

INVESTING IN THE EMPLOYEE EXPERIENCE

As the competition for top talent is more contentious than ever—with unemployment sitting at an all-time low and employers struggling to fill open roles—concentrating on employee satisfaction and employee engagement isn't enough.

A focus on **the next competitive frontier is the employee experience.**



Employee Experience = tracing how employees think and feel during every touch point of their journey through your company.

MILLENNIALS ARE A MAJOR FACTOR IN THIS SHIFT:¹

As an employee, Millennials seek meaningful work, flexibility, autonomy, connection and mentoring.



As the battle to win talent grows, many CEOs are recognizing the **employee experience is the No. 1 strategic imperative** leading their companies to not only survive, but thrive, in 2020 and beyond.

80%
of executives rate employee experience as important or very important²

ONLY 22%
report their companies are excellent at building a differentiated experience²

Companies are discovering how prioritizing the employee experience can positively impact business performance:

33% average percentage of an employee's annual salary lost to labor turnover

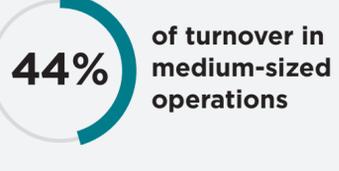
However, organizations that invest most heavily in the employee experience enjoy greater employee satisfaction.³

Therefore, targeting this critical area as a meaningful talent acquisition strategy has not only long-term organizational implications, but also potentially significant return on investment for organizations.



A LOOK AT EMPLOYEE TURNOVER

Hourly paid, transactional employees are often a major concern for corporations, as they strive to maintain the highest levels of quality while at the same time minimizing the drain on resources and cost. For example, call centers have:⁴



UNDERSTANDING THE COST OF LABOR TURNOVER

Monitoring labor turnover is an important function of human resources.⁵ Controlling turnover is one of the many quantitative ways human resources can impact the bottom line.

TURNOVER RATE IS CALCULATED BY:

- 1 Taking the number of separations during a month
- 2 Dividing by the average number of employees
- 3 Multiplying by 100

TURNOVER RATE =
NUMBER OF SEPARATIONS / AVG. NO. OF EMPLOYEES X 100

At first, this formula sounds simple, but deciding which data to include and where can be confusing. For example, does an organization use full-time equivalent (FTE) or straight headcount when determining the number of employees and separations? What about temporary workers? What if an employee is on a leave or furlough?

IF YOU WANT TO UNDERSTAND THE COST OF LABOR TURNOVER:

- 1 Take your turnover rate
- 2 Multiply it by your average salary
- 3 Multiply that number by 33%



AVERAGE COST OF LABOR TURNOVER =
TURNOVER RATE X AVERAGE SALARY X .33

Whatever the nuances of the calculation for your organization, it is clear labor turnover costs money, and a lot of it.

“Turnover seems to vary by wage and role of employee. For example, a CAP study found average costs to replace an employee are 16% of annual salary for high turnover, low-paying jobs (earning under \$30,000 a year). For example, the cost to replace a \$10-per-hour employee would be \$3,328.”

—PeopleKeep

5 IMPERATIVE STEPS TO DECREASE LABOR TURNOVER AND CREATE A HIGHLY MOTIVATED WORKFORCE

Motivate employees with opportunities for growth at work

Build trust with your employees

Create a place where there is a sense of belonging and purpose

Build a positive work culture with like-minded people and colleagues

Establish a safe and secure work environment



LEARN HOW TO ENHANCE YOUR EMPLOYEE EXPERIENCE BY IMPLEMENTING THE TOP TRENDS IN EMPLOYEE RECRUITMENT AND RETENTION

[GET OUR FREE GUIDE HERE](#)

Sources

¹ https://www.mckinsey.com/business-functions/organization/our-insights/the-organization-blog/employee-experience-essential-to-compete
² Deloitte global survey of 11,000 business and HR leaders across 140 countries (2017)
³ Research by Jacob Morgan, author of The Employee Experience Advantage
⁴ dailypay.com
⁵ Society of Human Resources Management (SHRM)