

Employee turnover spikes in 2022

Employers tackle increasing employee turnover and inflation through attraction and retention strategies, alongside pay increases.

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Over two thirds of Irish businesses reported an increase in their employee turnover in 2022, according to the latest survey by Performance Reward Consulting.

The all-Ireland survey, conducted in late October 2022, included 174 organisations, across market sectors, covering over 171,000 employees.

Average staff turnover reported in the survey increased from 9.6% recorded last year, to 13.4% reported in 2022. This increase has been placing significant pressure on employers across the island of Ireland who have been struggling to fill vacancies in an inflationary market, with low unemployment.

Almost 95% of organisations are forecasting pay increases for some or all employees in 2023 to support employee retention. The median reported increase is now 4.0% in Ireland and 5.0% in the Northern Ireland. Employee retention remains critical, especially as organisations within this survey, on average, forecast an increase in staff numbers of 7% in 2023, indicating continued business growth.

Along with pay increases, 40% of surveyed organisations are planning other initiatives in response to the cost-of-living crisis and inflation. In 20% of cases, one-off payments to staff are planned for 2023, and in a further 20% of cases it will include other initiatives; for example introduction of new benefits, implementing more than one pay review in the year or targeting pay increases for key staff. Almost 30% of organisations reported that they expect to implement retention bonuses for select employees during 2023, in addition to their forecast percentage pay review.

Significant changes to benefits in 2023 are also forecast by a third of businesses surveyed, often including enhancing their pensions, healthcare and annual leave provisions.

Patrick Robertson, Managing Director of Performance Reward Consulting said “the availability of skilled staff on both sides of the border has remained tight during 2022. It is expected that this will continue into the start of 2023, but it may well level off in the latter part of 2023. In our latest survey, 71% of businesses report that they expect their employee turnover to remain the same (40%), or to decrease (31%) in 2023. 29% of employers, however, expect further increases in their employee turnover during 2023.”

Employers have been investing in Human Resources during 2022 with an increased number of HR staff to employees reported. The pressure of staff attraction and retention, coupled with new ways of working, has increased the need for Human Resource support.

Mr Robertson said “in this year’s survey business leaders reported that maintaining competitive pay, managing employee attraction and retention and responding to the cost-of-living crisis are their highest employee reward priorities for 2023.”

In a bid to remain competitive, Irish employers are also providing greater flexibility to staff, often using a hybrid working model with a split of home and office working. Many employers (42%) report that they expect employees to be working from home on average 2 days a week in 2023; however, it is recognised that this will depend on the nature of the role and business activity. The number of employers that expect employees to be working from home, on average more than 2 days a week has increased significantly over the past 12 months. In this year’s survey, 39% of organisations reported this, when only 24% reported it last year.

The increase in hybrid working, has not been without issue. Within the latest PRC survey, over half of employers (56%), have encountered some difficulty getting employees to come into the office on designated days. Over 40% of employers also report an increase in mental health absence over the last 12 months.

Mr Robertson says, “whilst the hybrid working model remains popular for many, particularly those with longer commutes or caring responsibilities, Irish business has experienced a number of issues with the working model; often struggling to ensure employees are in the office on certain days or working to support the mental health of an increasingly remote employee population. Further work on the hybrid working model is clearly essential as it evolves”.

Note to Editors

Performance Reward Consulting’s *Reward Planning for 2023 Survey* covered a range of HR and reward related topics. The survey was sent to HR Leaders, CEOs and business executives and collected in late October 2022. 174 organisations participated in the survey. Of these 100 had employees located in the Republic of Ireland only, 32 had employees located in Northern Ireland only and 42 had employees located on both sides of the border. The median Irish headcount across participating organisations was 313 employees with an average headcount of 987 employees. The combined 2022 Irish employment from the participating organisations was 171,718 employees. The survey was conducted on a cross industry, all-island basis. Further participant information, including a sector breakdown, is attached.

About Performance Reward Consulting

Performance Reward Consulting is a boutique reward consultancy focusing on the Irish market. From advising on reward levels and appropriate reward strategies to support business plan goals, to designing performance-based incentives that motivate employees, they tailor their reward solutions to each client’s commercial strategy and unique business environment. For more information visit <http://www.performancerewardconsulting.com/>

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