



Employment Benchmarks

Overview and Methodology

Benchmarks allow employers to adequately compare their workforce metrics to a relevant set of peers. This foundation enables management to identify trouble regions within their organization and highlight their successes with reliable, quantifiable measurements. Establishing a strong hold on the HR market, and an organization's position within it, can generate the understanding needed to construct applicable strategies with pertinent measurable goals.

Equifax Workforce Solutions has unique information which is the cornerstone in this solution. The Work Number® database is the largest employee payroll source in the country, with more than 5,000 contributing employers. From this source, accurate benchmark metrics around workforce demographics, recruitment, and compensation are derived. Additionally, 4.8 million unemployment claims were processed by Equifax in 2015. This is approximately 23% of the total claims reported by the Department of Labor and provides a rich source of data to obtain reliable turnover metrics.

Through the unique capabilities of Equifax, employee level data relationships are created which establish the content of the benchmark metrics. Additionally, multiple surveys from the Bureau of Labor Statistics are combined to provide

the contextual components in the final solution. This context is needed in order to size total employees, new hires, and separations at every evaluated geographical and industry segmentation level.

Benchmark metrics are created by combining the data relationship content from Equifax with the contextual elements sourced from the combined survey data. To ensure the metrics are relevant, they are created by geography, industry, and a combination of the two... all looked at over time.

- The geographical units available at the national and state level, which represents all 50 states and the District of Columbia.
- Industry levels are defined using the North American Industry Classification System (NAICs). Up to three versions of industry breakouts are provided; the super sector is the highest viewpoint with 11 groups, while the most granular is a NAICs-3 with 87 groups.
- Monthly, quarterly, or even annual metrics are created using a minimum of 60 months of data which is available with each release. This allows for substantial trending and comparison possibilities.

DATA INPUTS	FREQUENCY	UNITS	MEASUREMENTS
The Work Number®	Monthly*	Employee/job	Hiring, employment, compensation, turnover
Unemployment Claims Management	Monthly	Separations	Separation reasons
State and metro current employment survey	Monthly	State, industry	Employment
Census of employment and wages	Quarterly	State, industry	Employment
Job Openings and Labor Turnover Survey (JOLTS)	Monthly	National, super industries	New hires and separations

*Databases are continuously updating, although monthly updates are incorporated into Benchmarks

Data Precautions and Control

As a proud data steward, Equifax Workforce Solutions took precautions to ensure the information entrusted to us is being used appropriately and accurately. Certain employers were excluded due to contractual and/or design reasons. These include those from alliance partners, government entities, employers opting out of aggregated studies, and employers in the agriculture industry. Instances occur when an employment record element could drastically skew aggregated results. These are identified as outliers and are removed to keep the benchmark data in check.

Additionally, if a summary unit contains limited data the Equifax relationship ratios will go unused in order to protect the contributors and ensure accuracy. Limited data is

defined by these aggregation display rules which are applied on each geography-industry-month coupling delivered:

- Coupling is comprised of less than 3 employers
- Over 50% of the records in coupling came from a one employer (75% for super sector couplings)
- Coupling is comprised of 100% or 0% hourly employees (rule unused for super sector 113)

Industry Groupings

The industry NAICS groupings used in Benchmarks are spelled out in the following tables. All information can be easily accessed at these levels (or of their combinations) and crossed with the available geography levels.

SUPERSECTOR	NAICS2	NAICS3
101: MINING LOGGING AND CONSTRUCTION	10111: AGRICULTURE, FORESTRY, FISHING AND HUNTING	101113: FORESTRY AND LOGGING
	10121: MINING, QUARRYING, AND OIL AND GAS EXTRACTION	101211: OIL AND GAS EXTRACTION
		101212: MINING (EXCEPT OIL AND GAS)
		101213: SUPPORT ACTIVITIES FOR MINING
	10123: CONSTRUCTION	101236: CONSTRUCTION OF BUILDINGS
		101237: HEAVY AND CIVIL ENGINEERING CONSTRUCTION
		101238: SPECIALTY TRADE CONTRACTORS
103: MANUFACTURING	10331: MANUFACTURING	103311: FOOD MANUFACTURING
		103312: BEVERAGE AND TOBACCO PRODUCT MANUFACTURING
		103313: TEXTILE MILLS
		103314: TEXTILE PRODUCT MILLS
		103315: APPAREL MANUFACTURING
		103316: LEATHER AND ALLIED PRODUCT MANUFACTURING
		103321: WOOD PRODUCT MANUFACTURING
		103322: PAPER MANUFACTURING
		103323: PRINTING AND RELATED SUPPORT ACTIVITIES
		103324: PETROLEUM AND COAL PRODUCTS MANUFACTURING
		103325: CHEMICAL MANUFACTURING
		103326: PLASTICS AND RUBBER PRODUCTS MANUFACTURING
		103327: NONMETALLIC MINERAL PRODUCT MANUFACTURING
		103331: PRIMARY METAL MANUFACTURING
		103332: FABRICATED METAL PRODUCT MANUFACTURING
		103333: MACHINERY MANUFACTURING
		103334: COMPUTER AND ELECTRONIC PRODUCT MANUFACTURING
		103335: ELECTRICAL EQUIPMENT, APPLIANCE, AND COMPONENT MANUFACTURING
		103336: TRANSPORTATION EQUIPMENT MANUFACTURING
103337: FURNITURE AND RELATED PRODUCT MANUFACTURING		
103339: MISCELLANEOUS MANUFACTURING		

SUPERSECTOR	NAICS2	NAICS3
104: WHOLESALE TRADE	10442: WHOLESALE TRADE	104423: MERCHANT WHOLESALERS, DURABLE GOODS
		104424: MERCHANT WHOLESALERS, NONDURABLE GOODS
		104425: WHOLESALE ELECTRONIC MARKETS AND AGENTS AND BROKERS
105: RETAIL TRADE	10544: RETAIL TRADE	105441: MOTOR VEHICLE AND PARTS DEALERS
		105442: FURNITURE AND HOME FURNISHINGS STORES
		105443: ELECTRONICS AND APPLIANCE STORES
		105444: BUILDING MATERIAL AND GARDEN EQUIPMENT AND SUPPLIES DEALERS
		105445: FOOD AND BEVERAGE STORES
		105446: HEALTH AND PERSONAL CARE STORES
		105447: GASOLINE STATIONS
		105448: CLOTHING AND CLOTHING ACCESSORIES STORES
		105451: SPORTING GOODS, HOBBY, MUSICAL INSTRUMENT, AND BOOK STORES
		105452: GENERAL MERCHANDISE STORES
		105453: MISCELLANEOUS STORE RETAILERS
106: TRANSPORTATION WAREHOUSING AND UTILITIES	10622: UTILITIES	106221: UTILITIES
	10648: TRANSPORTATION AND WAREHOUSING	106481: AIR TRANSPORTATION
		106482: RAIL TRANSPORTATION
		106483: WATER TRANSPORTATION
		106484: TRUCK TRANSPORTATION
		106485: TRANSIT AND GROUND PASSENGER TRANSPORTATION
		106486: PIPELINE TRANSPORTATION
		106487: SCENIC AND SIGHTSEEING TRANSPORTATION
		106488: SUPPORT ACTIVITIES FOR TRANSPORTATION
		106491: POSTAL SERVICE
		106492: COURIERS AND MESSENGERS
		106493: WAREHOUSING AND STORAGE
		108: INFORMATION
108512: MOTION PICTURE AND SOUND RECORDING INDUSTRIES		
108515: BROADCASTING (EXCEPT INTERNET)		
108517: TELECOMMUNICATIONS		
108518: DATA PROCESSING, HOSTING, AND RELATED SERVICES		
108519: OTHER INFORMATION SERVICES		
109: FINANCIAL ACTIVITIES	10952: FINANCE AND INSURANCE	109521: MONETARY AUTHORITIES-CENTRAL BANK
		109522: CREDIT INTERMEDIATION AND RELATED ACTIVITIES
		109523: SECURITIES, COMMODITY CONTRACTS, AND OTHER FINANCIAL INVESTMENTS AND RELATED ACTIVITIES
		109524: INSURANCE CARRIERS AND RELATED ACTIVITIES
		109525: FUNDS, TRUSTS, AND OTHER FINANCIAL VEHICLES
	10953: REAL ESTATE AND RENTAL AND LEASING	109531: REAL ESTATE
		109532: RENTAL AND LEASING SERVICES
		109533: LESSORS OF NON-FINANCIAL INTANGIBLE ASSETS (EXCEPT COPYRIGHTED WORKS)

SUPERSECTOR	NAICS2	NAICS3
110: PROFESSIONAL AND BUSINESS SERVICES	11054: PROFESSIONAL, SCIENTIFIC, AND TECHNICAL SERVICES	110541: PROFESSIONAL, SCIENTIFIC, AND TECHNICAL SERVICES
	11055: MANAGEMENT OF COMPANIES AND ENTERPRISES	110551: MANAGEMENT OF COMPANIES AND ENTERPRISES
		110561: ADMINISTRATIVE AND SUPPORT SERVICES
		110562: WASTE MANAGEMENT AND REMEDIATION SERVICES
111: EDUCATION AND HEALTH SERVICES	11161: EDUCATIONAL SERVICES	111611: EDUCATIONAL SERVICES
	11162: HEALTH CARE AND SOCIAL ASSISTANCE	111621: AMBULATORY HEALTH CARE SERVICES
		111622: HOSPITALS
		111623: NURSING AND RESIDENTIAL CARE FACILITIES
		111624: SOCIAL ASSISTANCE
112: LEISURE AND HOSPITALITY	11271: ARTS, ENTERTAINMENT, AND RECREATION	112711: PERFORMING ARTS, SPECTATOR SPORTS, AND RELATED INDUSTRIES
		112712: MUSEUMS, HISTORICAL SITES, AND SIMILAR INSTITUTIONS
		112713: AMUSEMENT, GAMBLING, AND RECREATION INDUSTRIES
	11272: ACCOMMODATION AND FOOD SERVICES	112721: ACCOMMODATION
		112722: FOOD SERVICES AND DRINKING PLACES
		113: OTHER SERVICES
113811: REPAIR AND MAINTENANCE		
113812: PERSONAL AND LAUNDRY SERVICES		
113813: RELIGIOUS, GRANT MAKING, CIVIC, PROFESSIONAL, AND SIMILAR ORGANIZATIONS		
113814: PRIVATE HOUSEHOLDS		

Although all these industries are present at the national level, they do not exist in every state. On a similar note, the employment records managed by Workforce Solutions are not equally dispersed across these industry and geography groupings. Therefore, Benchmarks leverages employment studies from the BLS to define an accurate employment landscape and correct any database bias which may exist. Employment counts are grounded in the Quarterly Census of Employment and Wages (QCEW) survey which accounts for about 99.7% of all civilians, employed in the country. The State and Metro (SM) survey is used with past QCEW counts to fill-in for unreported months of QCEW information.

Each individual metric is constructed with updated information from the Equifax data sources. Relationship ratios are calculated at every available summary unit. These ratios are based on a set of six core elements which are obtained from the unique data assets of Workforce Solutions. Elements include: active employment, length of service, pay types, pay amounts, hours worked and separation reasons. Benchmarks leverage the elements to create ratios coinciding with the last day of each month. The final metrics are produced by applying these internal ratios upon the sizing contextual figures which are created from the combination of the BLS survey data.

Elements used in Benchmarks

Employee-level job records are made available to Equifax to process verification of employment (VOE) or verification of income (VOI) on behalf of the employers per the need of employees. In order to keep this information up-to-date, the job records are updated with each payroll release. Active employment is defined and placed into the appropriate months based on the hire date, a separation date and/or a current employment status available on these records. The beginning and end of the job record active employment period defines each 'new hire' and 'separation'. The time between the beginning and the end is used to define the length of service which is calculated per month. If an employee does not work consistently with the employer this is taken into account and the length of service (in months) is stated appropriately.

To fulfill a verification of income request, employers have provided details around employee compensation. The most basic detail is how pay is accrued. This is referred to as the pay type which drives the hourly/salary distinction per record. Pay amounts over active employment periods are provided at the total compensation level, as well as broken out by base pay, overtime, commission, and bonus reward amounts. For hourly employees, hours worked are derived using each employees' compensation details.

When an employee separates from their employer; the reason can be recorded and delivered with the payroll updates. Companies that participate in this act are proactively prepared for unemployment claim services that are also provided through Workforce Solutions. Over 200 raw reasons for leaving a position are summarized into twelve Benchmark provided separation reasons. These 12 separation reasons summarized further in voluntary (7 reasons) and involuntary (5 reasons) groupings.

Benchmark Metrics

Currently there are four themes for metrics available: Hiring, Pay, Turnover, and Workforce. Multiple metrics are provided per theme, all with the aim to help human resource professionals uncover actionable insights by comparing their business metrics against a relevant set of their peers.

METRIC	DESCRIPTION	BASIC FORMULA	CROSS-TAB METRICS
Hiring Metrics			
Percentage change in headcount	Total percentage change in headcount during specified period of time	Total number employees (endpoint–start point)/total number employees (start point)	
Hiring rate	New hires as a percentage of total employees	Number newly hired employees/ total number employees	
Turnover Metrics			
Turnover rate	Number of employees that separated from an organization within a given period of time	Total number separations/total number of employees	Pay type (hourly, salary)
Fast turnover rate	Number of total separations that occur withing 1-12 months of hire	Total number 'less than 1 year of service' separations/total number of separations	Pay type (hourly, salary)
Percentage voluntary turnover	Percentage of separations that are voluntary (quits)	Total number voluntary separations/total number of separations	
Percentage involuntary turnover	Percentage of separations that are involuntary	Total number involuntary separations/total number of separations	
Percentage lack of work	Percentage of separated employees that were discharged due to lack of work	Total number 'lack of work' separations/total number of separations	
Percentage poor performance	Percentage of separated employees that were terminated for poor performance	Total number 'poor performance' separations/total number of separations	
Percentage dissatisfied	Percentage of separated employees that leave due to job dissatisfaction	Total number 'dissatisfied' separations/total number of separations	
Percentage other opportunity	Percentage of separated employees that leave for another job opportunity	Total number 'other opportunity' separations/total number of separations	
Percentage retirement	Percentage of separated employees that retire	Total number 'retirement' separations/total number of separations	

METRIC	DESCRIPTION	BASIC FORMULA	CROSS-TAB METRICS
Workforce Metrics			
Average monthly tenure	Average number of months an employee works for an organization	Sum of total employee's tenure/ total number employees	Pay type (hourly, salary)
Tenure band percentages	Percentage of employees within specified tenure bands		Total number 'tenure band' employees/total number employees
Percentage hourly employees	Percentage of total employees that receive hourly wages	Number hourly employees/total number employees	
Percentage salaried employees	Percentage of total employees that receive annual salary	Number salaried employees/total number employees	
Compensation Metrics			
Average total pay per employee	Average total payroll expense per employee	Sum of total employee's payroll expense (all)/total number of employees	Pay type (hourly, salary)
Average base salary	Average base salary per salaried employee	Sum dollar total base salary pay/ total number of salaried employees	
Average hourly pay rate	Average hourly pay rate per hourly employee	Sum dollar total hourly pay/ total number hours worked by hourly employees	
Overtime amount percentage	Overtime pay as a percentage of total payroll	Sum dollar total overtime pay/ sum of total employees' payroll expense (all)	Pay type (hourly, salary)
Commission amount percentage	Commission pay as a percentage of total payroll	Sum dollar total commission pay/ sum of total employees' payroll expense (all)	Pay type (hourly, salary)

