

THE NORTHERN IRELAND SKILLS MONITORING SURVEY 2000 -

ERRATUM

This Erratum presents a revision of the turnover figures published in February 2001 in Section 2.5 of the Northern Ireland Skills Monitoring Survey 2000. The method used for the calculation of turnover has been found to be insufficiently robust against high turnover values in small companies with the effect that the overall turnover estimates have been affected. Section 2.5 has been amended to incorporate revised turnover estimates.

Please note :

- (a) Only turnover estimates are affected by these revisions.
- (b) Turnover estimates reported in the Executive Summary, Sector Reports (Section 8.0) and Summary and Conclusions (Section 9.0) should be read in conjunction with this Erratum.

2.0 Business Interviewed, Turnover and Vacancies Reported

2.5. Employee Turnover

Employee turnover is an important indicator when considering wider issues such as recruitment difficulties and skills shortages. A high level of employee turnover may be related to factors such as low wages or unattractive working conditions; or to a high concentration of casual or seasonal workers. Conversely high turnover may be related to a high level of demand for skills where workers are induced to change employers in a wages 'merry-go-round'. Whatever the reason a high level of turnover can affect employers' productivity through increased recruitment costs and the loss of experienced personnel. Indeed analysts estimate that the cost of losing an employee is between half and one-and-a half times their annual salary¹².

To enable an assessment of employee turnover, employers were asked –

- The number of new recruits they had taken on over the last 12 months
- The number of employees that had left in the last 12 months
- The number of employees 12 months previously
- The number of current employees

It is possible from these measures to calculate the level of employee turnover in the past 12 months, using the formula –

$$\% \text{ employee turnover} = \frac{100 \times (\text{number of new recruits} + \text{number of leavers})}{2 \times \text{number of employees 12 months ago}}$$

The average employee turnover between 1999 and 2000 was 18%. This is slightly below an estimate of employee turnover of 20% found by a similar, although much smaller study, conducted in 1998 in Northern Ireland and to an estimate of 21% for Great Britain in the same period¹³.

Employee turnover varied with both the size of the business (in terms of employee numbers), and industrial sector. Table 4 illustrates the relative employee turnover in small, medium and large businesses. Employee turnover was found to have been highest among small businesses employing between one and ten people (21%) and lowest among larger businesses employing over 50 or more people (16%) again similar to the 1998 findings for Northern Ireland.

In terms of industrial sector, employee turnover was found to be highest in the hotels and restaurants (32%) and business services (20%) sectors. Turnover for the hotels and restaurants sector is not available from the 1998 survey however a high level of turnover was not unexpected given the

TABLE 4: Employee turnover by size of employer				
	All Employers %	1-10 Employees %	11-49 Employees %	50+ Employees %
	18	21	17	16
BASE* = 100%	3567	1688	1268	611

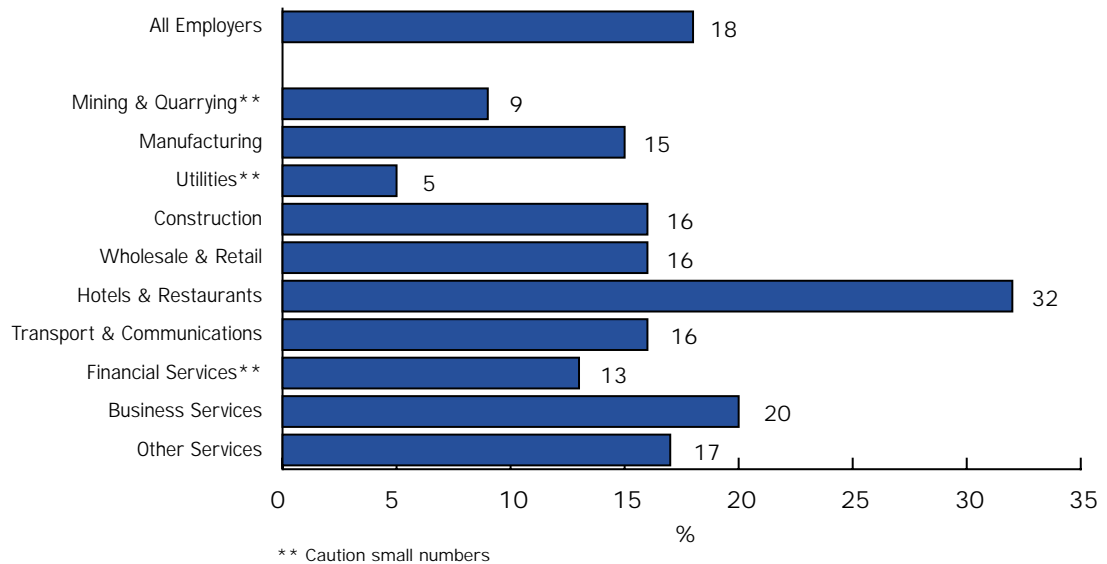
- Bases exclude those who did not have employees one year ago

¹² Source: The Economist July 25th 2000.

¹³ See bibliography for details

2.0 Business Interviewed, Turnover and Vacancies Reported

Figure 2. Employee turnover within each industrial sector



traditionally high number of casual and seasonal staff employed. Figure 2 and Table 5 illustrate the relative employee turnover within each industrial sector.

TABLE 5: Employee turnover within each industrial sector		
Industrial Sector	%	BASE* = 100%
All Employers	18	3567
Mining & Quarrying**	9	22
Manufacturing	15	692
Utilities**	5	4
Construction	16	228
Wholesale & Retail	16	1108
Hotels & Restaurants	32	355
Transport & Communications	16	235
Financial Services**	13	66
Business Services	20	450
Other Services	17	407

* Bases exclude those who did not have employees one year ago

** Caution small numbers

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