

## Costs Related to Employee Turnover

- Loss of productivity-work put on hold until replacement is on board
- Cost of overtime or temporary help to get the work done during selection and training of replacement
- Lost efficiency, including the interaction and institutional knowledge
- Accrued vacation
- Lowered morale of co-workers
- Recruiting costs (advertising, time to place ads, development of promotional materials, management of web sites)
- Search firm fees (often equivalent to 30 per cent of new hire's first year salary)
- Screening of applicants (time to review resumes)
- Interviewing time (how many people interview each applicant)
- Hiring costs like testing, background checks, drug screens
- Relocation expenditures, temporary housing
- Sign-on bonuses
- Time spent in orientation
- Training, assimilation into work team
- Lower productivity during learning period—for both the new individual and those providing the training
- Loss of other employees
- Lost customers
- Lost contracts or business

### Sources:

- 1) Cascio, Wayne F. (1991). Costing Human Resources: The Financial Impact of Behavior in Organizations. Boston: PWS-Kent Publishing.
- 2) Fitz-enz, Jac. (2000). The ROI of human capital—Measuring the Economic Value of Employee Performance. New York: American Management Association.
- 3) Herman, Roger E. (1999). Keeping Good People—Strategies for Solving the #1 Problem Facing Business Today. Winchester, VA: Oakhill Press.

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