

2022 Staffing Employee Turnover Report

EXECUTIVE SUMMARY

The staffing and recruiting industry, along with the rest of the U.S. economy, is facing unprecedented and disruptive trends in the workforce. While the civilian labor force has contracted since the onset of COVID-19, the “great resignation” has manifested in historically high quit rates, creating talent shortages that impact staffing firms’ ability to not only place quality talent in open positions, but to source quality candidates to bring on as internal staff to support firm-wide revenue efforts.

These new dynamics mean that internal employee engagement and retention have never been more critical in the staffing and recruiting industry. Members of a firm’s internal team drive the client and talent experiences that keep the revenue engine running. But turnover of internal staff is present, and must be addressed, in order to maintain a positive trajectory and continue to chart a path towards growth. This report outlines new analysis of turnover trends in the staffing industry.

Trending Data from the Best of Staffing Employee Feedback Program

Trending data in this report is sourced from a sample of staffing firms who participated in the Best of Staffing Employee Survey Program in calendar years 2020 and 2021. This trending data allowed us to measure turnover at the firm level as well as in aggregate, and to correlate a turnover event with an individual’s responses to the Best of Staffing Employee Satisfaction Survey. We’ve published key findings here to offer a benchmark to the industry, and critical data points to help drive strategy for retention and engagement of your internal staff.



About the Analysis

Survey data from nearly **3,000 staffing firm employees** was compared between two separate survey periods, providing insights into turnover trends in staffing. Responses were collected from internal staff across 28 firms.

- Responses from internal staff were collected between **March 30, 2020 and December 17, 2021**.
- Turnover events are correlated with **employee satisfaction and perception data**.
- Not all firms included **demographic questions**.

The 6,000+ survey touch points analyzed across the 2021 and 2022 Best of Staffing Employee Survey programs represents the only data set of its kind that tracks turnover, at scale, across internal employees (and teams) in the staffing industry. Correlating individual turnover events with perceptions and behaviors illuminates what attitudes might predict a team member's likelihood to leave a firm, while aggregate turnover trends alongside firm-wide metrics provides benchmarks and relational insights for assessing the health of employee engagement and retention overall.

Key Findings from the Study

Net Promoter® Score and survey response rates are key predictors of employee turnover

At both the individual survey response level as well as at the company reporting level, we find that responses to the eNPS® question (pgs 4 & 5) and employees' willingness to complete a survey (pg 6) are tightly correlated with employee retention and turnover. This predictive relationship underscores the value of employee feedback surveys as a key mechanism for understanding turnover risk within an organization, and to help identify at-risk employees for further assistance and engagement.

For an overview of how eNPS® is calculated see page 5 →

Account Managers and Recruiters are the most likely to churn

Our data suggests that the front-line employees serving clients and talent are the most likely roles to turn over (pg 3). This is a trend that all firms should be concerned with because the downstream effects of churn in these front-line roles represent a huge financial expense to your business. Beyond the immediate out-of-pocket costs to recruit, interview, and train a new AM or Recruiter, lost productivity and hits to the client and talent experience can create rippling financial and reputational consequences.

Race and gender dynamics call for additional investment in DEI

We find that female and non-binary staffing professionals are more likely to leave their firm than their male counterparts (pg 7). Additionally, BIPOC employees are 25% more likely to churn than their white or Caucasian counterparts. Because our industry already struggles with race and gender representation (especially in more senior positions), this data provides evidence of the critical nature of DEI efforts, and the importance of firms pursuing avenues for keeping these professionals engaged in and excited by what the staffing industry has to offer their career.

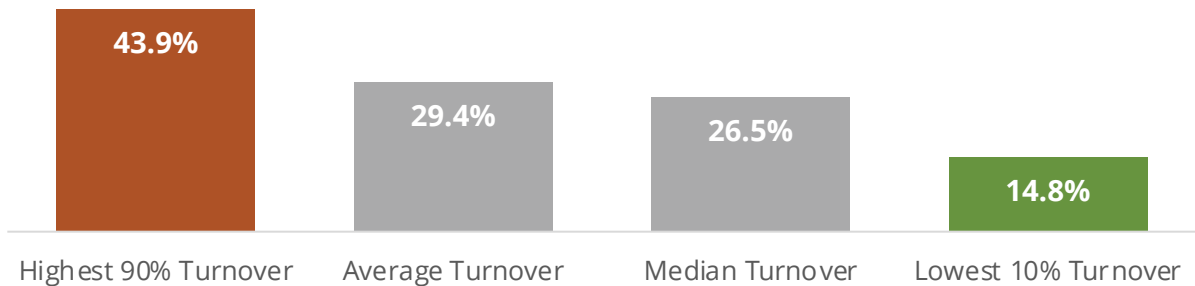
Positive feelings about firm culture drive employee retention

While something as nebulous as firm culture can feel difficult to quantify, this survey data measured employee perception across key aspects of their experience working with their employer and found that positive feelings about firm culture were tightly correlated with retention (pg 8). Measuring these perceptions at the firm-level can provide a clear roadmap for building impactful employee engagement efforts that stem costly churn.

Internal Employee Turnover Benchmarks

The median turnover rate of internal staffing firm employees is 26.5%

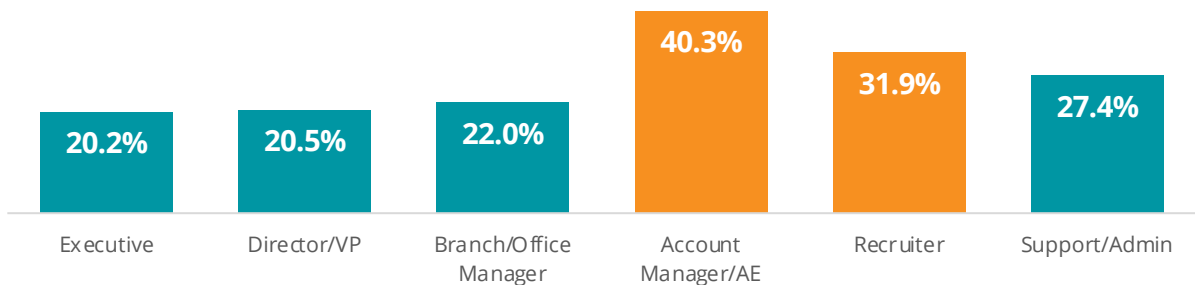
Company-Level Turnover at Staffing Firms



Examining our aggregate turnover data at the company level, we find that the median (typical) turnover rate within a staffing firm is 26.5%, slightly lower than the average turnover rate of 29.4%. The variance, however, is wide. Firms that suffer from the highest turnover (i.e. firms that register in the 90th percentile on turnover rate from our sample) average nearly 44% turnover, while firms that are least likely to see turnover average nearly 14% loss of individual members of their internal staff year-over-year.

40% of Account Managers and nearly 1 in 3 Recruiters left their firm between 2020 and 2021

Staffing Firm Turnover by Job Title

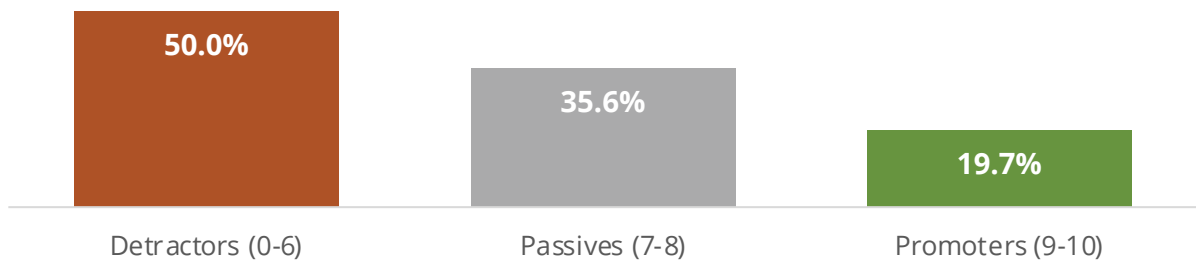


Between 2020 and 2021, employees in account management roles were the most likely to leave their firm, followed closely by recruiters. These front-line team members are the lifeblood of the client and talent experience, and a single turnover event in one of these positions can have dramatic repercussions for revenue downstream.

eNPS® Leading Indicator of Churn

50% of Detractors left their firm — roughly 2.5x the churn from Promoters, 1.4x the churn from Passives

Turnover by eNPS Response in Initial Survey



Of those staffing firm employees who responded to their firm’s 2020 employee satisfaction survey, we find that Detractors were 153% more likely to leave their firm than Promoters. Even Passives were 80% more likely to churn than their Promoter counterparts.

This data provides further measurable evidence of the direct connection between employee satisfaction and retention. Offering internal staff opportunities to provide feedback and report on their own perceptions and measures of satisfaction can help stem the likelihood of costly turnover. Identifying at-risk employees or at-risk teams (as measured by the number of Detractor responses in that cohort) can help to effectively target additional engagement and retention efforts. Ultimately, no firm should embark on an employee survey journey without being prepared for critical feedback—those who can transform it into productive action will see the greatest return on their retention investment while protecting critical revenue as well as their reputation for service.

Promoters, Detractors, and Passives Explained

Study participants are invited to rate their employer on a scale of 0 to 10.
0 = “not at all likely” to recommend their employer to a friend or colleague.
10 = “very likely” to recommend their employer to a friend or colleague.

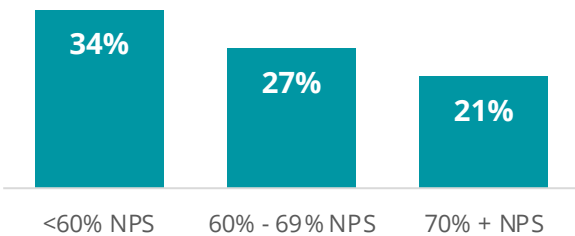
Responses are sorted into one of three groups based on their numeric value:

- **Detractors** rate their employer 0 to 6
- **Passives** rate their employer 7 or 8
- **Promoters** rate their employer 9 or 10

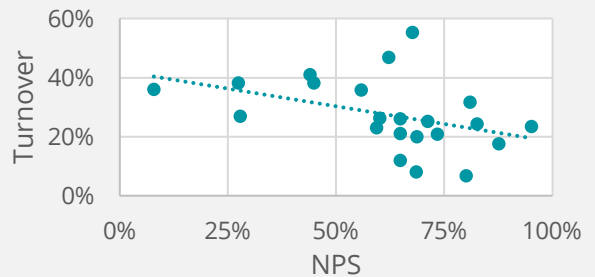
Staffing Firm eNPS® Strong Predictor of Turnover in Coming Year

Higher eNPS scores result in lower company-wide turnover

Company-Level Turnover by eNPS in Initial Survey



Company-Level Turnover vs. eNPS in Initial Survey



At the company level, the correlation between eNPS and turnover rate persists, with companies that earned a higher eNPS rating in the initial survey seeing a lower overall turnover rate than their counterparts.

Firms implementing an employee survey have the opportunity to track eNPS (or any other measurable satisfaction metric) as a key indicator of retention. Dips in eNPS year-to-year likely signal an increase in turnover in the subsequent 12 months. Similarly, positive changes in eNPS across the company or segmented by team, office location, job title or other demographic can help to measure the effectiveness of employee retention and engagement efforts.

How to Calculate Net Promoter® Score

The **Net Promoter® Score**, also known as **NPS®**, is calculated by subtracting the % of survey respondents who are **Detractors** (see previous page for definition) from the % of survey respondents who are **Promoters**.

eNPS refers to a Net Promoter Score that is generated by surveying employees about their satisfaction with and willingness to refer their employer.

NPS can be calculated to measure the satisfaction of any stakeholder group. It is commonly used to measure client satisfaction, satisfaction of placed talent, and, in the case of this study, to measure employee satisfaction.

Response Rate Highly Correlated to Turnover

Individuals who do not respond to an employee survey are 36% more likely to turnover

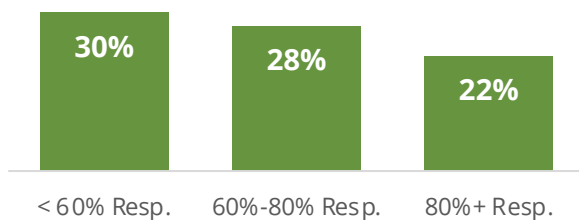
Turnover by Response Status to Initial Survey



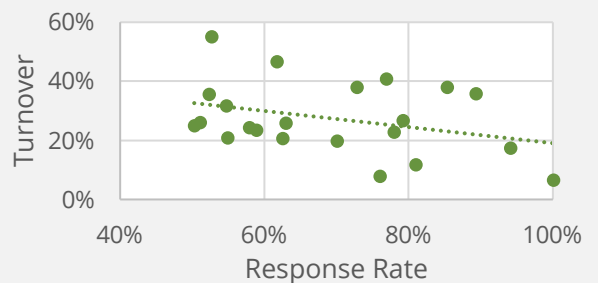
Our analysis shows that individuals who took the time to respond to their firm's first internal employee survey were significantly less likely to leave in the following year than those who opted out of responding. Similarly, the aggregate response rate for a given company's employee survey is significantly correlated to the company-level turnover rate.

Higher aggregate response rates result in lower company-wide turnover

Company-Level Turnover by Response in Initial Survey



Company-Level Turnover vs. Response in Initial Survey

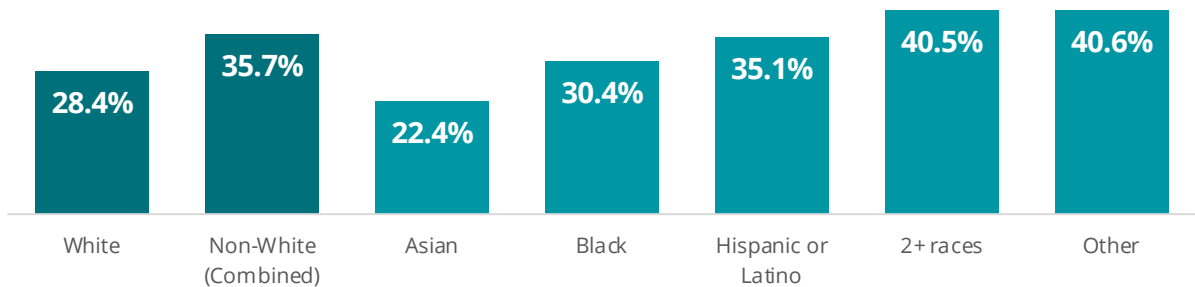


This data suggests that survey response status is a primary indicator of employee engagement as a whole and, at the individual level, can point to individuals that are at a higher risk of turnover event. Firms that conduct employee surveys should pay close attention to aggregate response rate as well as individual instances of a non-response to try to stay ahead of costly churn.

Race and Gender Impact Likelihood of Turnover

Staffing firms are more likely to lose non-white employees to turnover

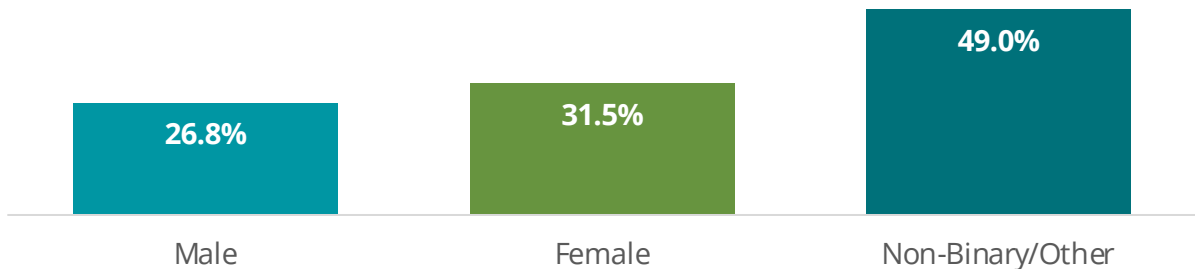
Staffing Firm Turnover by Race/Ethnicity



Our year-over-year analysis demonstrates that BIPOC employees were 25% more likely to leave their employer than those who identified as white or Caucasian. Unfortunately, this statistic exacerbates a trend of underrepresentation of Black and Hispanic employees in the staffing and recruiting industry and must be a point of focus for any firm dedicating resources to facilitate diversity, equity, and inclusion (DEI) within their workforce.

Women and non-binary employees are more likely to churn than men

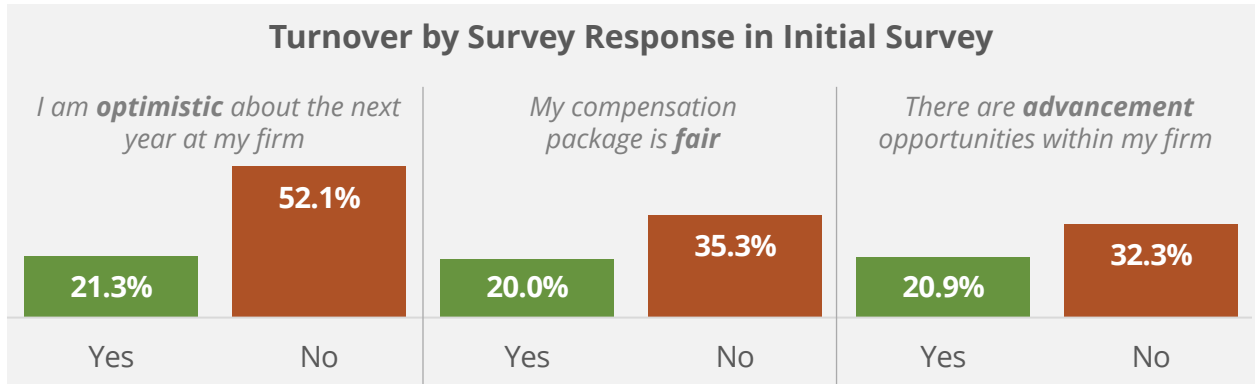
Staffing Firm Turnover by Gender



When comparing turnover rates by gender, our analysis finds that women were 17% more likely to leave their firm than men. And, though we had a smaller sample size (n=25) of survey respondents identifying as non-binary or other gender, we find that they were 83% more likely to leave than their male counterparts—once again underscoring the urgency with which firms must integrate DEI into their employee engagement and retention efforts.

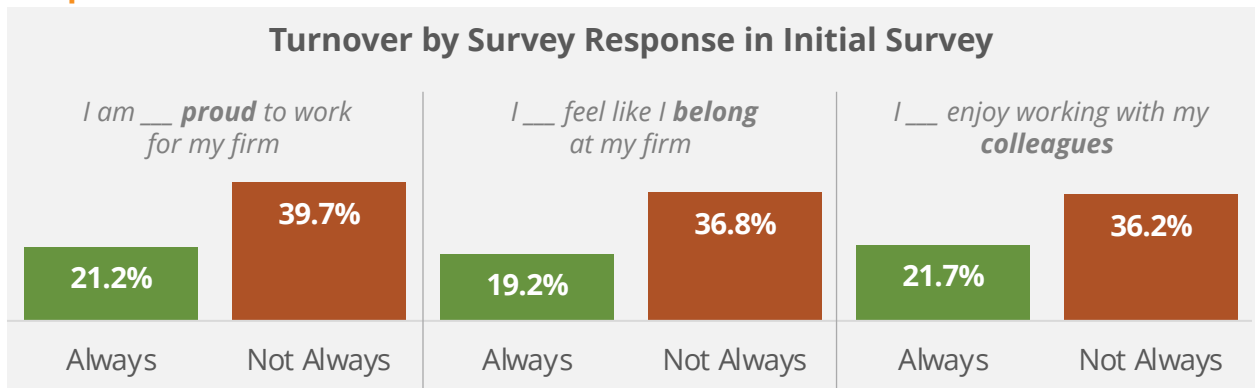
Employee Optimism One of the Numerous Perceptions Impacting Turnover

Employees who are less likely to leave report a sense of optimism about the future and a perception of fair compensation



Survey data suggests that employees who report not feeling optimistic about the future at their firm are more than 2x as likely to turn over as those who report feeling optimistic. Similarly, those who report not feeling that their compensation package is fair were 76% more likely to turnover, and those who report a perceived lack of opportunities for advancement within the firm were 55% more likely to turn over.

An employee's pride in their firm and sense of belonging have a significant impact on turnover



Additional questions about employee perception point to a clear correlation between positive feelings about firm culture and employee retention. For example, employees who always feel pride in their firm are 87% more likely to stay with their employer than those who do not always feel pride. Similarly, employees who always feel a sense of belonging are 92% more likely to stay than those who don't, and those who report always enjoying working with their colleagues are 67% less likely to turn over. These collective findings underscore the fact that employee retention goals must be underwritten by efforts towards an equitable, inclusive culture that fosters a sense of belonging and pride within the firm.

Conclusion

Stability of internal staff will be key to staffing firm growth in the years to come

Turnover of internal staff has always been a costly business concern, but for staffing firms looking to grow in the coming years, it should be a critical point of emphasis. Not only does the current talent shortage make replacing headcount a time-consuming endeavor, but disruptions to the internal team can reduce productivity and revenue growth in the short-term, and in the long-term can lead to compromised client and talent experiences.

If nothing else, this body of research demonstrates that an employee survey program can help staffing firms understand their turnover risk, benchmark key predictors of turnover, identify employees and teams that may require additional engagement, and prioritize retention initiatives that can truly move the needle on employee perception and retention.

If you are interested in learning about ClearlyRated's employee survey program, and how your firm might benefit from insights generated through this program, please visit clearlyrated.com/solutions to learn more.

Additional resources for addressing employee turnover

These findings are just one tool to leverage as your team sets out to understand employee retention and get ahead of costly churn. For further insights, here is a short list of resources you might find beneficial:

- **Blog Post:** [The Cost of Internal Employee Turnover in Staffing](#)
- **ASA Webinar:** [The Rise of Employee Experience and Client Experience](#)
- **Blog Post:** [3 Critical Steps for Addressing Issues of Diversity, Equity, and Inclusion at Your Firm](#)

Thank you for reading