What Is the Cost of Workforce Turnover?

Understanding the price organizations pay when they lose good employees

By Kenya McCullum

An organization is only as strong as its workforce, but the only way that a senior living community can have a strong workforce is by addressing its turnover of employees. It's no secret that turnover in the industry is extremely high—with studies estimating that senior living communities can experience anywhere from 10 to 100 percent turnover rates on average—but some organizations may not understand the true ramifications that high turnover can have on their community. The effects of turnover are far-reaching and expand to several parts of an organization's business, including the following areas:

Money. The most obvious effect that turnover has on organizations is the money that is lost because of various activities they must engage in to regularly replace the people who have left.

"Every time an employee leaves, you need to not only retrain a new employee on your policy and procedures, but also train them on the standard of care you wish to provide. It takes time to learn the residents' history and preferences that are the selling features of the community," said John Atkinson, managing director at Willis Towers Watson. "Additional cost is incurred by overtime wages paid to existing staff and/or third-party staffing, which both outweigh the cost of an existing employee's rate and benefits."

Unprepared management. As people leave an organization, others are often promoted in their place. Although elevating good workers to management positions may be seen as an effective way to retain those employees by recognizing their hard work, it may actually have the opposite effect on overall turnover. If new managers do not receive the training they need to effectively supervise their staff, it will increase the amount of turnover among

those workers because ultimately, many people do not leave an organization—they leave a bad boss.

Employee disengagement. Just as unprepared management will drive people out of an organization, it will also cause increased disengagement and dissatisfaction among the employees who stay. As disengagement rises, unhappy workers will demonstrate

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undesirable behaviors, such as showing up to work late, calling in sick more often, and ignoring the rules.

"When people are happier, they comply with what they are supposed to do more because they understand why it's important, so they do it," said Jacquelyn Kung, senior care expert at Activated Insights, the research company behind Great Place to Work®. "They also see other people doing it, so they do it more. When you work in a place that's all grumpy and then somebody tells you to do something, you're less inclined to comply."

Innovation. When employees feel disengaged, it erodes the trust they have in management. One of the byproducts of this reduced trust is that employees may not feel comfortable sharing their ideas on how to provide better care. As a result, the organization may miss out on innovation that can help them improve their processes and increase their revenue.

Client care. The most devastating impact of employee turnover is the negative effect it has on client care. Disengaged employees make more mistakes or neglect their duties, which can culminate in decreased positive outcomes and increased negative ones.

How to improve turnover rates

Although turnover rates are currently high in the industry, it doesn't mean they can't be improved. When organizations make a commitment to address the concerns of its employees and give them what they need to be satisfied in their jobs, it can go a long way toward keeping staff.

"You've got to become an employee-centric organization," said Mark Woodka, OnShift CEO. "We've been resident-centric for the past decade and that's great—they're our customers and they're the people we care for—but if we don't put our employees at the center of the universe, we're not going to have residents because we're not going to have employees. And you can't provide care with nobody."

In order to begin the process of becoming more employee-centric, leaders should consider the following tips:

Get reliable metrics. Before organizations can effectively address turnover, they need metrics to get an accurate picture of the problem and how much it's costing them. By using a robust instrument, communities can understand how many employees they're losing and how much they're spending on areas such as hiring, training, advertising vacant positions, and overtime to cover shifts.

But finding out how many people have left is not enough to solve the problem. Management must also understand why employees left, and how much of the turnover is caused by workers leaving voluntarily or involuntarily. By knowing the most common reasons why people quit their jobs, companies gain an understanding of what their weaknesses are and can create a plan to address them.

Improve the onboarding process. In order to keep new employees, organizations need to make them feel welcome from day one. This can be done by creating an onboarding program that not only teaches them how to do their job, but also fit into the company culture.

"Getting employees started right and establishing an effective onboarding program is crucial," Atkinson said. "Onboarding is a process—orientation is an event. You want to design an onboarding program that reaches out to the new hire over several months during the year that fully integrates them into their new role."

Improve communication. Since poor management is a major contributor to high turnover, it's important for supervisors to improve on the frequency and effectiveness of their communication. Workers want to be heard, and they also want to receive clear instructions and guidance from their managers, so it's important to always keep them in the loop and give them regular feedback.

For example, one way to efficiently increase communication is to leverage technology to stay in touch. Although some employees on the floor may not have a work email address, that doesn't mean management cannot keep them in the loop. Since most employees probably have a smartphone, a community's leadership can send everyone messages to their personal email accounts or via text.

In some cases, managers may need to receive additional training on how to supervise people. It's important to remember that someone who has been promoted may be an expert in resident care, but may not know how to translate that expertise into overseeing a staff.

Provide a career path for employees. With the strong economy, it's easy for people to hop from one job to another relatively quickly. This means that companies need to provide compelling reasons for people to stay—such as showing employees how they can advance in the organization.

"Help people understand that if you start as a caregiver in a community, there's a place for you to go—you can become a senior caregiver, you can go on and get a nursing certificate, or you can be a department supervisor," said Woodka. "I think giving people a sense of 'this isn't just a job, this a career and you can move forward' is good."

THE POSITIVE SIDE OF TURNOVER

Although organizations should definitely address their turnover if it's too high, eliminating turnover entirely should not be the goal. Not only is zero percent turnover unrealistic, it's also unhealthy for organizations and clients alike.

"The optimal amount of turnover is one that makes resident care the best it can be," Kung said. "Zero turnover is not a good thing because inevitably you have hiring mistakes, and so when you have someone on the job that's not good for residents, that person should turn over. Having zero turnover but bad people on the floor means that resident care is being negatively affected, so you want a healthy amount of turnover."

HEAR ABOUT THE LATEST TURNOVER DATA

Join us Nov. 8-10 in Washington, D.C. at the Argentum Senior Living Symposium and hear the latest results from Argentum's workforce metrics initiative in partnership with OnShift. The initiative is focused on collecting and reporting benchmarked data on turnover, retention, and employee engagement across senior living.

Learn more and register at **argentum.org/symposium**.