

# DO YOU KNOW YOUR TURNOVER RATE?

A high turnover rate means that your temporary and contract employees average a shorter tenure with your staffing company; when the turnover rate decreases, average employee tenure goes up. What does this mean for your company?

*By Cynthia Davidson*



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**STAFFING  
success**

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**E**mployee turnover is an important statistic for staffing companies—it assists you in determining how often you will need to hire new employees. The lower the turnover rate, the less money your company spends on recruiting, new-hire administrative expenses, training, and any other costs associated with replacing employees. Lower turnover could mean increased profit margins for your firm.

### Tracking Turnover Trends

The turnover rate for temporary and contract employees was 420% in 2018, an increase from 386% in 2017, according to data from the quarterly ASA Staffing Employment and Sales Survey. The 2018 turnover rate is the highest we've seen since 2000—the turn of the century.

Tenure—the duration of employment—is based on turnover. These two metrics are inversely related: the higher the turnover, the shorter the tenure, and vice versa. Therefore, the increase in turnover translated to a decrease in tenure for staffing employment to an average of 10 weeks in 2018. The average tenure for temporary and contract employees in 2018 remained below three months for the fifth consecutive year and in line with tenure around the turn of the century.

### Making Sense of the Stats

You may be thinking, “Wow, really, 420%—why so high?” And when compared with a turnover rate of 26% for corporate staffing employees, it is quite staggering. But it makes sense if you think about the temporary nature of your staffing employees’ work arrangements versus the permanent positions most of your internal staff hold (those that help you run your business day-to-day). >>>



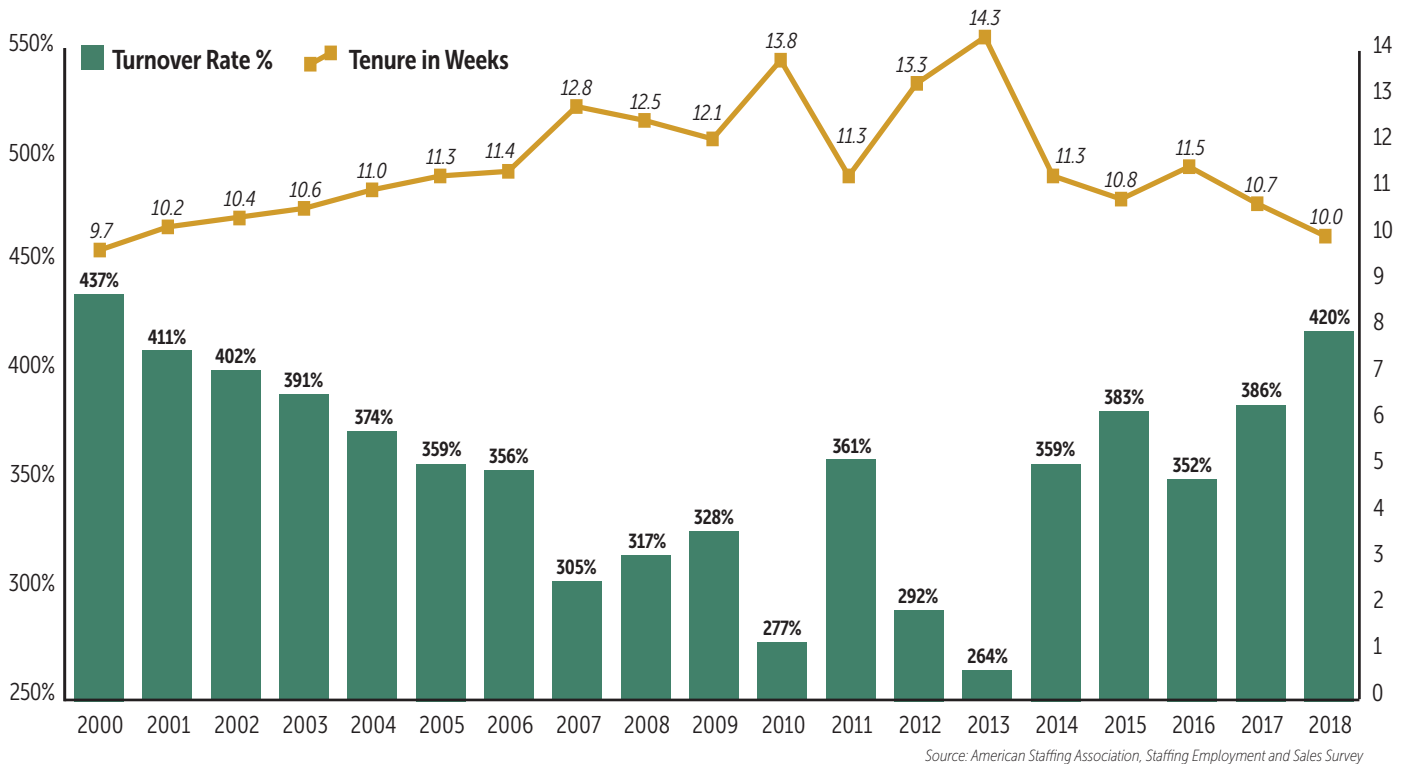
### Exclusive Industry Research & Data

This issue’s research-focused article digs into the details of calculating staffing employee turnover, the relationship with tenure, and why you should care. As the industry’s research leader, ASA reports on timely data in every issue of *Staffing Success*. Get up-to-the-minute data and research-related information when you follow @StaffingData on Twitter.



VACANCY

## STAFFING EMPLOYEE TURNOVER INCREASED TO 420% WHILE TENURE DECREASED TO 10 WEEKS



There are so many ways to calculate turnover. We use the method employed by the government data sources that we utilize most often to benchmark staffing industry data.

The turnover rate for your company tells you, on average, how many times a single position within your company was occupied by a different employee throughout the year. Suppose you had one position and one person filling that position during the entire year; your turnover rate would be zero—there was no change in the person employed in the position for the year.

If you had one position and two people filled that position throughout the year, your turnover rate would be 100%.

This is calculated by taking the number of people employed (2 in this example) and dividing it by the number of positions or jobs (1 in this example), then multiplying the result by 100. Next you must subtract 100—this 100 accounts for the person who is initially employed in the job.

### POSITION TURNOVER FORMULA

$$(2 \div 1 = 2 \times 100 = 200 - 100 = 100)$$

### Calculating the Details

To figure out your company's overall turnover rate, you first need to determine your average weekly

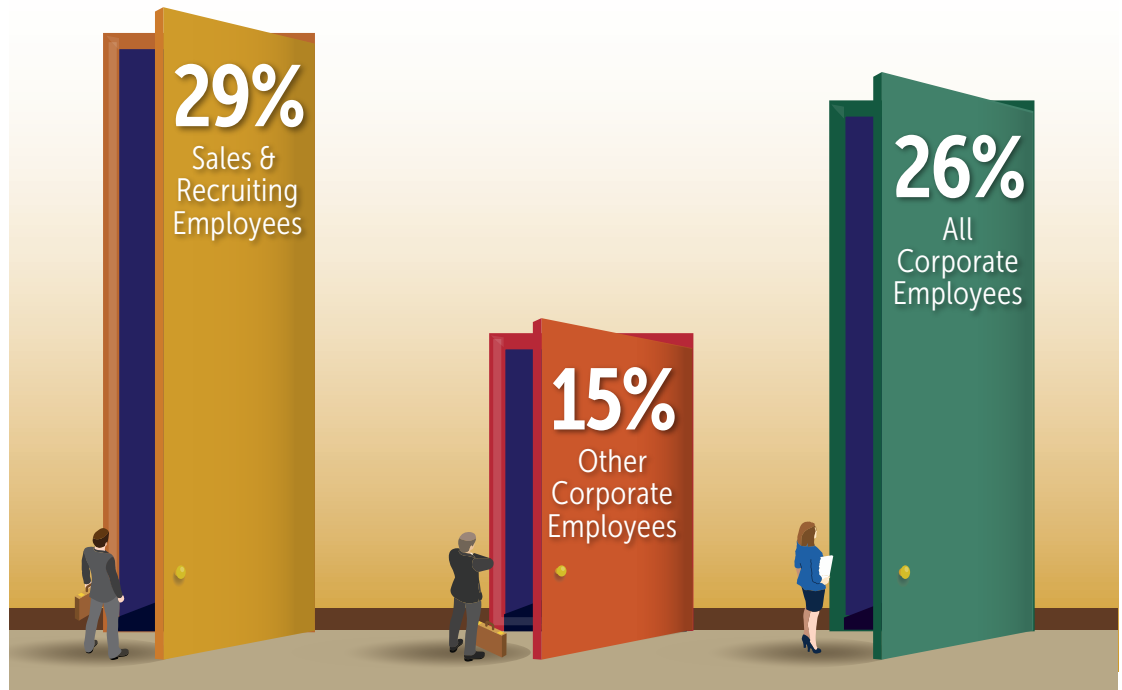
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employment and the number of W-2s your company issued throughout the year for those employees.

In most staffing companies, the number of temporary and contract positions available fluctuates weekly. Calculating your company's average weekly employment will help you to determine how many positions your company filled in an "average" week over the course of the year. To calculate your company's average weekly employment, first determine how many employees your company had during the week that included the 12th of the month for each month in the year, add up these employment levels, and then divide the total by 12.

Once you have determined your average weekly employment, you need a count of how many employees you had throughout the year. The quickest and best measure of this is the number of W-2 forms that your firm issued to temporary

## WHAT'S YOUR CORPORATE EMPLOYEE TURNOVER RATE?



Source: American Staffing Association, Staffing Operations Benchmarking Survey

and contract employees for the year, since each employee will be connected to exactly one W-2 regardless of the number of positions they held.

Now, with these two numbers, you can figure out your company's turnover rate.

### COMPANY TURNOVER RATE

(Total number of W-2s issued ÷ Average weekly employment × 100) – 100

Be sure to calculate the turnover rate for your internal, corporate staff and your temporary and contract employees separately since these percentages are typically very different.

## USE THE CALCULATOR TO DETERMINE YOUR TURNOVER RATE

TURNOVER AND TENURE    **TURNOVER CALCULATOR**

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Your Company's Employment Data

1. Enter the number of employees on your payroll during the week that included the 12th of the month.

January <input type="text"/>	April <input type="text"/>	July <input type="text"/>	October <input type="text"/>
February <input type="text"/>	May <input type="text"/>	August <input type="text"/>	November <input type="text"/>
March <input type="text"/>	June <input type="text"/>	September <input type="text"/>	December <input type="text"/>

2. Enter the number of W-2s issued to employees in the calendar year

Your Company's Results

<b>n/a</b>	<b>n/a</b>
Average Weekly Employment for the calendar year, in number of employees	Annual Turnover Rate for the calendar year

Be sure to calculate the turnover rate for your internal, corporate staff and your temporary and contract employees separately since these percentages are typically very different.

For ASA members, an interactive calculator is available to quickly and easily compute your company's turnover rates and see how you compare with the industry average.

To learn more about staffing employee turnover and tenure, and to use the interactive calculator, visit [americanstaffing.net/turnover](http://americanstaffing.net/turnover).

ASA members always are welcome to contact the research team at 703-253-2020 or [research@americanstaffing.net](mailto:research@americanstaffing.net) with questions about these statistics or other research designed to help you make informed decisions. ■

Cynthia Davidson is senior director of research for ASA. Send feedback on this article to [success@americanstaffing.net](mailto:success@americanstaffing.net). Engage with ASA on social media—go to [americanstaffing.net/social](http://americanstaffing.net/social).