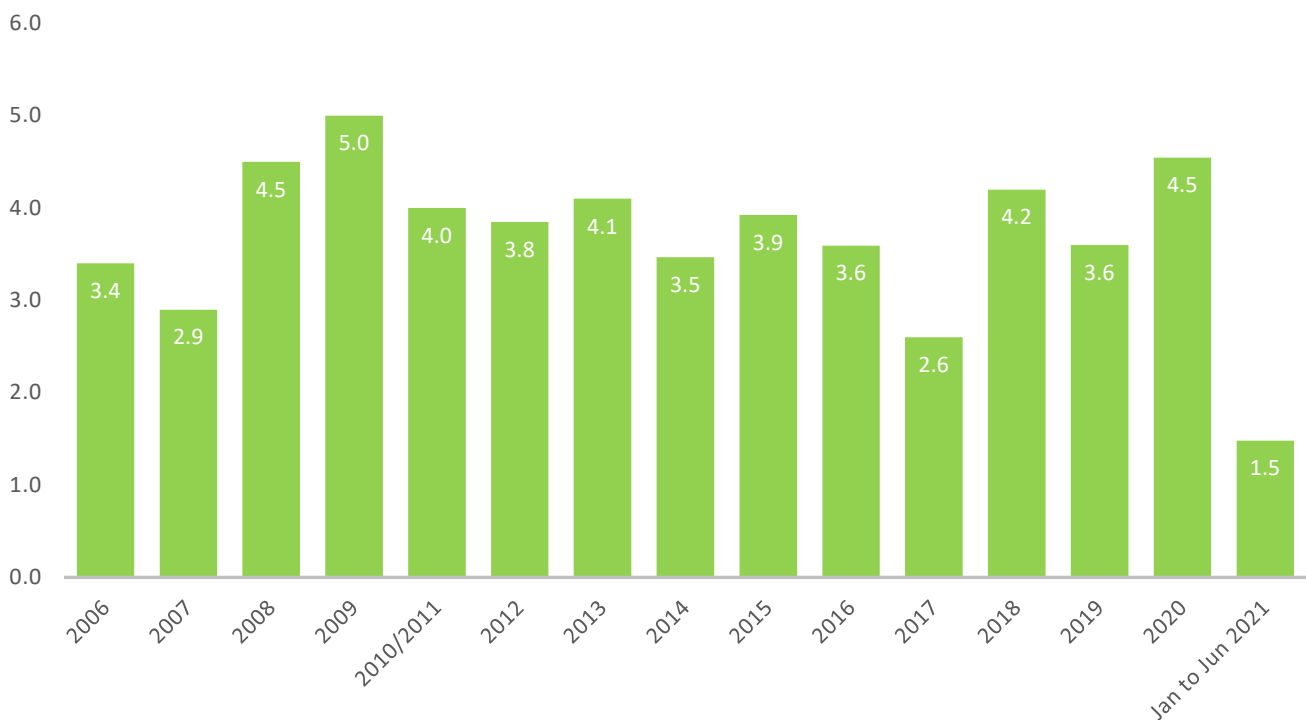
In the first half of 2020 we saw a small decrease in Involuntary turnover against the full 2019 year from 3.6% to 3.1%. From this we expected that the full year would show a significant increase over 2019. The final figure (see below) was 4.5% which was a 25% increase on 2019. Although this is significant.

2 key factors have contributed to this lower than expected increase in Involuntary turnover.

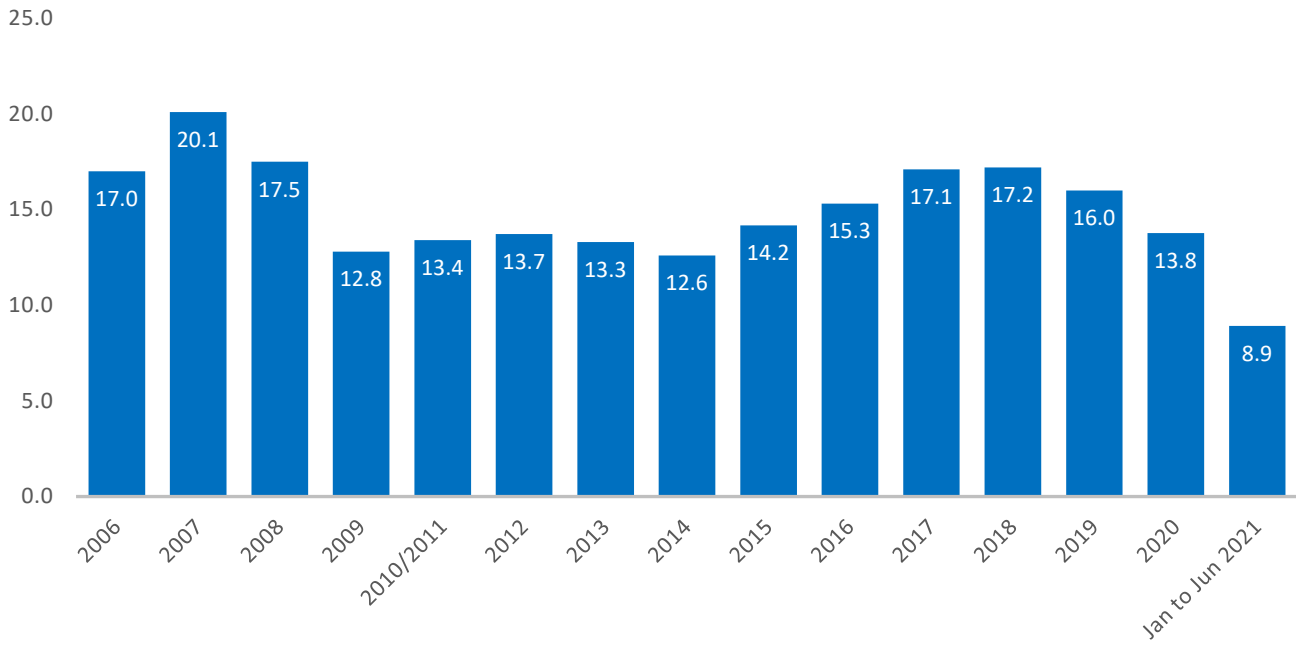
Firstly, the provision of financial support by the government throughout 2020 slowed the impact of Covid on businesses enabling them to maintain higher staff numbers than expected.

Secondly, many businesses were able to perform well through 2020 again alleviating or delaying the need to reduce staff numbers with some taking on extra staff to respond to demand.

Average National Involuntary Turnover
 %



Average National Voluntary Turnover %



Staff 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.

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.

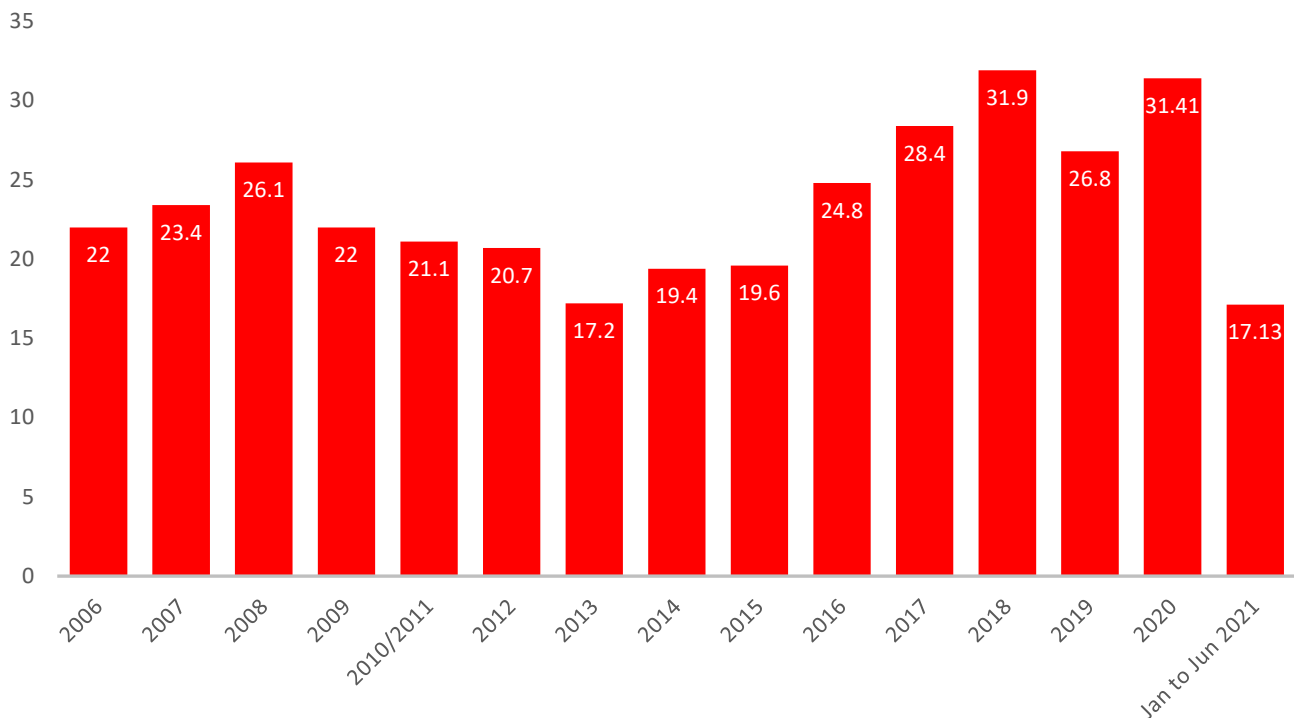
Ensuring new starters receive ongoing support and attention, and have the opportunity to raise any concerns as soon as possible, can help to avoid staff churn among this group.

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 positions.

The impact of Covid has led to a return of first year turnover to levels pre covid. For the first 6 months we saw a level of 12.8% with the final 6 months of 2020 showing a significant increase to reach the full year % of 31.4.

Turnover in the first 6 months of 2021 suggests that we may see a further annual increase for the full year of 2021.

Average % Turnover in first 12 months employment



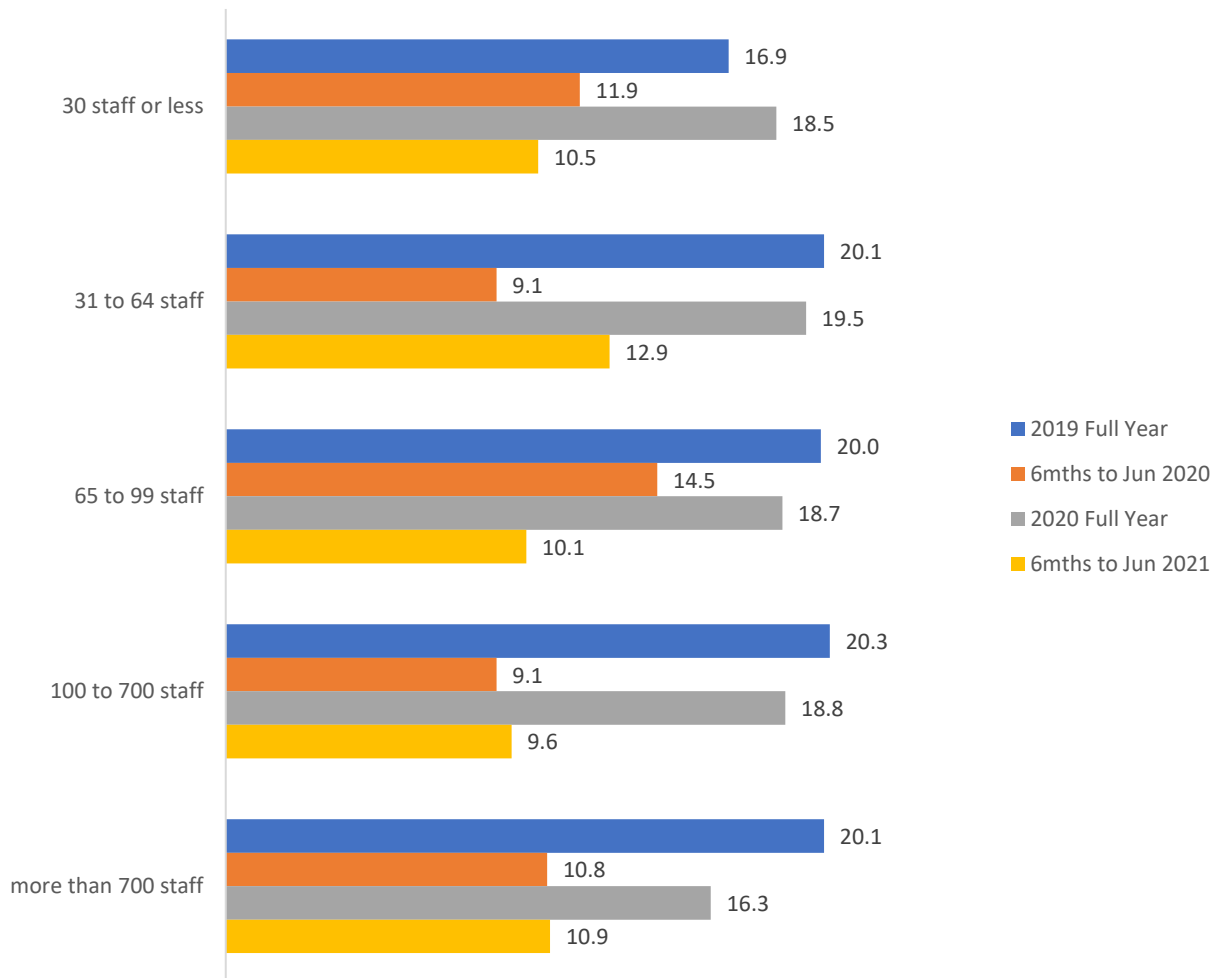
Staff Turnover by Industry Sector

New Zealand
Staff Turnover
Survey Report



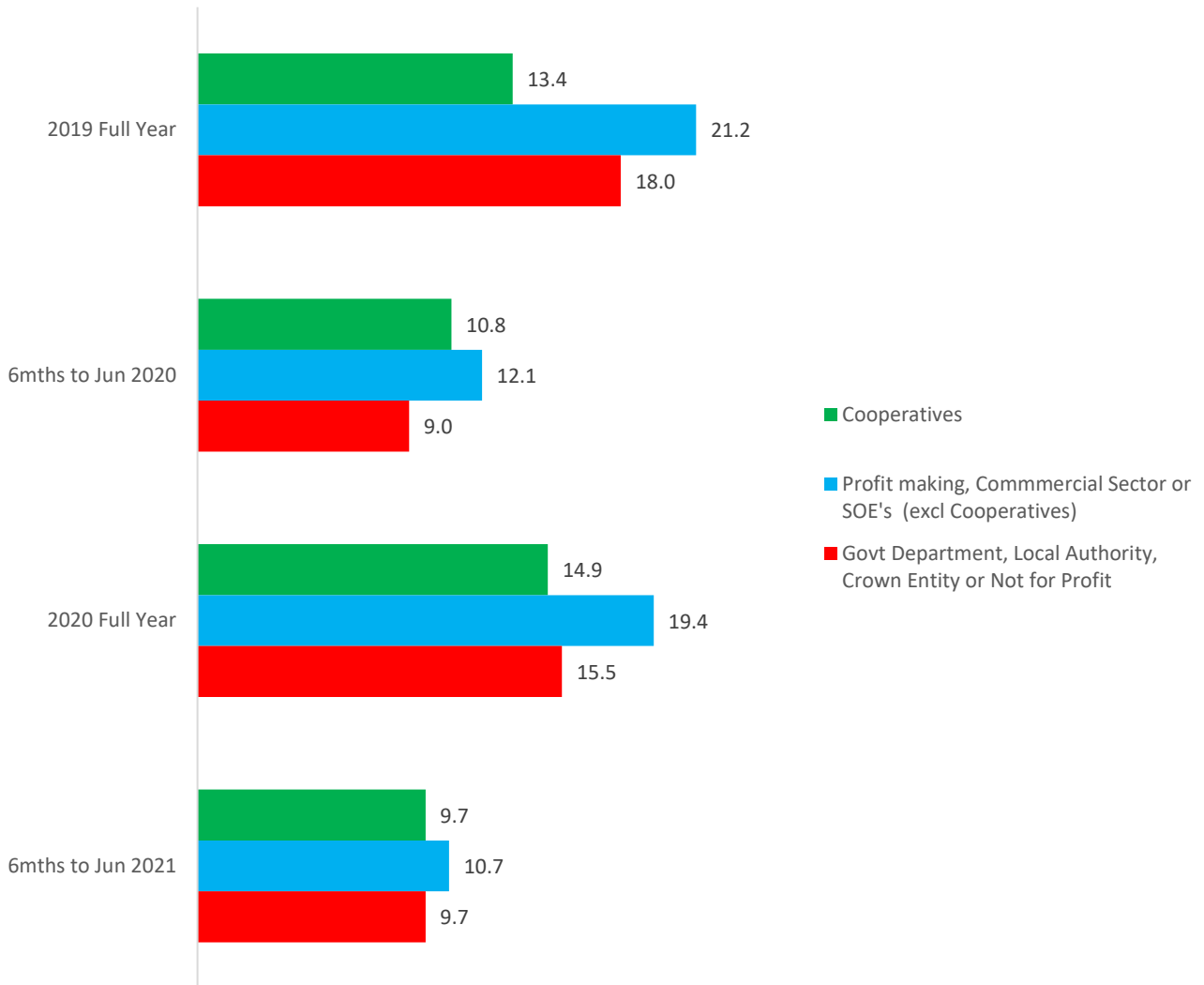
Turnover by Organisation Size.

% Turnover by Number of staff



Turnover by Organisation Type.

Turnover by Organisation Type



Voluntary and Involuntary Turnover by Industry

New Zealand
Staff Turnover
Survey Report



New Zealand
Staff Turnover
Survey Report

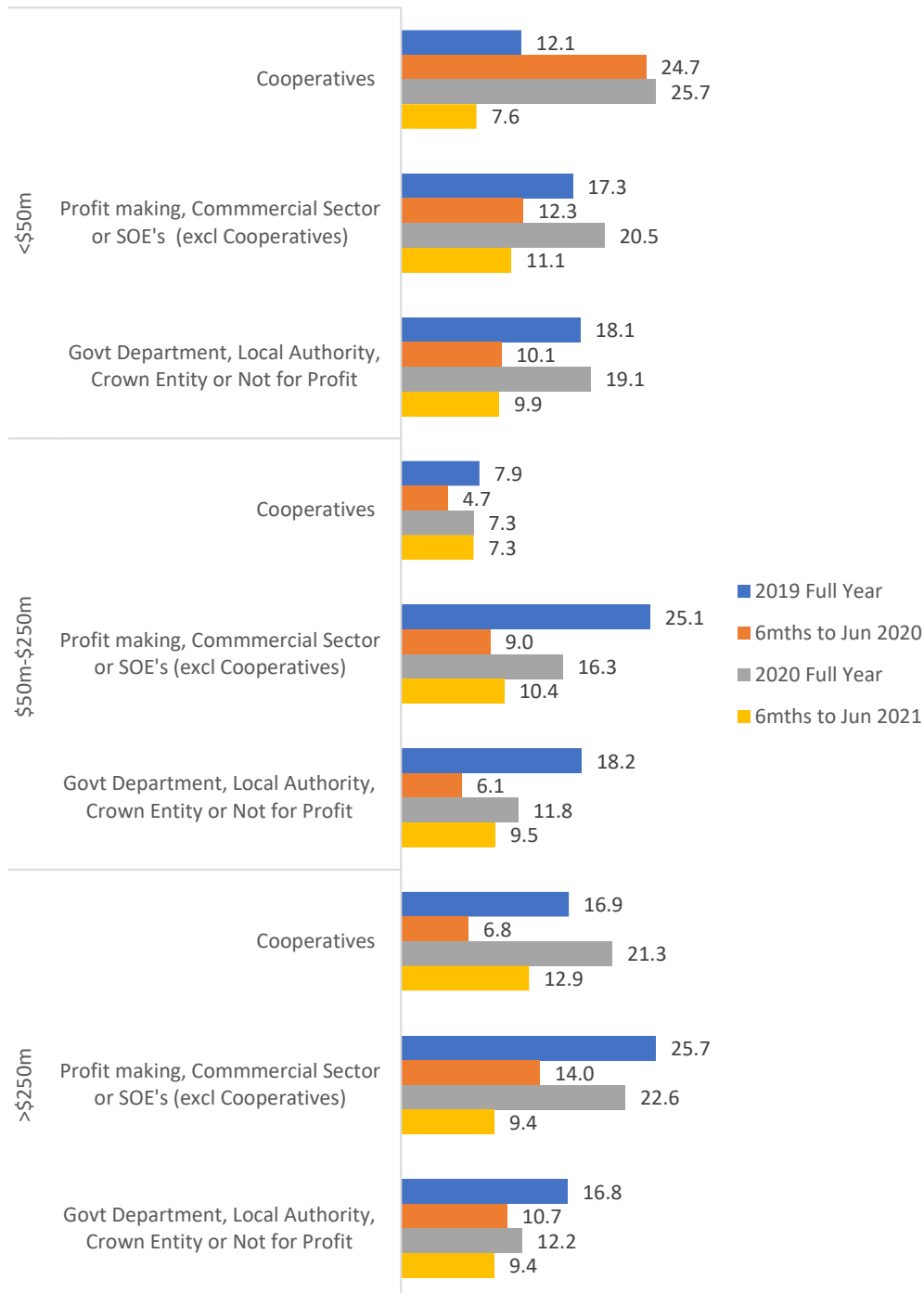


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Turnover by Revenue

% Turnover by Revenue/Budget



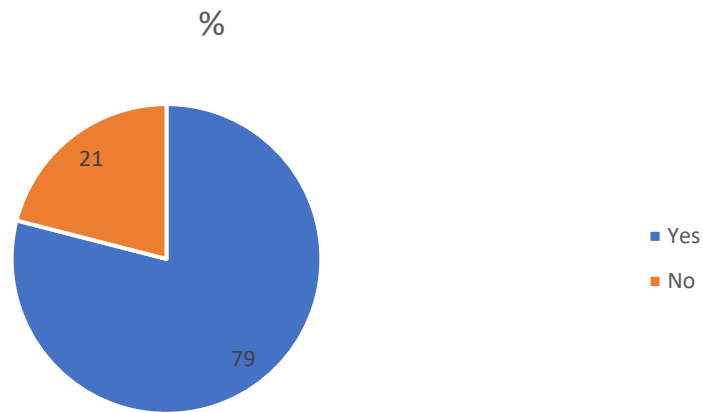
Turnover by Location

Position Disestablishment

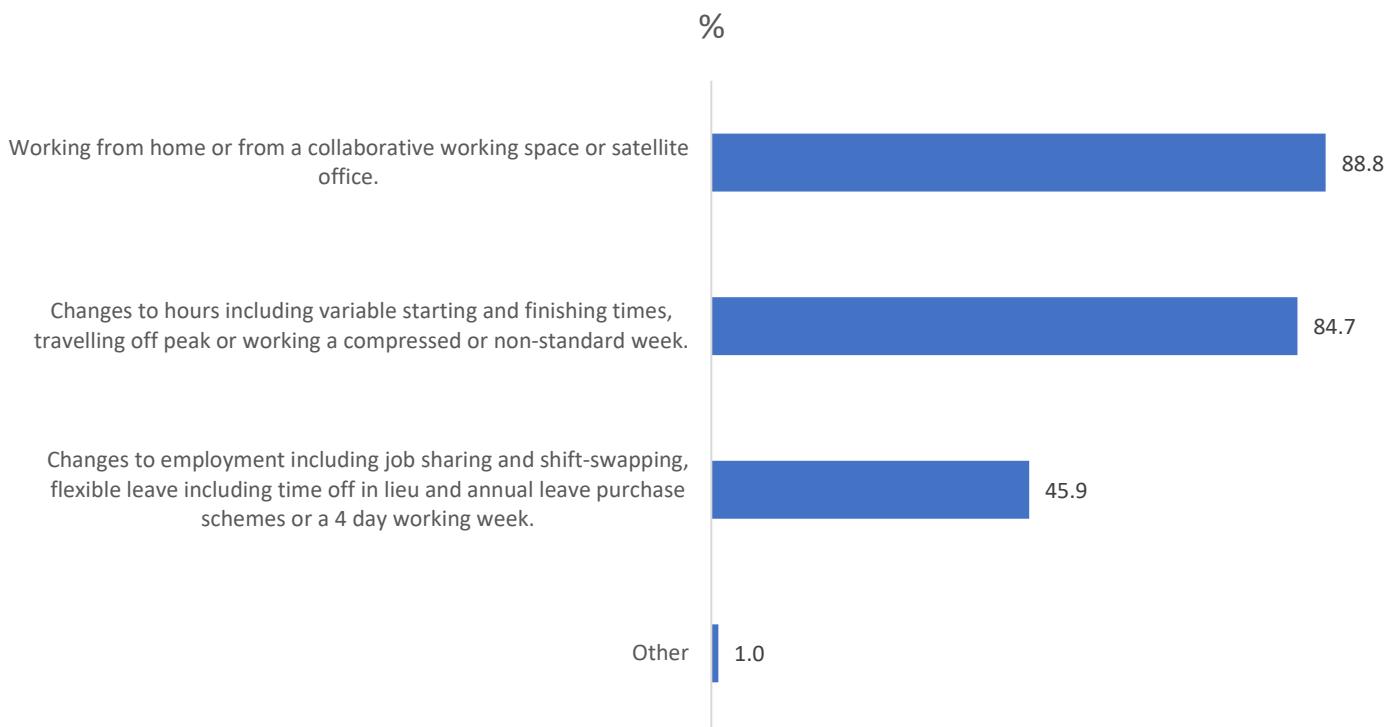
Flexible work options

The ability for employees to work flexibly as a result of Covid has enabled many businesses to operate through Covid. This ability to work flexibly has now become a desirable factor for many employees. Employers have responded understanding that flexible work options are necessary for retention of existing employees and the attraction of new employees.

Do you offer flexible work options?



If Yes, what do you offer?

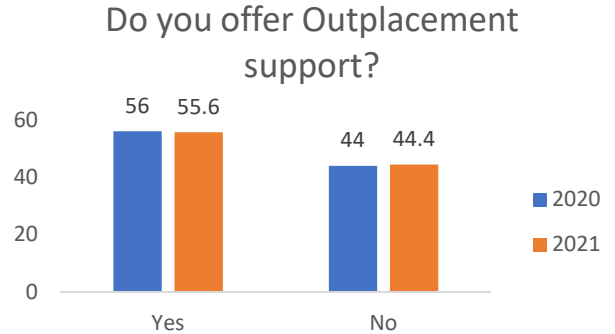


New Zealand
Staff Turnover
Survey Report



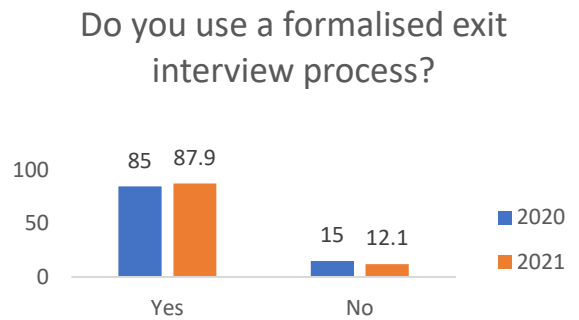
Transition/Outplacement Support

Of those surveyed over half (55.6%) of all organisations offered transition/outplacement support for involuntary turnover situations which is the same as 2020.



Exit Interviews

Of those surveyed, 87.9% reported having a formalised exit process, indicating most New Zealand employers are making a proactive effort to ensure a smooth exit and transition. employers are making proactive efforts to identify the cause of staff turnover and tackle any problem areas.



Industry Categories

Industry Sectors have been modified in 2021 to meet the Australian and New Zealand Standard Industrial Classification (ANZSIC)

For more detail or to confirm the sector for your business you can visit [here](#)

Previous Industry Sectors

Agriculture, horticulture, forestry, fishing
 Print, packaging, paper
 Building Products
 Engineering & other technology products
 Other manufacturing and industrial products
 Energy & Electricity (water, electricity, gas, coal etc.)
 Property & Construction Services
 FMCG (food, beverage, OTC pharmacy, stationery)
 Pharmaceutical and medical products & equipment
 Retail
 Fastfood, Hospitality & Tourism (quick service restaurants, hotels, travel & tourism venues)
 Transport & Logistics Services (services in air freight, sea freight, third party logistics, supply chain, couriers, rail, ports etc.)
 Information & Communications Technology (Computer systems, software providers, telcos, ISPs, office equipment, etc)
 Media & Advertising (TV, radio, publishing, advertising agencies etc)
 Banking & Finance
 Insurance
 Accounting firm
 Engineering Consulting
 Law Firm
 Other professional services
 Research & Development (Public & Private)
 Crown Entity
 Government Department or Ministry
 Local Authority or Regional Authority
 Early Childhood Centre
 Education and training provider (Public & Private)
 Healthcare provider (Public & Private)
 Non-profit Charity or Community Organisation
 Technical repair, build, operation & maintenance services (network maintenance, field repairs, electrical contracting, etc.)

New Industry Sectors

Agriculture, Forestry and Fishing
 Manufacturing
 Manufacturing
 Manufacturing
 Manufacturing
 Electricity, Gas, Water and Waste Services
 Construction
 Wholesale Trade
 Wholesale Trade
 Retail Trade
 Accommodation and Food Services

 Transport, Postal and Warehousing

 Information Media and Telecommunications

 Information Media and Telecommunications

 Financial and Insurance Services
 Financial and Insurance Services
 Professional, Scientific and Technical Services
 Professional, Scientific and Technical Services
 Professional, Scientific and Technical Services
 Professional, Scientific and Technical Services
 Professional, Scientific and Technical Services
 Public Administration and Safety
 Public Administration and Safety
 Public Administration and Safety
 Education and Training
 Education and Training
 Health Care and Social Assistance
 Non-profit Charity or Community Organisation
 Other Services

