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ARTICLE OF INTEREST

REPLACEMENT COST TOPS \$13,000 FOR WORKERS WHO VOLUNTARILY QUIT

Average turnover costs reached \$13,355 per full-time private-sector worker in 2004, according to an analysis from the Employment Policy Foundation. The result is based on an earlier study that found turnover costs average 25 percent of a worker's annual salary. Turnover costs, which include recruiting, selection, training, and lost productivity expense, have climbed 6.8 percent from a \$12,506 average cost in 2002.

The leisure and hospitality industry had the highest turnover rate (voluntary quits and retirements), with an annual rate of 46.4 percent for the twelve months ending in August 2004. Retail trade was second highest at 33.2 percent. Companies in the manufacturing and transportation industries had smaller annual turnover rates of 16.5 percent and 18.2 percent, respectively.

For large companies, different turnover rates can create large differences in total turnover costs. For a 40,000-employee company, total turnover costs would reach \$80 million annually with a 15 percent turnover rate. The same firm with a 40 percent turnover rate would spend \$214 million annually.

Over the twelve months ending in August 2004, net hires to replace workers who quit or retired totaled 27.8 million. The total represents hiring to replace 24.9 million workers who voluntarily quit-typically to take another job-and 2.9 million who retired or left because of death, disability or other reasons.

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