# Workforce turnover analysis

Use this checklist to help you to work out the cost to your business of losing employees.  
It will also help you to identify and analyse what issues affect your staff retention.

| Step 1 – Measure your turnover percentage | | |
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| 1. What’s your average number of employees? | Example | Your figures |
| Add the number of employees at the beginning of a nominated period (eg financial year) to the number at the end of the period and divide by two. | (30 + 42)/2  = 36 | <insert figure> |
| 2. What’s your turnover percentage rate? | | |
| How many employees left during the same period? | 6 | <insert figure> |
| Multiply the number by 100 and divide by the average number of employees in the same period. This gives you your turnover rate as a percentage.  Turnover percentage rate =  (No. employees who left x 100)/average no. of employees | (6 x 100)/36  = 16.6 | <insert figure> |

| Step 2 – Calculate the approximate cost of your turnover | | |
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| This framework uses the estimate that the cost of replacing employees is around 1.5 times an employee’s salary. | | |
| 1. Approximately, how much does turnover cost your business per existing employee? | Example | Your figures |
| What’s the average annual salary of an employee in your workforce? | $35,000 | <insert figure> |
| Multiply this by the cost of replacing one employee in a year (approx 1.5 times an employee’s salary).  Cost of replacing one employee per year =  average salary for one employee x 1.5[[1]](#footnote-1) | $35,000  x 1.5  = $52,500 | <insert figure> |
| 2. Approximately, how much does turnover cost your business? | | |
| How many people left during the nominated time? | 6 | <insert figure> |
| Multiply this by the approximate cost of replacing one employee a year.  Approximate cost of turnover =  Cost of replacing one employee x no. of employees who left | $52,500 x 6  = $315,000 | <insert figure> |
| Compare the total annual cost to you of losing an employee with the costs of providing some extra training and/or professional development. | | |

| Step 3 – Determine what the causes of your workforce turnover are and address any issues that arise |
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| 1. Ask employees who leave or who are leaving why they are exiting. Exit interviews can reveal some of the common reasons.  2. Ask ongoing employees why they think employees may leave. Ask employees to complete an employee attitude survey that will gauge general satisfaction levels.  3. Address any issues that arise so that employees know you take their views seriously and that you are committed to reducing workforce turnover. |

1. (Stretton, R., 2000, ‘Mind the Gap’, HR Monthly, Australian Human Resource Institute, October, Pg. 54‑55) [↑](#footnote-ref-1)