



Editorial

Employee turnover

An unfortunate aspect of change is that it often increases labour turnover. The 1990s in particular have been years of restructuring of organizations in almost every country of the world, and it would be a brave person who claimed that the process of slimming down had ended. Forced redundancies dramatically increase labour turnover rates, although in times of recession employees try to hang on to their jobs and are less tempted to seek new pastures. When organizations expand in the good times, the price of the earlier redundancies is revealed. As all organizations attempt to recruit labour, the most up to date skills are likely to be among those currently in employment rather than in the pool of unemployed, and flat organizations make it attractive for employees to change jobs to secure promotion, so labour turnover may be expected to rise.

All this makes it very hard to interpret the statistics now produced annually by the Institute of Personnel and Development, based on their annual survey which was started in 1995. Each survey covers the preceding calendar year, so the recently published 1997 survey has figures for 1996. However, it is only by having access to a long run of data on labour turnover that we have any hope of properly understanding this important issue in strategic HRM. So this series will be even more valuable in another ten years or so.

The figures, of course, refer only to the UK. However it may be of wider interest that in 1996 some 63% of the organizations surveyed (723 organizations employing 1.3 million people) had used voluntary or compulsory redundancy to reduce employee levels. About half gave the main reason as 'internal reorganization'.

The national labour turnover rate for managers was 11.52% for 1996, 11.5% for 1995, and 10.06% for 1994. Given the differences in sampling in the three surveys that produced these figures this may reflect little or no change. Similar figures for professional workers are much more variable, 15.04%, 13.58% and 19.32%. In 1996 the hotel and catering industry had the highest labour turnover at around 35%, while the lowest was the chemical industry at nearly 11%.

The initiative of the IPD in producing these figures is to be applauded, and let us hope that they are a stepping stone to a more reasoned consideration of HR issues in the strategic management process.

References

IPD Labour Turnover, 1996 Survey Results. (1996). Institute of Personnel and Development, London.

IPD Labour Turnover, 1997 Survey Results. (1997). Institute of Personnel and Development, London. (Free copies of this survey are available from IPD, 0181 263 3276) (44 181 263 3276 if phoning from outside the UK.)

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