

using turnover as a recruitment strategy

by Sandra Duncan

Teacher turnover is notoriously high in the field of early childhood education with an estimated 33% of staff exiting the workplace each year. Turnover is costly. Not only do high levels of turnover negatively impact children's growth and development, it also erodes the program's economic stability and wherewithal to provide effective operations and programming for both staff and children. "It takes resources — both human and financial — to support almost half of a center's staff disappearing each year" (Duncan, 2007).

Calculating turnover rate

Turnover is sometimes referred to as *churn*. It is the process by which employees enter and leave the company's workforce (for reasons other than death or



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retirement). Turnover rate is determined by dividing the number of terminations by the average headcount of employees during a designated time period, and multiplying by 100. For example, if a center employed 20 staff members during a calendar year and lost 8 of them, the turnover rate is 40% yearly. [Example: $8 \text{ Exiting Employees} \div \text{by } 20 \text{ Staff Members} \times 100 = 40\% \text{ Yearly Turnover}$.] Calculating the turnover rate of a center, however, is just the beginning step. The next steps are: 1) determining the costs associated with staff turnover, and 2) using turnover as a recruitment strategy.

Calculating turnover cost

There are two types of costs associated with turnover: direct and indirect. When considering these two expenses, it is important to calculate not only the cost incurred by hiring a replacement employee, but also the cost of the employee who is leaving the center. Direct costs are the actual money spent by the center because of turnover. Examples of direct costs include advertising, required training programs (i.e., CPR/first aid), criminal history checks, and drug testing.

Indirect costs are the investments of time and human resources. For instance, when an employee departs the orga-

nization, someone needs to conduct the exit interview, review and revise the staff schedule, arrange classroom coverage, update personnel files, and address the concerns of parents and children. There are additional indirect costs involved in the pre-employment process such as screening applications for acceptable candidates, interviewing, and checking references. Inducting new employees into the center also absorbs time and human resources. Someone needs to handle the preparation and implementation of orientations and training, create personnel files, and introduce the new employees to staff and parents — just to name a few tasks.

To determine the direct, indirect, and total cost of just one employee exiting and one new employee coming into the center, use

Turnover Calculation Example

28	Total number of W2 Forms
<u>- 20</u>	Required Staff
8	Remaining number of W2 Forms

If \$1,500 is the cost of 1 person turnover, then you multiply the remaining number of W2 forms (in this example, there are 8) = Total Yearly Cost of Turnover, which is \$12,000.

the provided tool *Calculating the Cost of Turnover* (download from www.Child-CareExchange.com/free). If you wish to calculate a yearly turnover cost, simply subtract the number of W2 Forms issued in a calendar year from the average number of employees needed to run the center, and then multiply the remainder of the W2 Forms by your total cost of replacement taken from the calculation turnover tool. For example, if 28 W2 Forms were issued last year and it takes 20 people to operate the center, there were 8 employees that did not factor into the required headcount. With the exception of substitutes and seasonal employees, the remaining W2 Forms probably represent the center's turnover. Multiply this number by your calculated turnover cost to determine the approximate cost of turnover on a yearly basis.

Exited employees

Caught up in the daily operations of running a child care center, many directors may not have thought about the loss of time and money that turnover causes. However, it is important for center administrators to analyze turnover so they can determine how much money it is costing them, why it is happening, and to develop recruitment strategies based on turnover data from their exiting employees.

Take another look at your W2 Forms and sort the employees according to the classrooms in which they work. Which classroom has the highest or lowest amount of teacher turnover? Re-sort the W2 Forms by levels of teacher education. Can you find a link between their level of education and turnover? Is there a higher or lower turnover level with a particular age group of children? What about employee work hours? Did you find that employees who work a certain shift have a higher or lower level of turnover?

There are many other variables that could be analyzed such as pay levels of

employees, personality types, and length of employment with the center. You may discover, for instance, that turnover is highest among staff around their third month of employment. Now that you have pinpointed the problem, you can respond accordingly by designing a strategy to help new staff transcend this critical third month. Maybe the strategy is implementing a recognition program, assigning a buddy for extra support, or careful monitoring and mentoring during this critical time.

Perhaps the greatest information you can derive from analyzing W2 Forms is an overall picture of employees who are unlikely to remain on your payroll. Take a close look at people who have left your employment. Reviewing and analyzing the paperwork (i.e., employment applications, personnel files, exit interviews, and personal knowledge) of departed employees may reveal factors that you either want a prospective staff member to possess . . . or some factors that you know will not result in a successful work experience for either the employee or the center. By looking at people you have lost, you may be able to discover common traits that will give you a framework for making hiring decisions.

Most directors tend to use candidates' experiences and levels of education as the primary criteria for recruiting and selecting prospects. Although these are essential criteria, there may be other factors to consider when making hiring decisions. For instance, if you find that teachers with Bachelor's degrees have a higher turnover rate than those with Associate of Arts degrees, this should become a consideration in employee selection. This is not to say that you should never hire someone with a Bachelor's degree; rather, the suggestion is to be cognizant of the center's

turnover picture and factor it in when making hiring decisions or taking this knowledge into consideration when designing retention strategies for higher-degreed staff.

Another example of using turnover as a recruitment tool is to analyze previous work experiences of employees who have left your organization. You may find that turnover rates are lower among employees who have previous work experiences in a high velocity, fast-paced workplace rather than a slower-paced environment (i.e., fast food restaurant versus library). In addition to the required education and experience criteria, you might want to keep previous work experiences in mind when considering a prospect for employment.

Exit interviews

Another way to use turnover as a recruitment strategy is to conduct employee exit interviews. The purpose of an exit interview is to find out why the person is leaving, understand the employee's perceptions about his/her work experiences, and garner information that will be useful in making recruitment decisions and/or avoiding future employee losses. Exit interviews can be a rich source of information for improving the center's organization, work environment, and culture climate.

As expected, you may discover that exit interviews indicate many employees are leaving for better paying positions. Through exit interview conversations, however, you may discover other commonalities or trends. For instance, you may find that many exiting employees do not enjoy the closing shift because they wish to be with their families at dinner time. You might uncover the fact that several employees are unhappy about the work environment and overall atmosphere because they do not have a place to relax on their breaks or a secure spot to put their personal belongings.

If, for example, several employees left because they dislike working the closing shift, you might decide to either recruit for these specific hours or hire someone who enjoys working the evening hours and having the responsibility of closing the center. Through exit interviews, you may find that some employees who leave the center within days or weeks of their initial employment had unrealistic expectations about the job so implementing a 'reality check' may be beneficial. A reality check can be simple, such as designing a flyer that outlines all the job expectations of each position, including realistic points like sick children, janitorial duties, and diaper changing.

While much of the information you uncover during the exit interview can be readily fixed, some may not be able to be remedied for a variety of reasons (i.e., cost or time limitations). Nonetheless, simply knowing and being aware of the center's issues impacting turnover can be helpful in the recruitment process.

Conclusion

Employee turnover has negative connotations, yet with the proper attitude and perspective directors can turn a negative into a positive by learning from those who have exited the company:

- Make turnover a learning experience.
- Prepare a strategic plan that includes using turnover data in your recruitment strategies.
- Conduct exit interviews and use the feedback to position and focus your recruitment efforts.
- Place concentrated effort into your recruiting efforts to ensure the hiring of the right person for the right position and, more importantly, using the gathered information from your turnover data to make wise hiring choices.

Examples of Exit Interview Questions

The key to effective exit interview questions is writing them so the answers provide actionable information that you can use to improve your center's organization, management, and work environment.

- What is your primary reason for leaving?
- What did you like most about your job?
- Other than wages and compensation, what did you like least about your job?
- If you could change one thing about working for the company, what would it be?
- Did you receive adequate support and training to do your job?
- What was the most satisfying thing about your job? The least satisfying?
- Did your job responsibilities match the expectations you had when you were hired?
- What has been frustrating for you while working at the center?
- What suggestions would you make to improve the center's working conditions?
- Did you believe your job to be stressful? Why or why not?

References

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- Whitebook, M., Sakai, L., Gerber, E., & Howes, C. (2001). *Then and now: Changes in childcare staffing, 1994-2000*. Washington, DC: Center for the Child Care Workforce.

Correction Notice

In the July / August 2009 issue of *Exchange*, a contributor to the article "What are the core elements of your curriculum?" was incorrectly identified as an employee of HighReach Learning. Sandra Duncan is not affiliated with HighReach Learning. We apologize for the error.