



The Financial Cost of not Addressing Work-Life Balance to Your Organisation



The Australian job market continues to become ever tougher for employers, with the unemployment rate falling to 3.4% in October 2022, **equal to the record low**.

When coupled with current high employee turnover rates, it's clear that having an effective Employee Value Proposition (EVP), that takes into consideration a customised approach to work-life balance, is a vital part of workforce management and key to reducing significant employee turnover costs for your organisation.

The Fathering Project's Working Families Program actively partners with organisations to enhance their EVP's by providing research-based Education, Community Support and Digital Resources that promote talent retention, work-life balance, staff engagement, culture & policy alignment, gender equality and job satisfaction.

Current Employee Turnover Rates

According to the ABS, **1.3 million people (9.5% of the workforce)** changed jobs in the year ending February 2022. Professionals accounted for 22% of people changing jobs. Overall, this was the highest rate of job mobility since 2012.

Rising Cost of Hiring Employees

Human Resources Director Magazine reports that the average cost of hiring has increased from \$10,000 to \$23,000 per candidate in the past year, with some companies paying as much as \$40,000. However, the true cost of replacing an employee, as reported by the Australian HR Institute, is closer to 1.5 times their annual salary when taking into consideration both the direct and indirect costs.

Direct and Indirect Costs of High Employee Turnover

Bentleys reports the following costs:

Three direct employee replacement costs:

1. Advertising a vacancy on sites such as Seek, Indeed or LinkedIn.
2. Subscription costs for recruitment software for posting jobs and screening candidates.
3. Outsourcing hiring to a recruitment agency.

Ten indirect employee replacement costs:

1. Time spent on exit interviews for departing staff.
2. Knowledge, skills, experience, intellectual property and customer relationships departing with key or long-term employees.
3. Time spent by hiring managers and business owners on reading and screening resumes, interviewing candidates, checking references.
4. Lost productivity when other employees need to cover roles which may take weeks or even months to replace.
5. Burnout from overwork and stress in staff trying to cover vacant roles as well as their own.
6. Declining employee engagement and negative effect on company culture and morale due to high staff turnover.
7. Cost of onboarding and training new staff.
8. Upward salary creep and additional benefits offered to attract new employees.
9. Increasing prevalence of sign-up bonuses to attract new employees, as reported in the Australian Financial Review.
10. Hiring a culturally unsuitable or underqualified employee - who has to be replaced once again - in the rush or desperation to fill a role.

Most common reasons employees leave

The Australian HR Institute quotes the following common 'push' factors for why employees leave:

- A poor relationship with their direct manager
- Lack of development opportunities
- Lack of appreciation
- Lack of support
- Lack of meaningful and challenging work
- Inadequate compensation
- Toxic workplace culture

Key Elements of a Successful Employee Retention Strategy



Training and career development, which may involve on-the-job learning and more structured upskilling, a formal progression path for individuals, mentoring and coaching.



Flexibility in working hours and locations, including opportunities to work from home, some autonomy in deciding working hours and good technical support to make it happen.



Competitive salary package, possibly including bonuses and profit-share schemes and other benefits, regularly reviewed to make sure current employees are compensated in line with the standards in your industry.



Company values and brand, where employees feel they can align with the organisation's mission and affiliations, particularly in regards to social responsibility.



Employee experience of a positive company culture, including effective and empathetic leadership, opportunities for successful teamwork, good relationships with co-workers and a company policy of diversity and inclusion.



Work-life balance, with a focus on support and training for mental, physical and financial health

Support your employees and positively impact your bottom line.

To learn more about The Working Families Program, visit:

thefatheringproject.org/programs/father-workplace-program

