

Employee Turnover an Expensive Problem for Canadian Companies

Company Culture a Top Reason for Why Employees Leave

TORONTO, Dec. 8, 2021 – Canadian companies are not only having a hard time finding workers in one of the tightest labour markets in recent history, they are also having an increasingly difficult time keeping the employees they already have, according to a survey from The Harris Poll commissioned by Express Employment Professionals.

One in four (24%) hiring decision-makers say employee turnover has increased at their company this year compared to last year.

Each year employee turnover costs companies an average of \$22,279 in recruiting costs and lost productivity, with 18% saying it costs their company \$50,000 or more per year. This burden increases with company size, as 35% of large companies with 100+ employee say it costs them \$50,000 or more per year, while only 3% at the smallest companies (2-9 employees) say the same.



Beyond the financial impact, more than two-thirds (68%) say employee turnover places a heavy burden on existing employees who have to pick up extra work left by having positions unfilled.

Among companies that have experienced an increase in employee turnover, the most common reasons are more advancement opportunities elsewhere (42%), vacancies increased due to employees resigning (40%) and better pay/benefits offered elsewhere (37%).

Employee turnover is expected to remain high in the first half of the coming year, according to KV Aulakh, an Express franchise owner in Barrie, Ontario.

“One of the biggest reasons for turnover is that many employees have experienced changes in responsibilities and been given extra workload without an increase in compensation,” Aulakh said. “Along with inflation, which has caused increased cost of living and a labour shortage, many employees are looking to go where they can get the most pay, benefits and flexibility.”

Dan Purdy, an express franchise owner in Abbotsford, British Columbia, believes that as more companies return to work in-person and resume more normal operations, high employee turnover will slow down. But for now, he agrees with Aulakh that turnover is high because workers know the market is tight and they can get better compensation as a result.

“Most British Columbians I know who are switching jobs right now are doing so for the quick pay increase; why wait around for the annual 2-3% cost of living adjustment when they can increase their salary 10-15% with a new job altogether?” Purdy said. “Many employers are desperate for workers during this shortage, so they are willing to increase wages or pay shift premiums to sign new candidates. Several manufacturing clients are even sponsoring diplomas, certificates and other in-house mobile equipment testing to attract workers wanting to improve their resumes.”

Employee turnover is such a large problem for companies that Express created a [Turnover Cost Calculator](#) for employers, which Purdy says is a useful tool to help employers understand why they need to act quickly to fill open positions.

Higher wages and better benefits aren't the only reasons employees choose to leave. Both Aulakh and Purdy say company culture is a top reason.

“Company culture is extremely important because you can get someone into the door with a high wage, but in order to keep them there you absolutely need a positive, fun and inclusive company culture,” Aulakh said. “Employees should not dread coming to work every day and, especially in this tight labour market, companies have to go the extra mile to keep their valuable employees.”

Purdy agrees that “company culture is often the number one reason given in exit interviews as to why people join and leave companies. Express Employment’s [Engage to Retain](#) training program addresses two key components of an effective employee retention strategy:

effectively onboarding new employees and the importance of ongoing development.”

In terms of what companies can do immediately to help reduce employee turnover, Aulakh says companies must look at the entire package.

“Perform a financial analysis on the company to understand which employees play an important role and make sure those employees are appropriately compensated,” Aulakh said. “Have regular meetings with staff to keep a pulse on how everyone is feeling in their workplace and try to micromanage a little as possible while providing flexibility and work-life balance.”

It’s important for managers to recognize their staff as unique individuals who respond in different ways to various situations and circumstances,” Express CEO Bill Stoller said.

“A healthy company culture has so many benefits for a business, some of which can ultimately affect the bottom line,” Stoller said. “At a time when inflation is pushing raw material prices higher and higher, companies can’t afford to add the high cost of turnover, as well.”

Survey Methodology

The survey was conducted online within Canada by The Harris Poll on behalf of Express Employment Professionals between March 23 and April 12, 2021, among 505 Canadian hiring decision-makers (defined as adults ages 18+ in Canada who are employed full-time or self-employed, work at companies with more than 1 employee, and have full/significant involvement in hiring decisions at their company). Data were weighted where necessary by company size to bring them into line with their actual proportions in the population.

If you would like to arrange for an interview to discuss this topic, please contact Ana Curic at (613) 858-2622 or email ana@mapleleafstrategies.com.

About Bill Stoller

William H. "Bill" Stoller is chairman and chief executive officer of Express Employment Professionals. Headquartered in Oklahoma City, Oklahoma, the international staffing company has more than 830 franchises in the U.S., Canada, South Africa, Australia and New Zealand. Since inception, Express has put more than 9 million people to work worldwide.

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