

### **MONTHLY TURNOVER:**

To **calculate monthly employee turnover** rates, divide the number of **employees** who left in one **month** by the average number of active **employees** on staff during the same period and multiply by one hundred.

Eg if 20 people left and the total workforce is 100 people then:

$$20 \div 100 = 0.02 \times 100 = 20 \%$$

### **ANNUAL TURNOVER:**

First **work out the average total people employed for the year**. For instance, if you started the year with 26 employees and finished it with a total of 52 your average employee numbers for the year are 39.  $(52 + 26 \div 2)$ . If you want to be extremely precise you can calculate the average number of employees for each month and multiply this figure by 12.

Then **work out the total numbers of employees who have left over the 12 months** and apply the same equation as above.

Eg if 12 people have left your turnover would be calculated at:

$$12 \div 39 \times 100 = 30\%$$

You can use the same strategy for quarterly and 6 monthly % too. As well as total turnover you can also calculate turnover for specific categories eg retrenchment, dismissal, those who left for reasons other than the business (eg partner was transferred somewhere else) and so on.

### **COST OF STAFF TURNOVER ON AN ACROSS-ORGANISATIONAL BASIS:**

The Mercer survey of Australia at work 2008, 'What's Working', conducted by Mercer Human Resource Consulting was very comprehensive and found costs for replacing an employee who turned over ranged from 50–150 per cent of a person's replacement salary. This includes direct expenses such as advertising and agency fees, as well as all the indirect ones such as the price of induction; the charge for the manager and/or recruiter's time; loss of productivity while the new person gets up to speed; and the opportunity costs of having an empty chair when productivity is high. It doesn't include intangibles such as morale problems, increased error rates, and effects on the corporate reputation. Multiple other qualified sources report the same or even higher percentages.

For example:

To calculate cost of turnover for a company with 400 employees with an average annual wage of \$60,000:

Their annual staff turnover rate at 75% = \$9 million per year based at lowest estimated cost of staff turnover at 50%

### **COST OF STAFF TURNOVER ON A SINGLE JOB ROLE BASIS:**

There are hundreds of free cost-of turnover calculators online. The SHRM one is really thorough and itemizes the specific direct and indirect costs which can be used as a breakdown for employers.