Calculating your workforce turnover

WHY MONITORING WORKFORCE TURNOVER IS IMPORTANT

Workforce turnover can have a negative impact on your business in relation to productivity, customer service, cost and efficiency. It also often means a loss of business knowledge around customer history, internal processes and customer relationships, and can result in extra workloads for remaining employees.

Most workforce turnover costs can be hidden, so it is often hard to quantify the actual cost to the business. Costs may include:

- departing employees with accrued leave that needs to be paid out
- recruitment, including costs of advertising and recruitment agency fees
- new hires, including time spent reviewing applications, interviewing applicants, and any relocation costs
- productivity losses, including work that is incomplete or delayed due to an empty role, and time spent inducting new employees.

Workforce turnover can also be helpful to your business. It provides an opportunity to identify what could be done differently across various roles and consider how new people can bring new ideas that will benefit your business.

Each industry and business has an average workforce turnover rate, and you need to consider what the right level of turnover is for your business. When you understand what your turnover rate is, you can anticipate and plan for this in your workforce plan.

For example, if seasonal workers are a known, annual workforce requirement you can add this to your plan, but this will increase your turnover percentage. For this reason, you need to choose to include or exclude them when making your calculations.

To examine the cause(s) of your workforce turnover:

1. conduct an exit interview with staff who are leaving the organisation to identify any common reasons that may be easy to address in the future
2. conduct regular staff satisfaction surveys to monitor and track how staff are feeling and if they are considering leaving.

CALCULATE YOUR TURNOVER PERCENTAGE

Average number of employees	**Calculations**
Add the number of employees at the beginning of the period (at the beginning of a calendar or financial year) (e.g. 31) with the number at the end of the period (e.g. 25) and divide by 2	(31+25)/2 = 56/2 = 28
Average number of employees = (number at the beginning + number at the end) divided by 2	28
Turnover rate	
The number of employees who left your business in the same period	12
Multiply the number of people who left by 100 and then divide by the average number of employees in the same period	(12x100)/28
Turnover rate	**42.85%**