

### Measuring the Impact of Layoffs on Turnover Rates

% of workforce laid- off	Voluntary turnover increases by
0.50%	25%
2%	36%
5%	43%
10%	49%

Source: Charlie O. Trevor, Anthony J. Nyberg (2008), "Keeping Your Headcount When All About You Are Losing Theirs: Downsizing, Voluntary Turnover Rates, and the Moderating Role of HR Practices", *Academy of Management Journal*, Vol. 51 No. 2, pp 259-276.

If your turnover rate is:	... and you need to decrease your workforce by:	...turnover could increase by:	...turnover could increase to:
5%	0.5%	25%	6.25%
5%	2%	36%	6.8%
5%	5%	43%	7.15%
5%	10%	49%	7.45%

\*Sample calculation based on an "average" company; companies who are poor communicators or treat employees with disregard will see increases in turnover by 113%

#### Calculate your potential turnover rate:

Formula:  $z = (x * y) + y$

Where:

x = current turnover rate

y = expected % increase in voluntary turnover based on workforce reduction rate

z = potential turnover rate

Example:  $(5\% \times 36\%) + 5\% = 6.8\%$