

## Talent Management Update – Q2 2011

### About this Report

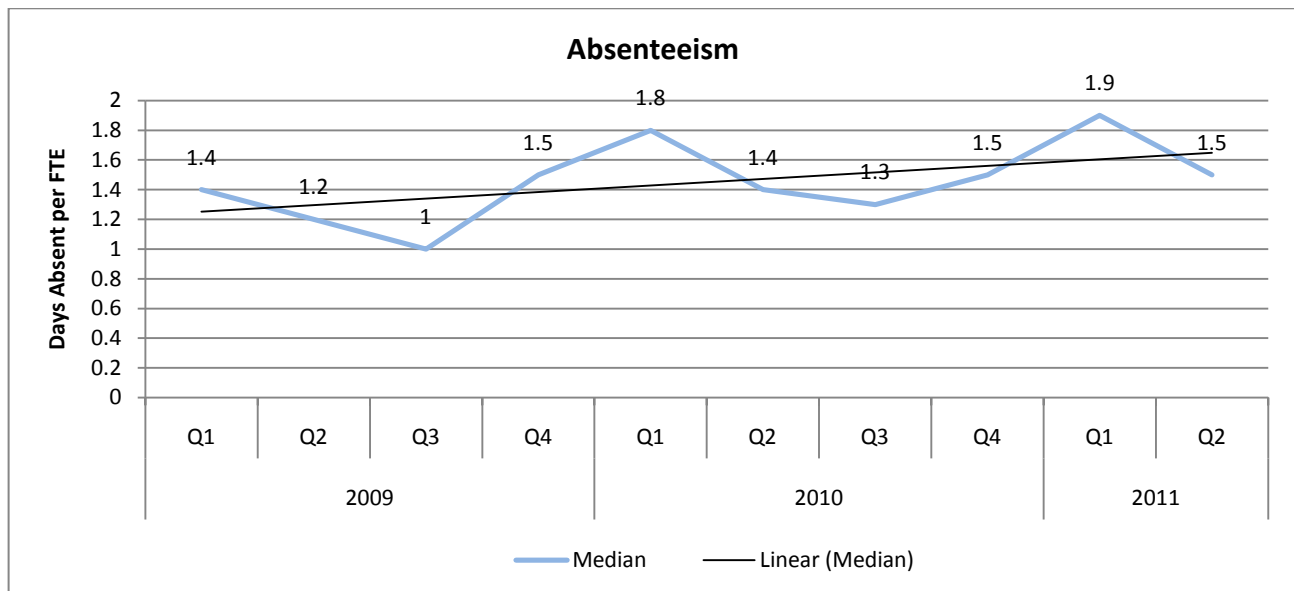
The HR Metrics Service is Canada’s leading provider of HR measurement data. This report is provided to you to support better decision-making and enhance the impact that HR groups deliver to their organizations. The information comes from our national database representing all geographies and sectors of the Canadian economy. Data is collected, audited and reported on a quarterly basis.

### Absenteeism costs continue to increase

The annual direct cost of absences has increased from \$1500 per Full Time Equivalent (FTE) in 2009 to \$1800 per FTE in 2010, and looks set to keep climbing. Across a workforce of 500 FTE this equates to a cost for time not worked of \$900,000 per year, and projections for 2011 suggest that this figure will increase by 7%.

The increase in absenteeism can be attributed to a range of factors such as the aging workforce, lower levels of employee commitment, employee burnout etc. This rising absenteeism brings a significant increase in additional organizational costs through lost productivity, additional labour costs for overtime, and increased HR/managerial workload to track and deal with attendance. It also indicates a likely future increase in healthcare costs, as a percentage of all absences will become chronic health issues.

The chart below shows the days lost per FTE on a quarter by quarter basis.

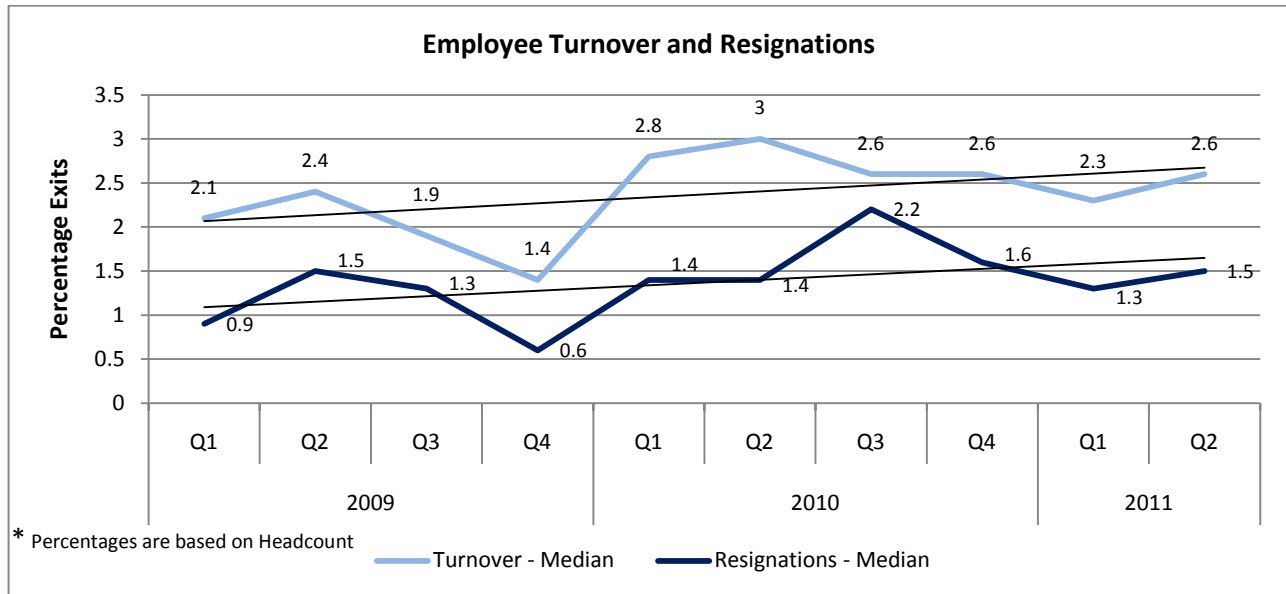


Absenteeism has been linked to job search behavior by employees, and a portion of the increase in absenteeism will be due to employees looking for new jobs. Therefore organizations are likely to see an increase in voluntary turnover and competition for replacements.

Top performing organizations, not only experience less absenteeism, they are not seeing the same rate of increase, suggesting their HR groups have effective absence management practices in place.

## Resignation costs up 60%

Resignations or voluntary turnover have a significant cost to organizations. Whilst overall turnover is rising steadily (see chart) there has been a sharper increase in the rate of resignations. The median cost of voluntary turnover for a 500 person organizations in 2009 was \$1.2 million and in 2010 this rose to \$1.9million; an increase of 60%. Projections for 2011 suggest this higher rate of resignations and associated costs will be maintained. During this time period the unemployment rate has stayed above 7.5 % suggesting that a high unemployment rate has a limited impact on people’s ability to leave their organization.



Although the projected labour shortage has not materialized, there is still a shortage of key skills and a mismatch between the skills available and the roles available. Employers also have a preference for hiring those who are working rather than those who are not. The data suggests that there are a growing number of opportunities for those with the right skills, and employers would be wise to invest in retention strategies for their key talent instead of suffering the costs of resignations.

This update comes from Canada’s leading provider of HR measurement and benchmarking services. For more information go to [www.hrmetricservice.org](http://www.hrmetricservice.org)

### About The HR Metrics Service

We are the leading Canadian resource for providing up-to-date HR business data. The HR Metrics Service consistently puts the right information in your hands to enhance the strategic impact of your HR function.

The HR Metrics Service is operated as a shared service by BC HRMA, HRMAM, HRIA and HRP. These are the HR associations for British Columbia, Alberta, Manitoba and Ontario and the provincial grantors of CHRP designation.

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