

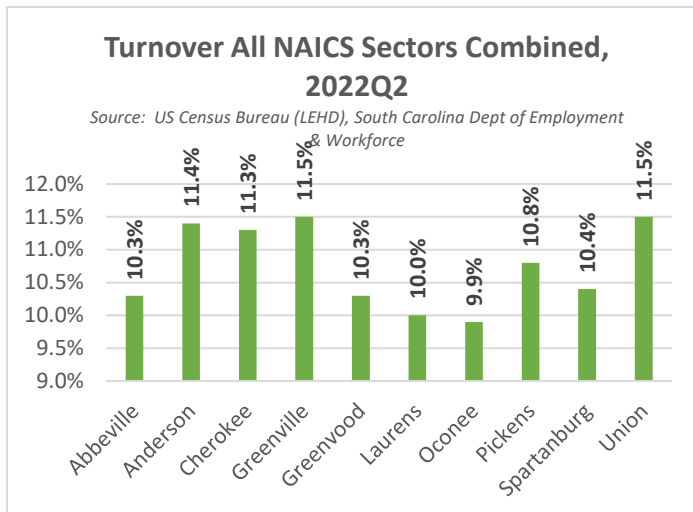
### Center for Business Analytics and Community Research

#### Talent Tips: Workforce Retention, Part 1

Workforce issues have been at the forefront of business concerns in recent years. The great resignation that began in early 2021 caught the attention of both employers and the public. The [Palmetto Business Barometer](#), a survey that is conducted monthly by the [South Carolina Chamber of Commerce](#) and analyzed by the [South Carolina Department of Employment and Workforce](#), indicates that achieving adequate staffing levels is one of the top two concerns for businesses across the state (inflation/price stability is currently the number one concern). Fifty-three percent of the 579 businesses that completed the survey in August 2023 indicated that adequate staffing was a significant concern. To put this in context, only nineteen percent had concerns about obtaining materials and other supply chain issues.



Data from the U.S. Census Bureau’s Quarterly Workforce Indicators (QWI) documents workforce



turnover rates at various levels of granularity. The bar chart on the left highlights turnover rates for all NAICS sectors combined for the TATT counties. Oconee had the lowest rate at 9.9% and Greenville had the highest at 11.5%. In many cases these are not record high levels for these counties, but they still represent considerable churn in the labor market.

Why should these turnover rates be of concern? There are many reasons, but

one that should quickly strike a chord with all employers – both large and small – is the very high cost of replacing lost workers. Many studies have been conducted on the costs associated with replacing employees. I will share data from two in the following table:

<b>Cost to Replace Employees, Soteria HR Consulting as Published on LinkedIn</b>	
Low-end for average salaried US worker	\$15,000
Entry-level employees	30% - 50% of annual salary
Mid-level employees	150% of annual salary
High-level or highly specialized employee	400% of annual salary
<b>Terra Staffing Group Average Cost of Replacing Employee</b>	
Entry-level employee making \$36,000	\$12,000
Manager making \$60,000	\$20,000
Executive making \$150,000	\$50,000
Hourly employee making \$8/hour	\$3,500

In a Forbes article titled [Why Your Employees Are Leaving En Masse And The Surprising Factor That Will Keep Them](#), Melanie Fellay states that “the average cost of replacing just one employee ranges from one-half to two times their annual salary.” She goes on to point out that “...for a 100-person company with an average salary of \$60,000, your turnover replacement cost could be anywhere between \$750,000 and \$3 million.” So, even using the extremely conservative Terra estimates it is clear that losing employees can significantly impact the bottom line.

Given the high costs of replacing employees, it seems like good business sense to take steps to decrease turnover. Next month we will discuss the most common reasons for employees leaving their current job. We will also consider several key initiatives that employers can take to improve their workforce retention. Hint, two of the big ones are shown in the visual at the beginning of this column.

Sources for Visual 1.

1. [SC Business Barometer Survey](#)
2. [Robert Half Infographics](#)
3. [Pew Research/Statista](#)
4. [LinkedIn Learning – Workplace Learning Report](#)