



A PRACTICAL HR GUIDE TO EMPLOYEE RETENTION

Calculate, Improve,
Succeed



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A photograph of three diverse professionals in a meeting. On the left, a man with short brown hair is smiling and looking towards the center. In the middle, a man with dark curly hair and glasses is looking down at something in his hands. On the right, a woman with long dark hair is looking towards the man in the middle. They are in a bright, modern office setting with a whiteboard in the background that has the word 'Cover' written on it.

What Is Employee Retention?

Employee retention measures your organization's ability to keep employees over time. It's the percentage of people who choose to stay with your company during a specific period, typically calculated annually.

Think of retention as the health metric for your workforce. High retention means people are engaged, supported, and see a future with your organization. Low retention signals problems that cost you money, institutional knowledge, and competitive advantage.

[**Skip to Retention Formula →**](#)

Why Retention Is Critical to Business Success

Replacing an employee costs between 80-200% of their annual salary for technical and senior positions.

Beyond dollars, turnover disrupts productivity, erodes team morale, and drains your capacity to execute strategy.



Here's what you lose when people leave:

Institutional knowledge: Years of understanding your systems, customers, and processes walk out the door. New hires take up to 12 months to reach peak productivity.

Team performance: Every departure creates gaps that overburden remaining employees, increasing burnout risk and triggering additional exits.

Competitive edge: Your best talent knows your strategy, your customers, and your differentiation. When they leave for competitors, they take that advantage with them.

Employer brand: High turnover signals instability. Top talent notices, and applies elsewhere.

Organizations with strong retention outperform on every business metric: revenue growth, customer satisfaction, innovation, and profitability. Retention isn't an HR metric. It's a business imperative.





Understanding Turnover

Turnover is the flip side of retention, it measures the percentage of employees who left your organization during a period. While retention tracks who stayed from your original cohort, turnover includes all departures: voluntary resignations, involuntary terminations, retirements, and layoffs.

Canada's national voluntary turnover rate averages 10.2%, but this masks wide variation across industries and roles.

Why it matters: Turnover highlights patterns. Are people leaving within their first 90 days? That's an onboarding problem. Exits concentrated in one department? Look at the manager. High performers leaving? You have a retention crisis.

Track both metrics. Retention tells you who's staying. Turnover tells you who's leaving, and why.



Current Retention Landscape in Canada

In January 2025, 6.1% of permanent employees in Canada reported planning to leave their jobs in the next 12 months, down from 6.9% in January 2024. While turnover has cooled from pandemic highs, retention remains a top concern for Canadian employers.

Key trends shaping retention in 2025:



Culture is the new differentiator

Employees want fairness, psychological safety, clear communication, and genuine organizational commitment to their well-being. Compensation matters, but it's no longer enough to secure loyalty.



Workforce expectations have evolved

Hybrid work, flexibility, and work-life integration are baseline expectations. Organizations that can't adapt struggle to retain talent.



Economic caution is creating temporary stability

As labour market conditions cool and the perceived likelihood of finding new employment decreases, employees may be more likely to seek stability in their current job. But this is fragile, once conditions improve, pent-up turnover will surge.



Industry matters

Retention challenges vary dramatically by sector. Healthcare faces burnout. Hospitality battles systemic wage and scheduling issues. Tech and finance see talent churn driven by career mobility.

The bottom line: retention in 2025 is about building workplaces people don't want to leave, not just offering reasons to stay.

Retention Rates by Industry

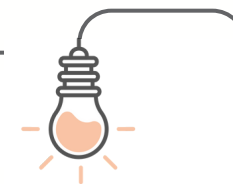
Retention challenges vary by industry. See the next page to discover how Canadian industries rank by voluntary turnover.



INDUSTRY	QUIT RATE %	WHAT'S DRIVING TURNOVER
Total (all industries)	2.1	National benchmark
Accommodation and Food Services	4.4	Low wages, unstable hours, demanding physical work, and limited advancement opportunities drive the highest turnover rates. Labor shortages persist despite easing immigration restriction.
Leisure and Hospitality	4.1	It struggles significantly with average turnover of 21% in some subsectors like grocery. Part-time work and limited benefits contribute to instability.
Retail Trade	2.5	It shows moderate stability with a turnover rate of 6.4%, but this belies persistent burnout risk. High patient workloads and emotional demands threaten long-term retention.
Health Care and Social Assistance	2.1	Career mobility and competitive talent markets drive exits. Strong performers leave for better opportunities.
Professional and Business Services	2.3	More stable due to structured career paths and competitive wages, but skill shortages remain a concern.
Manufacturing	1.5	More stable due to structured career paths and competitive wages, but skill shortages remain a concern.
Construction	1.8	Project-based work creates natural turnover cycles. Retention improves with permanent roles and benefits.
Financial Activities	1.4	Low turnover reflects strong compensation and benefits, but competition for top talent remains intense.
Information	1.2	Tech and media see lower quit rates, but high-skill roles face retention pressure from startups and global employers.
Government	0.8	Public sector stability, pensions, and job security deliver the lowest turnover rates.

Practical tip:

If your turnover exceeds your industry benchmark, you have a retention problem. If it's below, you're winning the talent war, but don't get complacent.



How to Calculate Employee Retention Rate

Here's the formula:

$$\text{Retention Rate (\%)} = \left(\frac{\text{Employees at End of Period} - \text{New Hires During Period}}{\text{Employees at Start of Period}} \right) \times 100$$

Step-by-Step Calculation:

- **Define your timeframe:** Most organizations calculate retention annually, but you can measure quarterly or even monthly for high-risk roles.
- **Count employees at the start of the period:** Pull headcount data from your HRIS for the first day of your measurement period.
- **Subtract new hires:** Retention measures the original cohort, exclude anyone hired during the period.
- **Apply the formula:** Divide the number of retained employees by your starting headcount, then multiply by 100.

Example:

You start the year with 200 employees. By December 31, you have 215 employees. During the year, you hired 35 people.

$$\text{Retention Rate} = [(215 - 35) \div 200] \times 100 = (180 \div 200) \times 100 = 90\%$$

You retained 90% of your original workforce.

Analyzing Your Retention Results

After calculating retention, see the next page for guidance on interpreting the results.



RETENTION RATE	WHAT IT MEANS	ACTION REQUIRED
90% or higher	Strong retention, Your workforce is stable, engaged, and sees a future with your organization.	Monitor trends by department and role. Maintain culture and competitive offerings.
80%-89%	Moderate retention. You're holding most talent, but some cracks are showing.	Segment data to identify at-risk groups. Focus on early intervention, stay interviews, engagement surveys, managers training.
70%-79%	Retention concern. Turnover is elevated and likely impacting productivity and morale.	Conduct exit interviews to diagnose root causes. Address compensation, culture, or leadership gaps immediately.
Below 70%	Retention crisis. You're losing institutional knowledge, overloading remaining staff, and damaging employer brand.	Immediate action required. Leadership must own this. Audit culture, compensation, and management practices.

Go deeper, don't stop at overall retention. Break it down:

- **By tenure:** Are you losing new hires or long-tenured employees?
- **By department:** Is turnover concentrated in specific teams?
- **By manager:** Some managers retain talent. Others don't. Identify both.
- **By performance:** Are you losing your best people or your lowest performers?

The answers will tell you where to focus your energy.

10 strategies to Boost Employee Recognition

Pay competitively and Transparently

Compensation continues to be a leading factor in retention and job satisfaction. Benchmark your pay against industry standards, cost of living, and competitor offerings. Conduct regular compensation analyses. If you're behind market, you'll lose people.

Invest in Manager Development

Almost four out of 10 managers have not been trained, and 65% of those promoted to manager roles report not feeling supported. Managers are the frontline of retention. Train them on coaching, feedback, difficult conversations, and recognition. Poor managers drive exits.

Create Clear Career Paths

Employees with a good understanding of advancement opportunities are more likely to stay and develop skills for future roles. Map out progression for every role. Show people what's next, and what it takes to get there.

Prioritize Learning and Development

Employees who see their employer invest in training stay longer. Offer skills development, mentorship, stretch assignments, and tuition reimbursement. Show people you're invested in their growth, not just their current role.

Act on Employee Feedback

Run engagement surveys, conduct stay interviews, and mine exit interview data. But don't stop there, close the loop. Share results, acknowledge gaps, and implement changes. Nothing erodes trust faster than asking for feedback and ignoring it.

Offer Flexibility and Work-Life Balance

The rise of hybrid and flexible work has changed what employees expect from employers. Flexibility is now table stakes. Remote options, flexible hours, and realistic workloads signal that you value people's lives outside work.

Strengthen Onboarding

First impressions matter. A strong onboarding experience reduces early tenure turnover. Go beyond paperwork, integrate new hires into teams, set clear expectations, and check in frequently during the first 90 days.

Build a Culture of Recognition

People leave when they feel invisible. Build recognition into your culture, formal programs, peer-to-peer shoutouts, and manager-led appreciation. Make it specific, timely, and frequent.

Promote Psychology Safety

Employees need to be able to ask questions, raise concerns, and share ideas without fear of consequences. Trust grows when people feel safe to speak up, make mistakes, and challenge ideas. Leaders set the tone, train them to model vulnerability and openness.

Focus on Total Wellbeing

Retention isn't just about work. Support mental health, physical health, and financial wellness. Offer **EAP programs**, wellness stipends, and realistic workloads. Burnout is a retention killer.

Final Thoughts

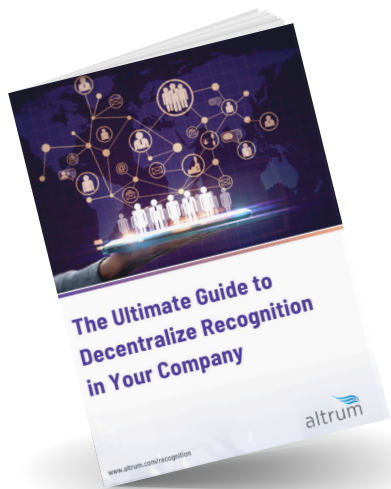
Retention is a choice. Every day, your employees decide whether to stay or start looking elsewhere. That decision is influenced by hundreds of micro-moments: how they're treated by their manager, whether they see a future, if they feel valued, and whether the work is worth the effort.

You can't control every variable, but you can control the environment you create. Pay fairly. Develop people. Build trust. Act on feedback. Support wellbeing. The organizations that do this well don't just retain talent, they become magnets for it.

Retention isn't a program. It's a discipline. Start today.



Resources & Tools to Take it Further



Integrate a decentralized recognition approach to retain your employees and make a real impact on their day-to-day experience

Download



A calendar proposed by Altrium to help you plan recognition initiatives throughout the year.

Download



Discover innovative and effective strategies to boost employee engagement in your organization with this free guide!

Download



Get a broader overview of 2026 HR trends with insights from our recognition experts.

Download

Inspiring Success Stories: Recognition Programs That Truly Raise the Bar



Hawkesbury and District General Hospital (HGH) Streamlines Gift Management and Boosts Employee Satisfaction

Background

In 2020, [HGH](#) discovered Altrum through an internal recommendation. At the time, the HR team was managing employee gifts using Excel spreadsheets and numerous email exchanges with employees and suppliers. This manual and inflexible process led to disappointment—some employees didn't receive their gifts or didn't participate at all, resulting in financial losses.

HGH's goal: modernize its recognition program to increase employee satisfaction, reduce HR workload, and maximize the impact of its annual investment.

Solution :

The team adopted the [Celebration platform](#) to benefit from a turnkey management process and a wide selection of gifts to suit all preferences. Since implementing the solution, gift management now happens "like magic," according to Isabelle Drouin, Director of Human Resources.

Results

- **Improved efficiency:** Faster, less manual management and reduced HR workload.
- **Higher participation and satisfaction:** More gift options, flexible delivery methods, and a user-friendly platform—even for the less tech-savvy.
- **Zero waste:** Only the gifts that are actually ordered are billed—eliminating financial losses.



The Celebration Platform has significantly lightened the administrative burden related to managing our gifts. Thanks to its flexibility, we can now offer various recognition programs throughout the year with peace of mind. Moreover, the feedback from our staff has been extremely positive, reinforcing our satisfaction with this solution.

Isabelle Drouin, Human Resource Director



A Montreal Call Center Reinvents Peer Recognition and Employee Engagement

Background

In 2021, a [Montreal-based call center with over 500 agents](#)—part of one of the world’s largest IT and business consulting firms—faced a significant challenge: maintaining a strong culture of recognition amid a shift to remote work, which was leading to decreased engagement and team cohesion.

The call center aimed to:

- Preserve a sense of recognition and belonging, even from a distance.
- Encourage peer-to-peer interactions.
- Boost motivation through contests, themed campaigns, and a rewards system.

Solution :

The team adopted Altrum’s [peer recognition and points-based rewards platform](#)—a comprehensive solution designed to promote everyday recognition, drive engagement through incentive campaigns, celebrate positive behaviours, reward effort, track performance in real time, and much more.

Results

Since implementing the platform, the organization has seen significant benefits:

- **More daily recognition**, with thank-you messages exchanged between colleagues.
- **Stronger engagement and motivation** fueled by campaigns and rewards.
- **Improved performance**, as employees are incentivized to reach their goals.



The platform has truly transformed how we recognize and engage our employees. It’s both intuitive and user-friendly, designed to encourage colleagues to engage with recognition posts, creating a positive ripple effect across the entire team. Real-time performance tracking and point-based rewards incentive campaigns have been game-changers for us.

Operational Efficiency Project Manager.



Nortera Transforms Workplace Recognition Through Altrum's Manager Training Program

Background

During a meeting with Altrum, Oriane Tisseyre, Total Rewards Coordinator at Nortera, discovered that some of her managers had taken part in the [Orange Program](#) a few years earlier. Curious, she reached out to past participants to gather their feedback. She quickly realized that not only had the managers enjoyed the experience, but they were still applying what they had learned—three years later.

Always on the lookout for new training opportunities to strengthen employee skills and align team knowledge, launching a second cohort of the program made perfect sense for the company.

Solution :

[Nortera](#) enrolled 100 new N-1 level managers from various departments in the Orange Program. Over several weeks, participants learned how to integrate recognition into their daily routines.

Results

The Orange Program significantly strengthened the culture of recognition at Nortera, with positive impacts on motivation and engagement. Plant managers, in particular, began incorporating recognition into their daily routines and onboarding processes. Internal surveys showed an increase in recognition scores following the training.



Plant managers don't have the time or inclination to sit down to theoretical training courses lasting more than an hour. The Orange Program, with videos of up to 25 minutes per week and hands-on activities, fitted in perfectly with their busy schedules and learning preferences. What's more, as the training is spread over several weeks, they had plenty of time to put the concepts taught into practice.

- Oriane Tisseyre, Total Rewards Coordinator



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