Why Do Some Organisations Have Higher Employee Turnover?

Who doesn't own bad habits? We are all human. And these bad habits tend to "pop up" at times when our emotions get drawn out as a result of frustrations, anger, stress and fear.

Unfortunately, when you have bad habits in business, then it could potentially spell trouble for your business.

In a recent Leadership Survey conducted by the Australian Institute of Management (AIM) found out that 72.28% of participants stated that they had left an organisation in their last three roles because of the leadership team, their direct manager or a combination of both.

According to AIM, this clearly sends a message that poor leadership will not be tolerated by a large proportion of employees and businesses will pay a heavy price for employing the wrong and ineffectual leaders.

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The AIM Leadership Survey showed that almost **40%** of respondents explicitly nominated "poor leadership" as a contributing reason for leaving their job.
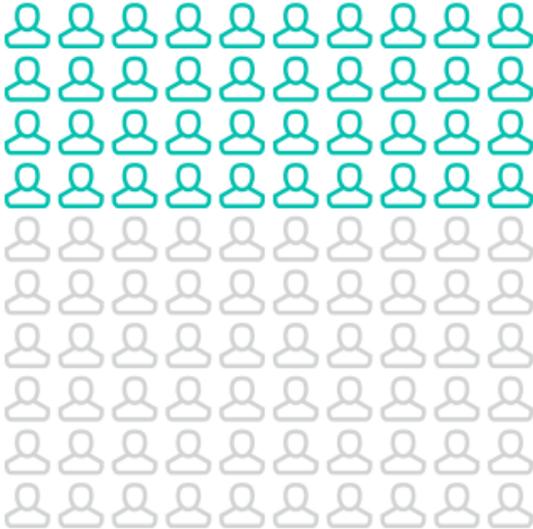
What is the cost to the business as a result of poor leadership?

According to AIM, there are two specific costs associated with high employee turnover as a result of poor leadership:

1. <mark>Retention costs</mark>. Losing skilled staff is a major problem. Recruiting a new hire is an expensive and time-consuming process. In the US, when an employee quits their job, businesses spend around 60% of the employee annual salary to replace them. In Australia, it is reported that it costs the Australian business around $3.8 billion annually.

2. <mark>Engagement costs</mark>. Engagement is strongly connected to business outcomes that are essential to an organisation's financial success, including productivity, profitability, innovation, growth, revenue and customer success according to extensive research conducted by Gallup. On the flip side, a culture of disengaged employees puts the business in sever risk.

But, I will add a further cost item. In a previous article "[Why Would Amazon Pay $10,000 To Employees To Quit Their Job](#)", I mentioned that there were four types of engaged employees. The last of these types of employees – Highly Disengaged employees are extremely risky for the organisation.

3. <mark>Cost of keeping highly disengaged employees</mark>. These are the "D" players who actively checked out, but still, want their paycheck. These are people who actively doubt the organisation mission and vision, speak ill of the organisation and its leaders. These are the employees that have flaunted organisation corporate policies as a result of poor and ineffective leadership. Yet, if cornered, these are the employees that will certainly place the organisation at serious risk by committing either sabotage, fraud or theft as a result of being aggrieved.

The link between leadership and employee engagement is undeniable. The bottom line of this debate is how it affects businesses' bottom line: good, effective leadership invariably leads to increased productivity and profit.

How Can We Help You?

On a scale from 1 to 10, how balanced do you think the organisation engagement is? On a scale from 1 to 10, how balanced do you think are the employee's values aligned to corporate values?

If either of the above scores is below 5, then you should reach us for a free **employee-employer value assessment**.

If you want to improve your engagement, alignment, and get clear and actionable strategies that will help you break through employee-employer disengagement, CommsNet Group if offering you a FREE **employee-employer value assessment** that will provide you with the visibility and understanding of what drives behaviour within your organisation.

To register your interest, please reach out to CommsNet Group and we will help you with the process.

For more information, you can also send an email to info@commsnet.com.au Or give us a call at +61 26282-5554.

Reference

The Australian Institute of Management Leadership Study – www.aim.com.au