

Involuntary Turnover Rate

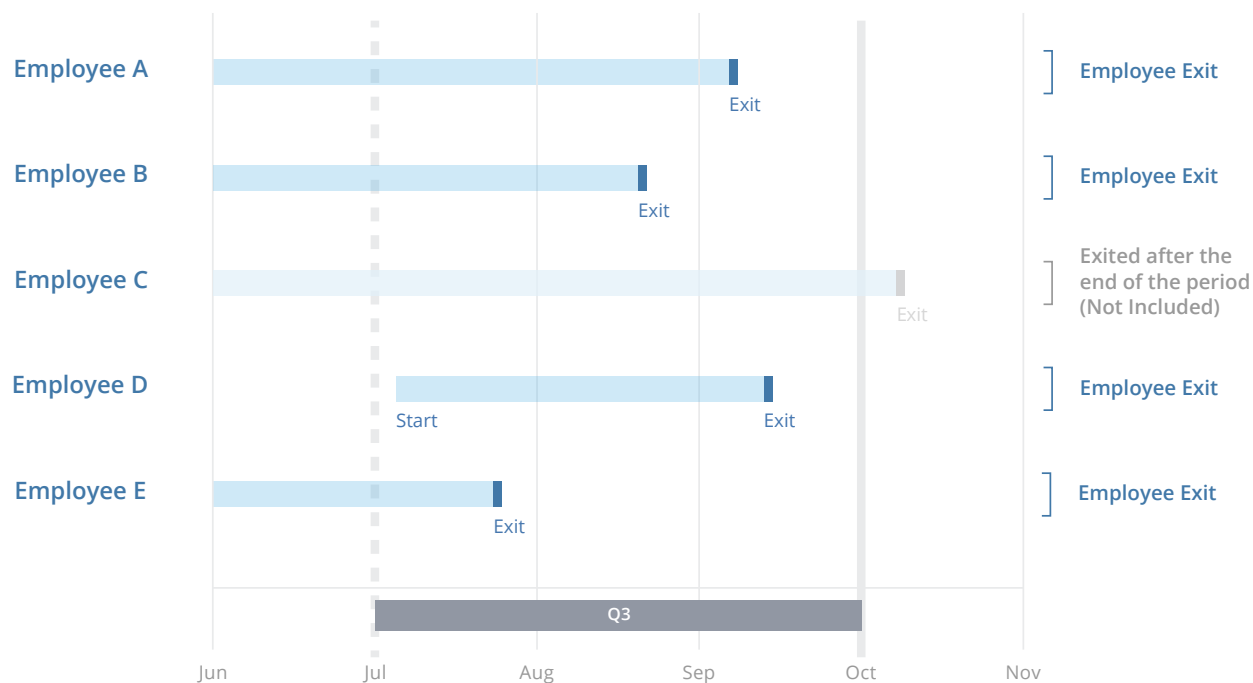
Involuntary turnover includes all employee exits that are initiated by the employer.

Involuntary turnover can result from an employee's lack of performance, lack of fit, misconduct, or a reduction in force (RIF) due to the employer's circumstances.

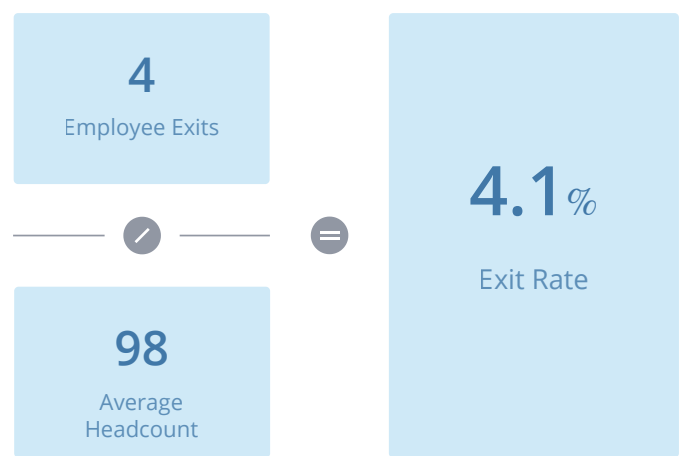
Calculation details

The percentage of employees who exited, during the period. It is calculated using the number of employees who exited and the Average Headcount for the analysis period.

For example, let's say there is an analysis population with 6 employees. As we can see from the diagram below, those who exited during the period are counted in the calculation. In this case, there are 4 employee exits in Q3.



Let's say the organization had an Average Headcount of 98 in Q3. The rate would be calculated as follows:



This metric can also be calculated as a trailing twelve month (TTM) rate.

Guidance

Why look at Involuntary Turnover?

Involuntary turnover can be an indicator of the quality of your recruitment process and performance management.

This metric is also calculated for employees with less than three months of service, which is especially helpful for analyzing recruiting and onboarding.

For example, a high involuntary turnover rate could mean there are many low performers, in which case an analysis of the recruitment process may be needed. On the other hand, if there is a low involuntary turnover rate but a high level of low performers, there may be a performance management issue.

Like any type of turnover, involuntary turnover is expensive for an organization. So when looking at the involuntary rate, understand if it is due to employee performance, or planned workforce reductions.

What to look for

It should never be the goal of an organization to have zero involuntary turnover, but it should be managed. For example, if the involuntary turnover rate over 6 months is 0% and the organization has a population in the thousands, then this could indicate ineffective performance management.

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