

Employee Retention Cheat Sheet

Employee retention refers to an organization's ability to successfully retain its employees. While employers strive to keep top performers, employee turnover is expected and natural for any organization.

While retention and turnover rates are helpful to understand, employers can also track and analyze the following factors:

Turnover rate
categorized as
voluntary or
involuntary

Turnover rate
due to internal
promotions or
transfers

Positions
opened

Positions
filled

Average
employee tenure

Organizations can keep this poster handy to reference common employee retention terms and formulas.

Benchmarking helps organizations capture data and continually measure their performance. Employee retention can be measured weekly, monthly, quarterly or annually to actively monitor and benchmark retention efforts. Organizations can use these metrics to evaluate their own performance.

Retention Rate

Employee retention refers to the ability of an organization to retain its employees.

$$\text{EMPLOYEE RETENTION RATE} = \left(\frac{\text{Total number of employees} - \text{Total number of employees who left}}{\text{Total number of employees}} \right) \times 100$$

Turnover Rate

Another key metric for organizations to measure and track is the employee turnover rate. An organization's turnover rate measures the number of employees who leave during a specific time period, such as a month or year.

$$\text{EMPLOYEE TURNOVER RATE} = \left(\frac{\text{Number of employees who left}}{\text{Average number of employees}} \right) \times 100$$

To calculate the average number of employees, simply add the number of employees at the beginning of the time period you're measuring and the number of employees at the end of that same period. Then, divide by two.