



OAKLAND COUNTY MICHIGAN WORKS! TURNOVER STUDY RESULTS



CONTENTS:

INTRODUCTION AND CONTEXT: 2

Purpose and Goals	2
Key Findings	2
MWA Regional Overview	3
Cross Comparison with Full Region	4
A Note on Response Rates, Significance, and Response by Question	4

RESULTS BY QUESTION: 5

Employer Response Profile	5
Staffing	6
Employee Tenure	8
Human Resources Management	10
Retention Strategies	12
Employee Satisfaction	14
Promotion and Career Development	15
Staff Retention Challenges	16

APPENDIX: 18

Works Cited for Best Practice Research	18
--	----

INTRODUCTION AND CONTEXT:

Purpose and Goals

In February 2019, six Michigan Works! Agencies (MWAs) contracted with the Workforce Intelligence Network for Southeast Michigan (WIN) to examine employee turnover in the region. This work aims to provide the MWAs with a comprehensive understanding of the root causes of employee turnover and the potential gaps that exist in the development of career pathways for those with barriers to employment. Information gathered from a region-wide employer survey, convenings of local employers, and nationwide best practice research is included here.

The results of the employer survey represent a unique data source for our region, as this information is not currently tracked or reported by federal, state, or local entities. The information about the challenges and opportunities within our region is intended to assist MWAs in better serving employers and workers. In particular, this will help to inform the resources aimed at reducing employee turnover.

Key Findings

1. The occupations experiencing the highest rates of turnover are entry-level positions such as general laborers and medical assistants.

Occupations in which workers tend to remain with a company for a long time, however, face their own challenges in keeping jobs filled. Skilled positions such as skilled trades and engineers have high average tenure but also typically take a long time to fill, and an oncoming retirement cliff for these workers may leave employers with small talent pools to choose from in the future. Hourly positions in general were described as having high turnover. For more details on tenure by occupation, see page 8.

2. Oakland County employers estimate median turnover costs of \$6,000 per worker.

This includes factors such as hiring search costs, training, and lost revenue and productivity. Training costs alone are estimated to be about \$2,500 per employee. Additional training and detailed onboarding are reported as effective, yet expensive, retention strategies. See page 17 for more detail about turnover costs.

3. The most common reason cited “very frequently” for employee turnover is a desire for higher pay or benefits, closely followed by transportation, child care, and other personal conflicts.

Reasons cited “often” also include opportunities to advance within the company, pursuit of a different career path, and poaching. See page 16 for more detail about reasons for turnover.

4. Competition for a shrinking talent pool is driving changes in retention strategy for many employers.

Employers often face fierce competition for workers, and most are experimenting with changes in pay, benefits, and other workplace features to attract and retain talent. Employers cited a tight labor market, changing workforce demographics, and an insufficient number of workers being trained in the necessary skills as reasons for updating their policies. For detail about benefits and compensation, see page 14.

Additional Context

To best focus the survey, several avenues were explored to find existing challenges and best practices. A literature review sought national information on employee turnover causes and effects. This search emphasized the uniqueness of this data set. Additionally, preliminary employer convenings were held within each MWA to provide in-depth feedback and encourage discussion among local employers.

Turnover research has been occurring in some fashion since the early 20th century, with a primary focus on predictive turnover modeling for firms' internal use. Job satisfaction and alternatives, external shocks to businesses or workers, and employee traits were the focus of mid-century literature. More recent studies are typically based on a job embeddedness model, which represents a broad analysis of the reasons a worker will choose to remain at their job, and consider additional factors such as HR techniques and more advanced models of why workers stay. This body of research provides valuable insights into why employees may leave, but seldom refers to regional aggregate turnover studies or includes surveys that were conducted on employers. There are also some findings regarding consequences; negative correlation has been reported between turnover and measures such as customer satisfaction, profit margin, efficiency, and error/ loss rates. Sources and works for this are included on page 18.

Convenings of focus-industry employers took place throughout the month of March at all MWAs. Large convenings provided a consensus across many employers sharing similar concerns, while those with fewer employers in attendance allowed for more detailed discussion. Key themes from those meetings are included alongside survey analysis. The convenings included 67 total employers, whose industry mix is indicated in figure 1, across all six MWAs. Overwhelmingly, the convenings served to show that the causes of high turnover and barriers to work are consistent across the region and across industries.

FIGURE 1: EMPLOYER CONVENING PARTICIPANTS BY BUSINESS TYPE



MWA Regional Overview

This report focuses on survey results from the Oakland County Michigan Works! Service area, which is focused on Oakland County. Though a wide range of employers were surveyed, the Manufacturing, Construction, Health Care, and Information Technology industries were the subject of focus.

Cross Comparison with Full Region

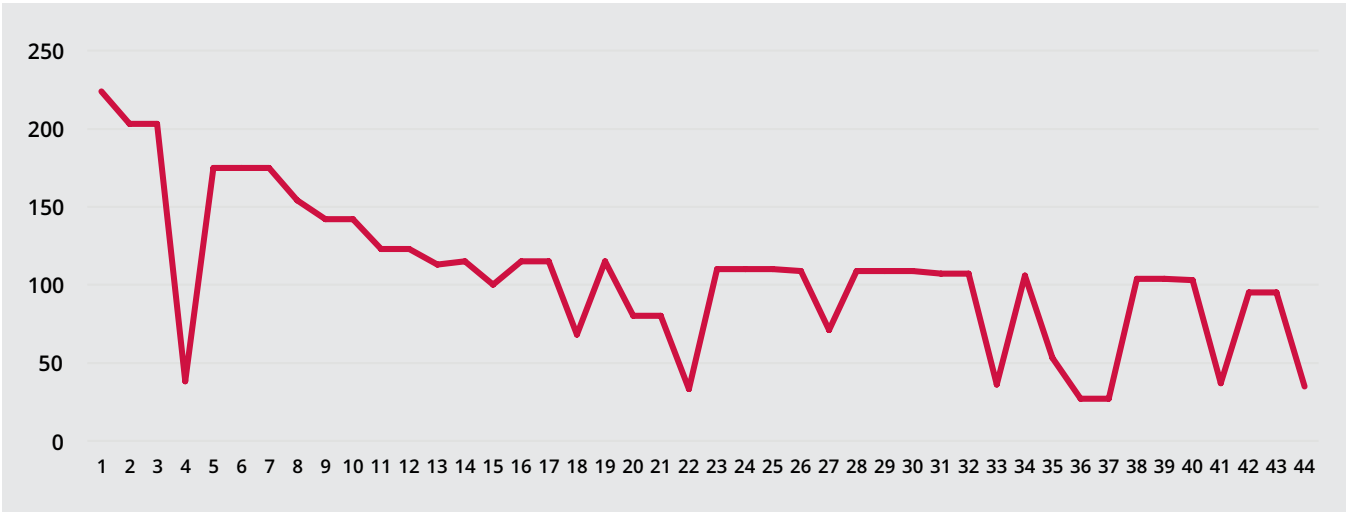
Accounting for 224 out of the total 612 responses across the region, survey responses from Oakland County exhibited a fairly broad mix of industries and overall similar responses to other Southeast Michigan counties. The greatest proportions of responses are from Manufacturing employers and businesses with under 100 employees. Though the difference is small, these employers reported time to fill and tenure rates that were more consistent across occupations than in most of the region, featuring slightly lower tenure caused by fewer life-long employees and high time to fill many positions. This is reflected in relatively high estimated costs of turnover and time to bring a new employee up to full productivity. Wages for the occupations referred to here are typically near the regional average, with some occupations being paid somewhat greater wages in Oakland County, such as tool and die makers and engineering technicians, and other occupations, such as mechanical engineers, machinists and office and administrative clerks, slightly below.

A Note on Response Rates, Significance, and Responses by Question

WIN would like to thank each MWA's business services team for their hard work in pushing the survey out to employers, and to thank everyone who took time to fill out the survey. Across all MWAs, 612 individuals responded to the call to help improve employee retention resources.

The survey was open between April 3, 2019 and May 3, 2019. During that time, 224 employers in the service area responded to the survey. Many of the questions did not pertain to all employers, such as those regarding multiple locations or some specific programs. These are represented by the sharp drops like those in questions 4 or 36 through 38.

FIGURE 2: NUMBER OF RESPONSES BY QUESTION



The 224 responses to the survey represent with a 95 percent likelihood the opinions of the general employer population in the county, with a margin of error of plus or minus 6.25 percentage points. More responses would decrease the margin of error, indicating less variability across the population in the opinions of the employers. In general, however, the statistical significance of a sample size in a multiple question employer feedback survey is less important than in other designed (i.e., binary) surveys, since the goal of a project like this is to receive information that might be helpful to other employers in the region.

RESULTS BY QUESTION:

Employer Response Profile

Industry mix from responses

The majority of responding employers in these counties identified themselves as Manufacturing firms, accounting for 42.9 percent of responses. Professional, Technical, and Scientific Services employers made up 20.5 percent of responses, while Health Care and Social Assistance employers were the third largest group, accounting for 7.1 percent.

About three percent of respondents were unsure how their business classifies for QCEW purposes. Those that responded this way were asked to describe their business' primary function and were then categorized as closely as possible; this may not perfectly represent their classification.

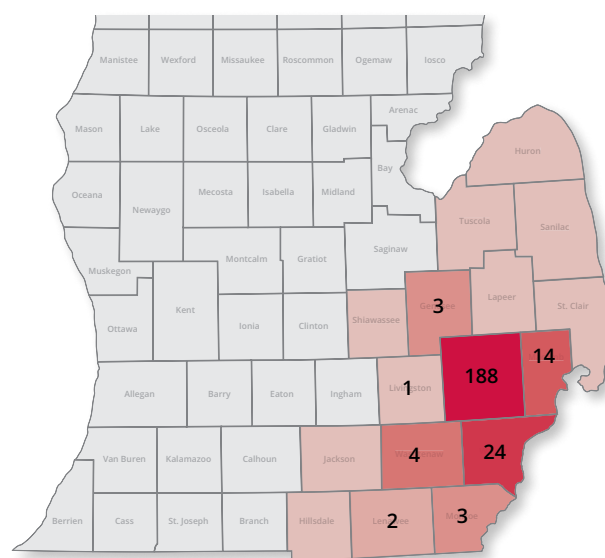
FIGURE 3: EMPLOYERS BY INDUSTRY CLASSIFICATION

31-33: Manufacturing 42.9%	54: Professional, Technical, and Scientific Services 20.5%			62: Health Care and Social Assistance 7.1%	
	42 or 44-45: Wholesale or Retail Trade 5.4%	23: Construction 3.1%	81: Other Services (Except Public Administration... 3.1%	92: Public Administration 3.1%	
	61: Educational Services 5.4%	51: Information 3.1%	All Other Industries 2.7%	48-49: Transportation and Warehousing, 2.2% 72: Accommodation...	

County locations of primary operations and any additional locations

The map in figure 4 shows the total number of responses that mentioned each county, including both primary and additional locations. Regarding primary operations, 185 respondents, or 91.1 percent, primarily operate in Oakland County, while around two percent each primarily operate in Macomb, Wayne, or Washtenaw counties. Additionally, 32.5 percent of employers indicated that they have multiple locations. Secondary locations were primarily located in southeast Michigan; Wayne and Macomb counties were each mentioned by several employers. Some statewide employers and employers operating in other counties around the region responded as well. It was discussed in all employer convenings that transportation barriers heavily impact the area, especially as many workers travel from Genesee county to the other MWAs. Insurance, licensing, and car repairs are prohibitively expensive, and transit is limited; employees mitigating costs through carpools are jointly susceptible to breakdowns.

FIGURE 4: PRIMARY AND ADDITIONAL LOCATIONS BY COUNTY

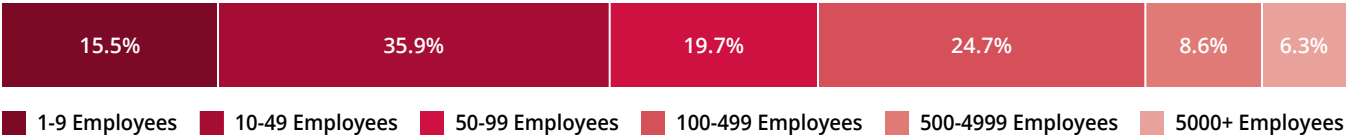


Staffing

Full-time employee counts

Employers that responded to this survey are fairly evenly distributed among business sizes, though there is an emphasis on small to mid-sized employers. 60.6 percent of employers have 100 full-time employees or fewer. Just under 15 percent of responses indicated that they employ 500 individuals or more.

FIGURE 5: PERCENT OF RESPONSES BY BUSINESS SIZE



Occupational Breakdown

- Which of the following roles are employed at your location?
- What is the approximate percentage of your staff in these roles?
- How long does it typically take to fill a position in these roles?

Some positions are significantly harder to fill and retain than others, and some skillsets are unusually rare. One of the primary concerns for this study was to quantify which occupations those may be. Employers often indicate that skilled trades roles have especially small talent pools and face an exceptional threat from the region's aging workforce, and the high competition for technology and engineering roles is well known as well. The average and median values presented in this section reflect only OCMW! service area responses.

In figure 6, the broad range of industries represented within responses is clear, as roles applicable to most businesses such as office and administrative workers, general managers, and sales representatives are near the top of the list. Engineering and skilled trades roles have a high place as well. These occupations were chosen by many respondents and make up large portions of employers' total staffing. It was reported here to take, on average, around two months to fill a skilled trades position, though they generally indicate high retention. In convenings and turnover commentary within the survey, many employers commented that workers in many roles that make it through an initial threshold period are likely to stay for years.

FIGURE 6: EMPLOYMENT AND PERCENT OF STAFF BY NUMBER OF RESPONSES

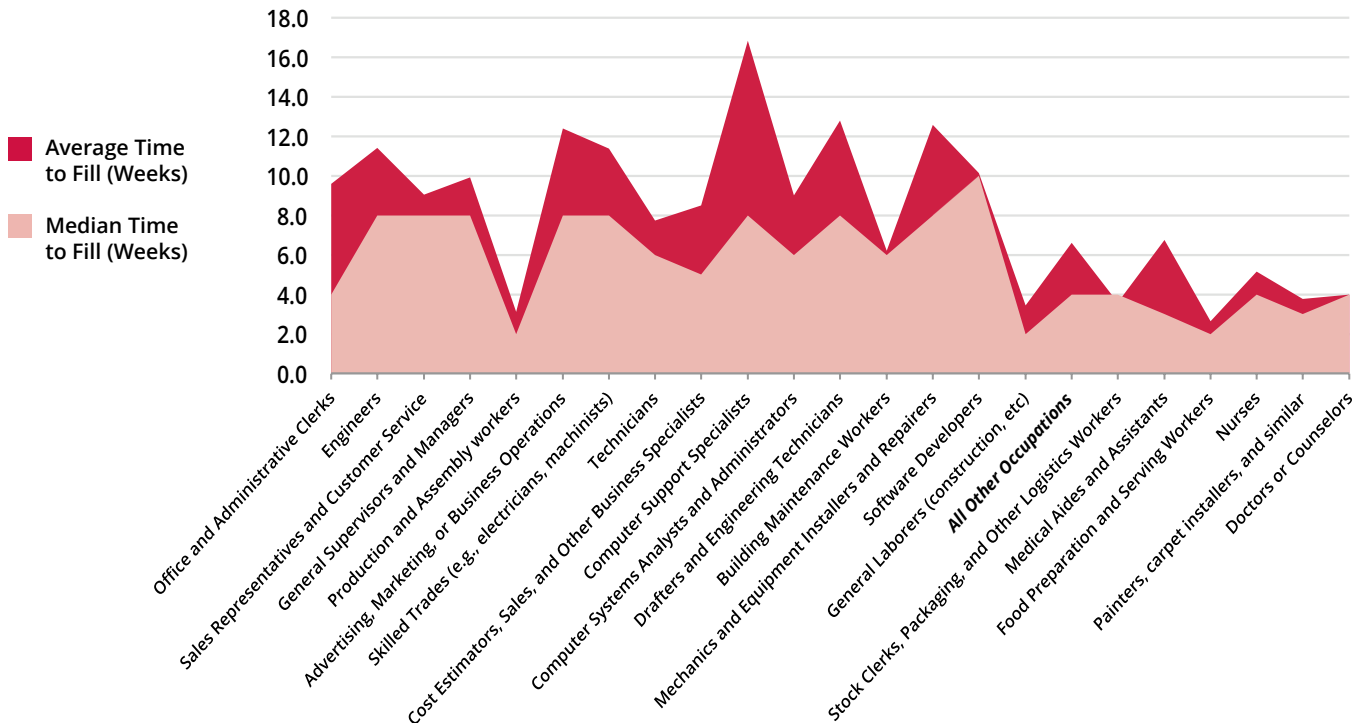
OCCUPATION	NUMBER OF RESPONSES	AVERAGE PERCENT OF STAFF
Office, Administrative, Accounting, and Bookkeeping Clerks	93	10.3%
Engineers	75	23.6%
Sales Representatives, Buyers, and Customer Service, Including Related Managers	69	12.1%
General Supervisors and Managers	63	9.7%
Production and Assembly workers	55	55.7%
Advertising, Marketing, or Business Operations	53	6.7%
Skilled Trades (e.g., electricians, carpenters, machinists, tool & die makers)	49	16.5%

(Continued on next page)

(Continued from previous page)

OCCUPATION	NUMBER OF RESPONSES	AVERAGE PERCENT OF STAFF
Technicians	42	9.2%
Cost Estimators, Sales, and Other Business Specialists	40	7.7%
Computer Support Specialists	33	4.3%
Computer Systems Analysts, Specialists, and Administrators	31	6.0%
Drafters and Engineering Technicians	31	18.0%
Building Maintenance Workers	27	10.8%
Mechanics and Equipment Installers and Repairers	27	10.1%
Software Developers	26	8.2%
General Laborers (construction, etc)	25	33.8%
All Other Occupations	25	36.0%
Stock Clerks, Packaging, and Other Logistics Workers	18	26.6%
Medical Aides and Assistants	9	56.4%
Food Preparation and Serving Workers	8	40.0%
Nurses	8	30.2%
Painters, carpet installers, and other roles requiring short-term training	6	36.6%
Doctors or Counselors	5	38.3%

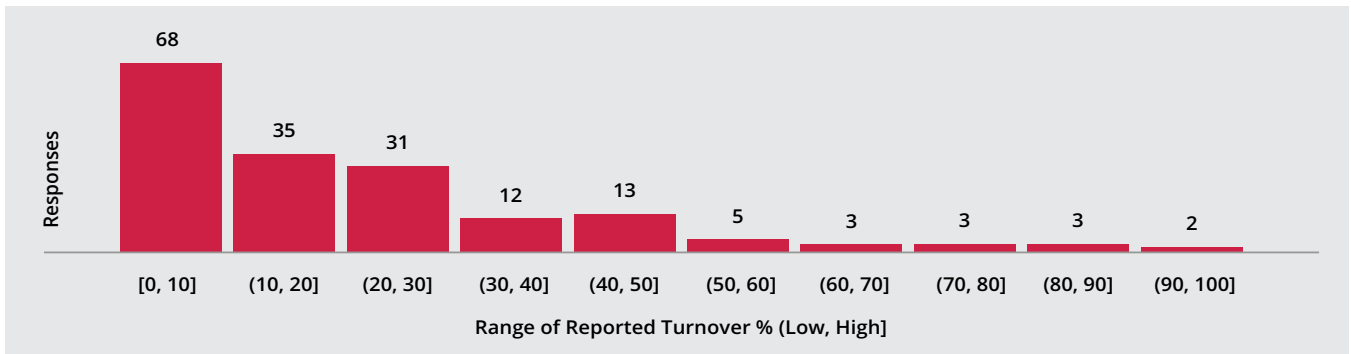
FIGURE 7: AVERAGE AND MEDIAN TIME TO FILL A POSITION BY OCCUPATION



Employee Tenure

Estimated annual turnover rate

FIGURE 8: AVERAGE ANNUAL TURNOVER PERCENT BY NUMBER OF RESPONSES

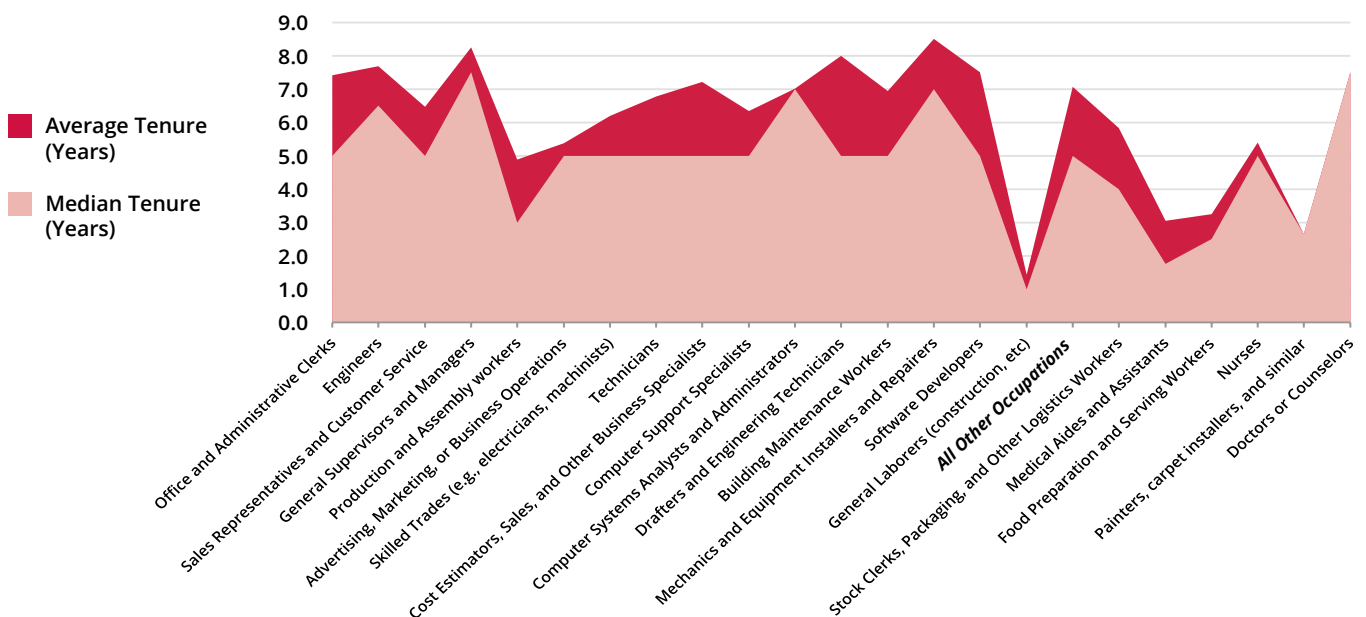


Responding employers experience a wide range of turnover rates as depicted in figure 8. The greatest portion, or 68 employers, have a 10 percent or smaller annual rate of turnover. The next largest portion report annual turnover between 10 and 20 percent. However, a total of 17 employers experience greater than 50 percent turnover each year, or more than half of their staff. This distribution is somewhat smoother than that of most MWAs' responses, as many other regions had a greater portion of responses with very high turnover than that shown here.

Tenure estimates by occupation

Regionally, several patterns emerged among tenure rates. These were reflected in this service area, though average tenure is more similar across occupations in this county than most MWAs. Medical aides, production workers, and other entry-level positions have both very low tenure and low time to fill, while the opposite is true for high-skilled roles such as doctors, skilled trades, and engineers.

FIGURE 9: AVERAGE AND MEDIAN TENURE BY OCCUPATION



Tenure differences between hourly and salaried workers

Nearly half, or 44.7 percent, of responding employers stated that tenure is noticeably different between their hourly and salaried workers. Below is a depiction of the distribution of tenure for both groups. Hourly workers have much greater numbers of individuals remaining in their positions for fewer than five years, while salaried workers are much more likely to remain with a company for five years or more.

FIGURE 10: DIFFERENCES IN TENURE FOR HOURLY AND SALARIED WORKERS



Tenure differences between entry-level and management workers

Over half, or 64.3 percent, of responding employers stated that tenure is noticeably different between their entry-level and management workers. Below is a depiction of the distribution of tenure for both groups. Individuals that begin working at these companies in entry-level roles most often remain with the company for one to five years, with 60.6 percent falling into this range. Individuals in management roles are likely to stay for long periods, with about 86.9 percent remaining with a company for at least five years.

FIGURE 11: DIFFERENCES IN TENURE FOR ENTRY-LEVEL AND MANAGEMENT WORKERS



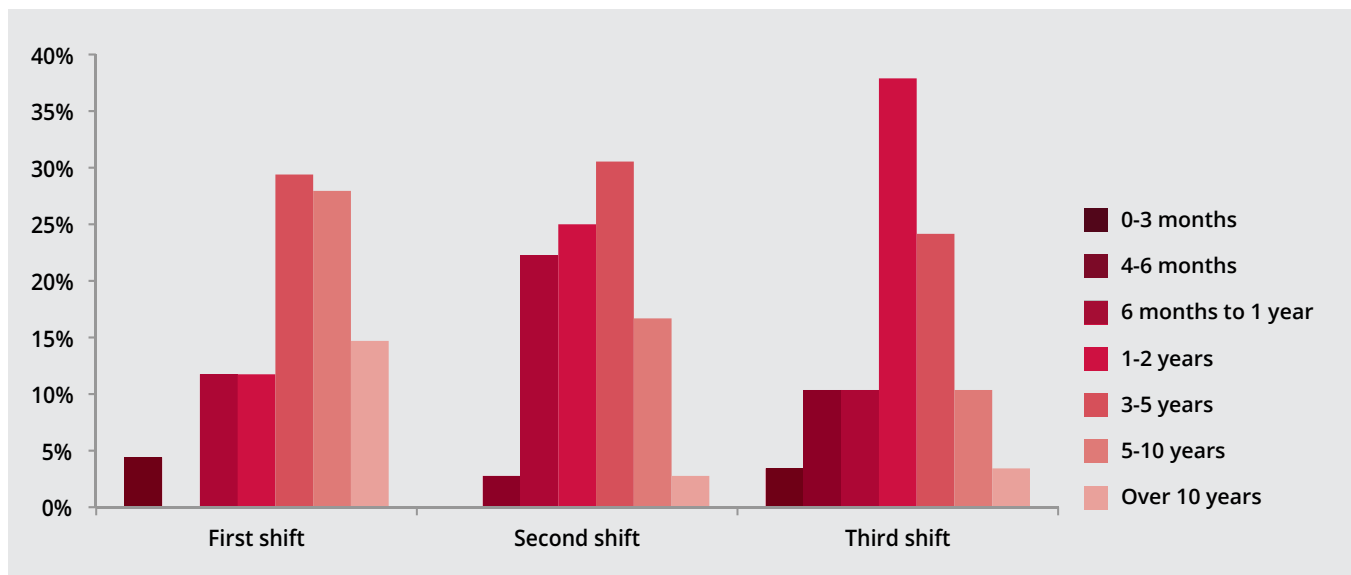
Tenure changes from additional training

Many employers (67.9 percent) either train all workers no matter what, have not measured the impact of training, or have not noticed a difference in tenure. Several responding employers expressed concern that trained workers will use the training to move on to other companies for higher wages, but almost all employers who have measured a difference indicated that additional training has a positive overall effect on retention. Some responses referred to employees in general changing jobs fairly frequently, and many businesses have implemented new training programs but have not yet been able to evaluate the impact of training. In convenings, employers expressed excitement over additional training resources, and survey responses reflected this by indicating that they do not feel they can afford further training.

Tenure differences between day and night shifts

Reflecting the high number of manufacturing employers, 40.0 percent of responses indicated that they employ workers on multiple shifts. Most noticeably, first shift workers are by far the most likely to remain with a company for over five years, while many individuals appear to test whether they can adapt to a third shift schedule for six months or fewer. All three shifts have similar rates of working between three and five years. This reflects employer comments from convenings; second and third shift positions are often initially difficult to fill, but typically once a good fit is found the employee is likely to stay. Shift scheduling, alongside conflicts like repetitive work and tough working conditions, can make it especially difficult to fill jobs in manufacturing and construction businesses.

FIGURE 12: DIFFERENCES IN TENURE BY SHIFT



Human Resources Management

Capacity of human resource departments

Most employers, or 71.3 percent of responses, reported that their company has dedicated human resources staff. Of them, 36.2 percent have just one individual managing talent. The next largest portion, or 22.5 percent, have two individuals managing human resources, while the remaining 40.0 percent have three or more. For those without dedicated HR staff, two of the respondents indicated that a contracted HR firm manages their staffing matters, but they are primarily handled internally. Internal management appears to be split nearly evenly between finance and office

managers and similar roles or company ownership, presidents, or executives. Just under half of these employers are handling all staffing internally. One quarter state that they typically use a staffing agency to fill open positions, and another 23.9 percent indicate that they will use a staffing agency for temporary hires, difficult to fill positions, or other situational reasons.

FIGURE 13: NUMBER OF HUMAN RESOURCES WORKERS BY RESPONSES

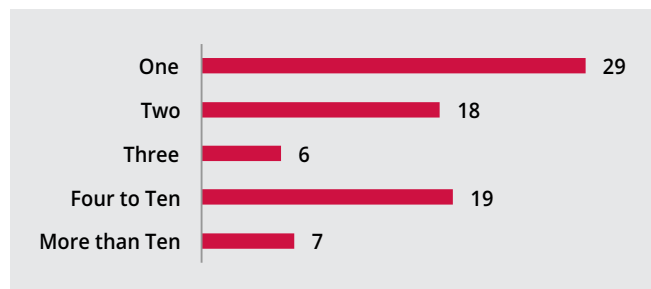


FIGURE 14: HR DISTRIBUTION BY LOCATION

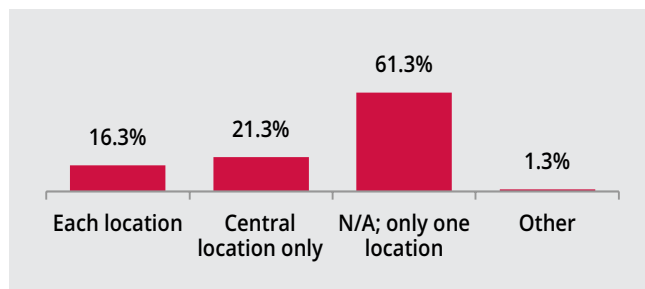
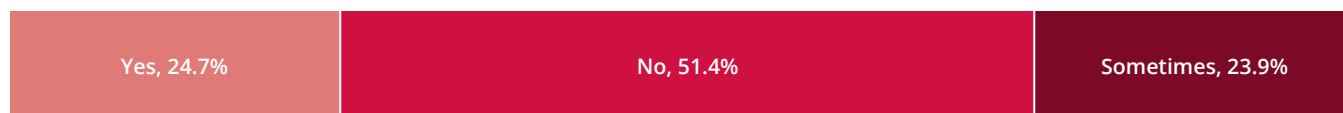


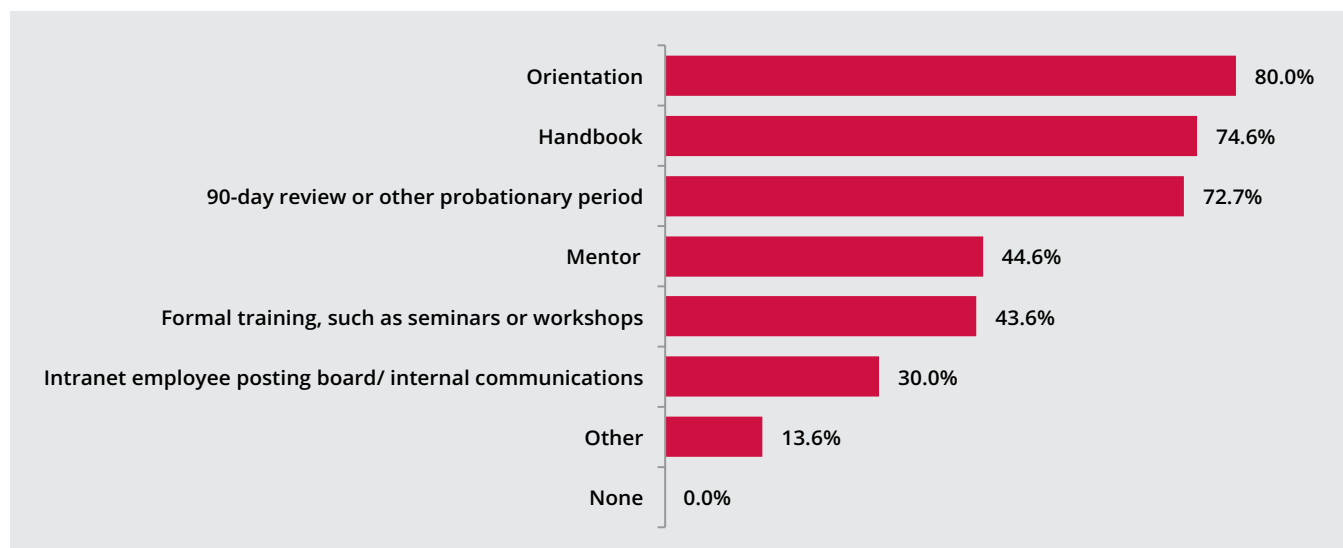
FIGURE 15: USE OF A STAFFING AGENCY BY PERCENT OF RESPONSES



Onboarding strategies

In both survey responses and convenings, employers indicated that one of the best strategies that can be used to keep workers in their companies is to provide excellent training and clear expectations from the moment a person is hired. Though the high percentage of one-person HR departments may not have capacity to implement more hands-on methods, nearly all employers utilize some kind of official onboarding. Figure 16 shows the percent of responses utilizing each of the indicated onboarding strategies.

FIGURE 16: ONBOARDING STRATEGIES BY PERCENT OF RESPONSES

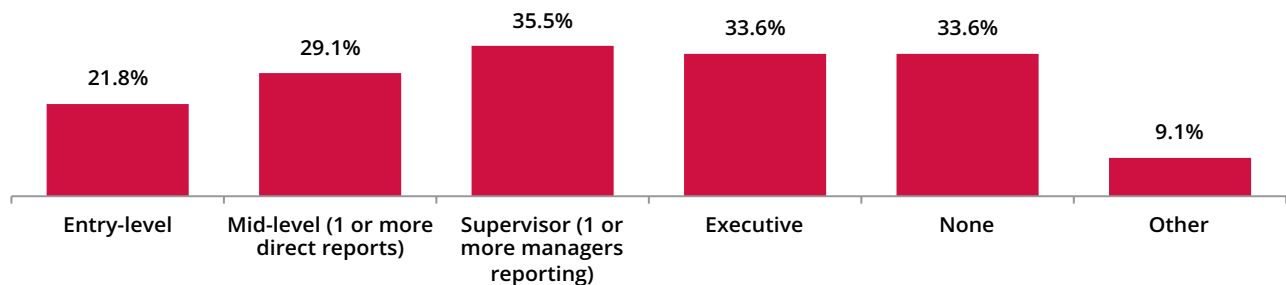


Formalized feedback strategies

Just over one third of responses, or 36.7 percent, indicated that they do not have any formalized feedback strategies, while another 11.9 percent have informal feedback systems such as open door policy for management and employee suggestion boxes. About 20.2 percent of responses primarily use annual reviews and new hire performance evaluations to provide and receive employee feedback, and 14.7 percent regularly survey their workers. Finally, a few responses each suggest that employers either hold regular meetings for feedback or only provide feedback during disciplinary measures.

At what level do you have succession planning procedures in place?

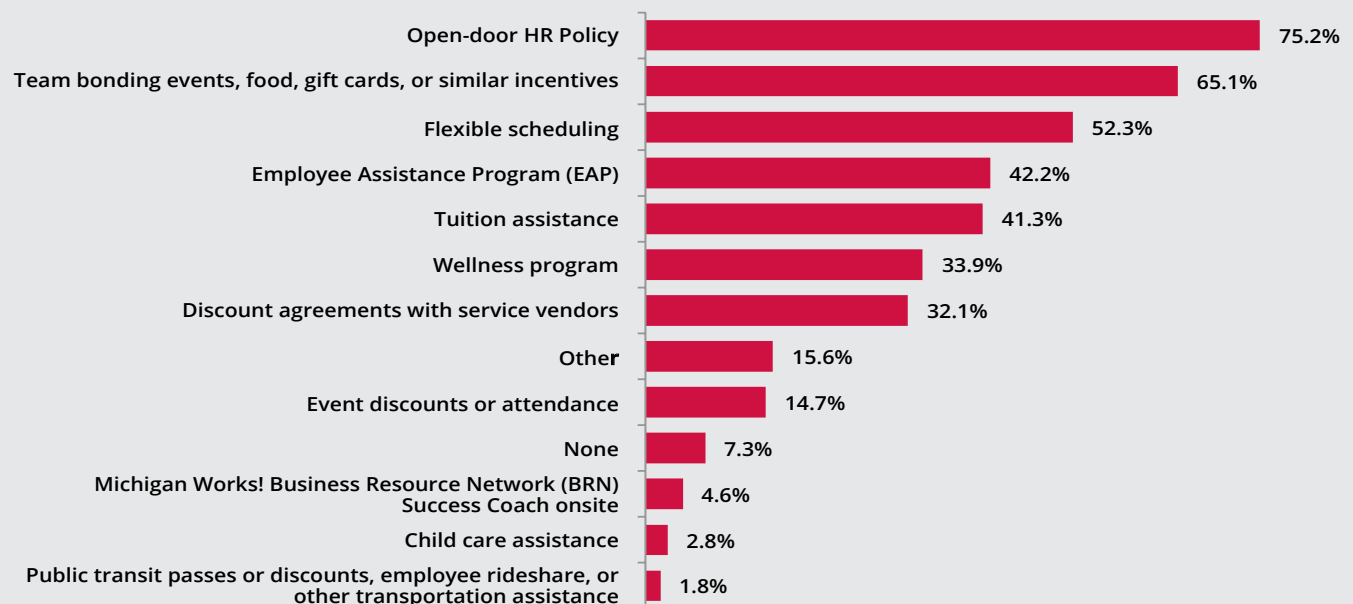
FIGURE 17: PERCENT OF RESPONSES WITH SUCCESSION PLANNING BY JOB TYPE



Retention Strategies

What retention strategies do you have in place, and how often do you update them?

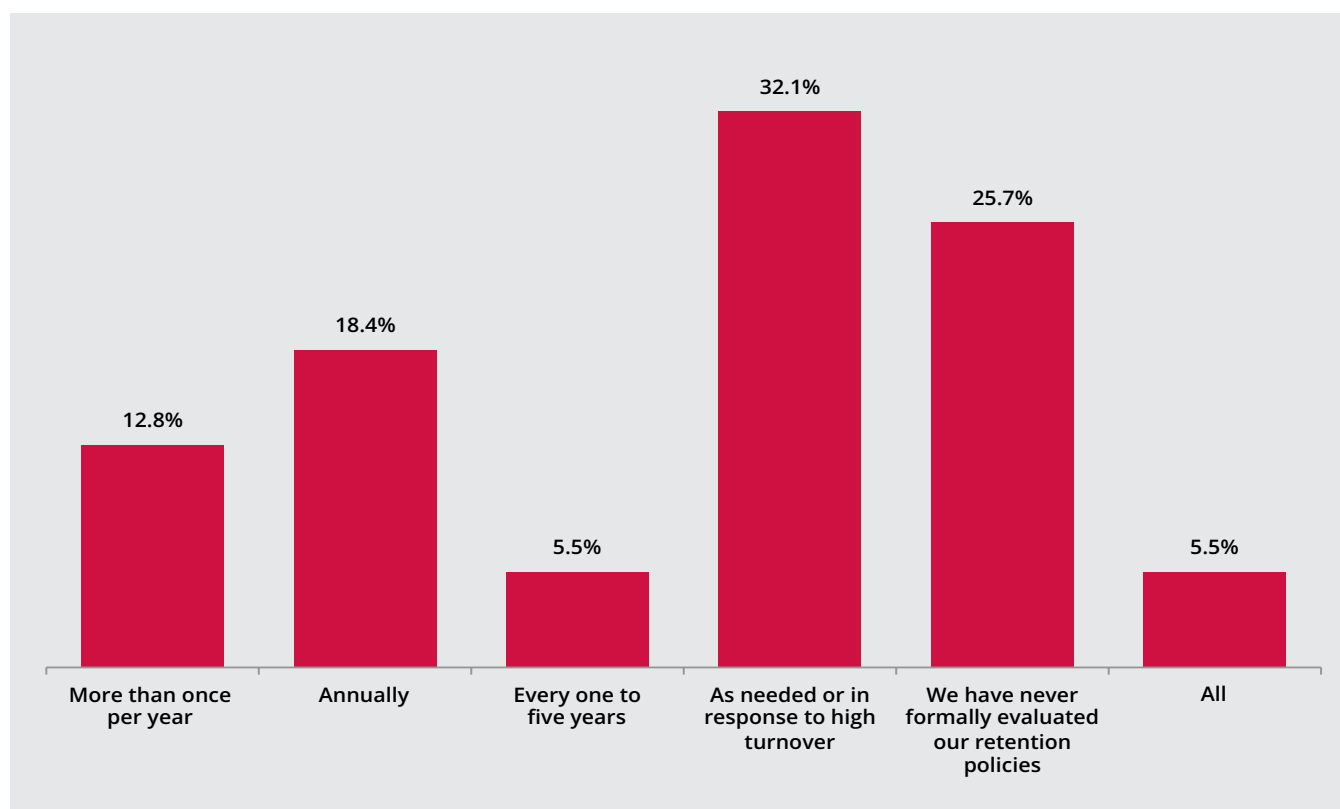
FIGURE 18: RETENTION STRATEGIES BY PERCENT OF RESPONSES



Responding employers described flexible scheduling as referring to leeway regarding commute, doctors' appointments, and child care needs. Several responses mentioned that employees may set their own start and end times within a given range. Others indicated that taking personal days is acceptable and encouraged, or that remote working is allowed, though a few were referring to part time work or the availability of different shifts. Employers responding with "other" often referred to advantages conferred by high compensation and good company culture. Though transportation was identified as a key issue for turnover in both convenings and this survey and across MWAs, few responses indicate that their company provides any transportation-specific assistance.

Different businesses take different approaches to implementing these strategies; though 94 percent of responding employers have at least one of the above retention strategies in place, about one quarter have never formally evaluated their policies. Just under one third of employers indicated that they evaluate their retention policies on an as-needed basis.

FIGURE 19: FREQUENCY WITH WHICH EMPLOYERS EVALUATE RETENTION POLICIES



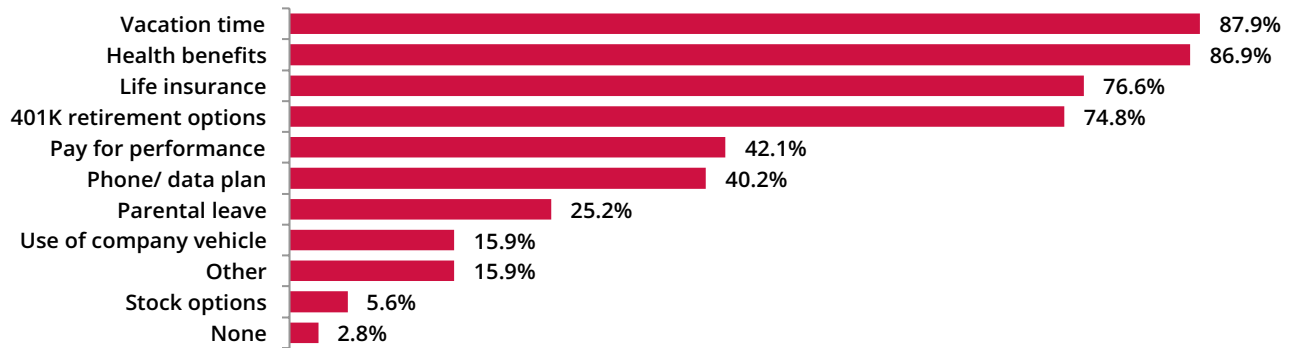
Effectiveness of retention strategies

When considering the broad array of retention strategies utilized, nearly 100 employers reported strategies they find especially effective. Many among them stated that paying above average wages, offering extensive benefits, and having bonuses available help them retain talent. Cultures of strong communication and transparency were also acknowledged as being very effective, as was training. Of the options in figure 18, the open-door HR policy, flexible scheduling, and many team bonding and food incentives were mentioned.

Not all results have been positive, however, and 40 employers reported strategies that have not been helpful to them in the past. Many of these pertained to wages, indicating that changes in pay or benefits alone did not increase employee retention. Others varied by workplace; rigid policy adherence and micro-management were both mentioned as ineffective, but so were flexible scheduling and the kinds of "fun" incentives that were also highlighted as successful strategies.

Employee Satisfaction

FIGURE 20: BENEFITS OFFERED BY PERCENT OF RESPONSES



Compensation considerations: salary and benefit comparisons

Wages are often considered a primary cause of turnover; during convenings, many employers noted that workers will leave for very small changes in pay. Employers indicating that they generally offer above average pay also cite low turnover rates, in many survey responses. Just over one third, or 35.5 percent, of surveyed employers have standardized salary bands for their workers. Both a distribution of reported wages by occupation group from this survey and Bureau of Labor Statistics (BLS) wages for Oakland County are shown below. Convenings provided a significant amount of information regarding pay considerations, as employers reported both cost and logistic barriers in adjusting wages. As competition for talent grows, businesses are finding it increasingly important to keep up with regional average wages. Benefits are key as well, and for many workers, a range of the right benefits may make up for slightly lower wages or unusual schedules. Tuition reimbursement, schedule flexibility, incentives, and other broad benefits are becoming increasingly common, though workers that are young or do not have families may not account for above average health insurance in making compensation decisions.

FIGURE 21: APPROXIMATE SALARY DISTRIBUTION BY OCCUPATION

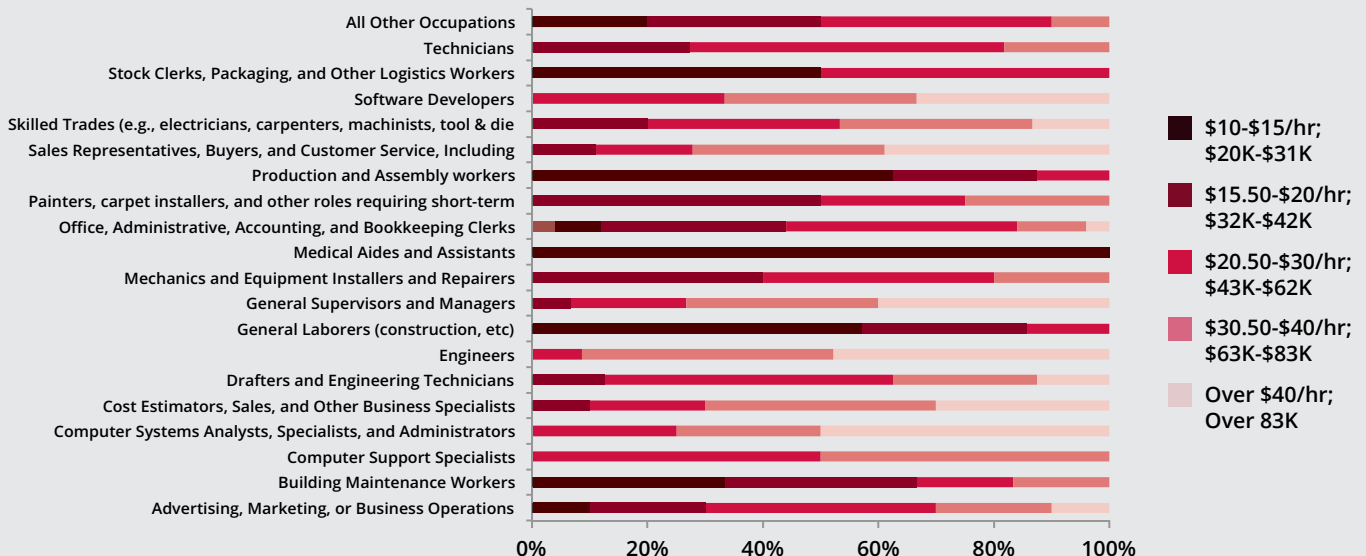


FIGURE 22: WAGE SCALE FOR TOP 12 SURVEY OCCUPATIONS IN OAKLAND COUNTY

SOC	Occupation	PCT. 10 HOURLY EARNINGS	PCT. 25 HOURLY EARNINGS	MEDIAN HOURLY EARNINGS	PCT. 75 HOURLY EARNINGS	PCT. 90 HOURLY EARNINGS
43-9199	Office and Administrative Support Workers, All Other	\$12.49	\$16.55	\$22.15	\$26.26	\$27.89
17-2141	Mechanical Engineers	\$28.32	\$35.10	\$44.24	\$54.97	\$64.15
17-2199	Engineers, All Other	\$24.69	\$36.16	\$46.30	\$57.92	\$68.98
41-4012	Sales Representatives, Wholesale and Manufacturing, Except Technical and Scientific Products	\$14.28	\$21.43	\$31.21	\$47.07	\$64.81
11-1021	General and Operations Managers	\$23.59	\$36.21	\$54.97	\$84.83	\$125.51
51-2098	Assemblers and Fabricators, All Other, Including Team Assemblers	\$10.96	\$12.74	\$16.37	\$21.03	\$30.01
51-9199	Production Workers, All Other	\$10.82	\$15.99	\$19.64	\$23.44	\$34.43
13-1161	Market Research Analysts and Marketing Specialist	\$14.25	\$20.88	\$29.76	\$41.70	\$57.06
13-1199	Business Operations Specialists, All Other	\$18.20	\$25.20	\$35.43	\$47.64	\$59.75
51-4041	Machinists	\$13.72	\$17.62	\$22.56	\$27.91	\$32.05
51-4111	Tool and Die Makers	\$17.49	\$22.25	\$28.30	\$34.05	\$39.67
17-3029	Engineering Technicians, Except Drafters, All Other	\$20.38	\$28.17	\$34.96	\$40.73	\$49.57

Source: Bureau of Labor Statistics

Does your company have clearly defined promotion pathways for any of these roles?

FIGURE 23: STANDARD PROMOTION PATHWAYS BY OCCUPATION AND PERCENT OF RESPONSES



Promotion pathways and necessary training

Half of responding employers stated that they do not have set advancement pathways for any of the roles chosen here, though many employers responding “None” did state that promotions were common on an individual basis. Several employers that do have advancement pathways indicated that they are available for multiple roles. There were 117 total occupation pathways selected here by employers. About half of these companies require additional training or credentials. Most of the responses (70.3 percent) indicate that funding for the training, if required, is always available. Another 14.8 percent fund situationally, depending on how critical the training is and what certification or degree is required. When asked how they manage competing work and training schedules, the greatest portion of responses (48.0 percent) allow training to take place during work hours, while the next greatest (32.0 percent) create accommodations as needed. A few responses each indicate that either training occurs during off-hours periods or that educational leave is offered to employees pursuing degrees.

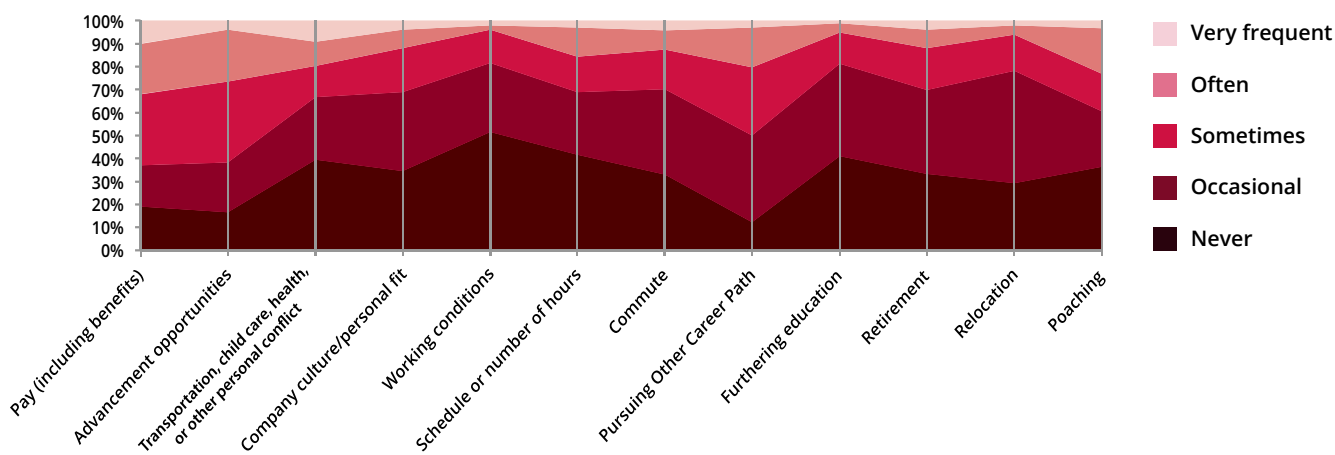
Staff Retention Challenges

Employers indicated a variety of reasons for being concerned about turnover, and 68.3 percent of responses stated that they are worried about staff retention. Many have noticed an uptick in turnover in recent years, especially within the skilled trades or regarding entry level workers. The burden and expense of training a new worker is felt as well. An aging workforce is creating anxiety among employers who express that they are already unable to find workers with the right skills. Several employers expressed frustration with the proliferation of staffing agencies. As employers broaden their search for talent, they increasingly find that workers must be coached in workplace soft skills. This was noted across all MWAs and industries, and extended to factors like attendance and punctuality, work-life balance, motivation and dedication, and personal fit with the company.

Reasons given for leaving a job

Employers were asked to rank employees’ stated reasons for leaving by frequency, ranging from “never” (employees do not ever express this was the primary reason) to “very frequent”. The most common reason cited “very frequently” for employee turnover is a desire for higher pay or benefits, followed closely by transportation, child care, and other personal conflicts. These reasons were echoed in convenings and across the region. Reasons cited “often” also include opportunities to advance within the company and fit with the company culture, while personal events such as retirement, changing career paths, or desiring a shorter commute were fairly common for all employers. High competition for skilled workers in the area can be shown by the frequency with which poaching is considered a primary reason for leaving.

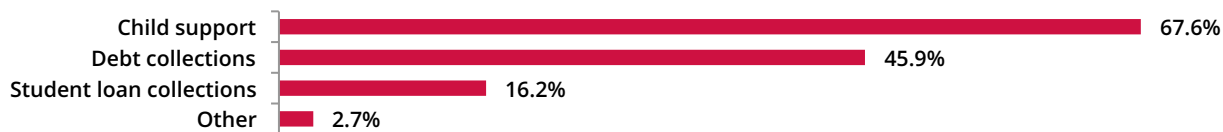
FIGURE 24: EMPLOYEES’ REASONS FOR LEAVING BY FREQUENCY



Personal barriers and court-ordered payroll deductions

As shown in figure 24, barriers such as housing, child care, transportation, and medical issues continue to frustrate both workers and their employers. Individuals struggling with poor attendance often face unseen barriers at home; transportation is the most commonly cited, but housing, child care, and health are also important. Legal barriers and court-ordered wage deductions can be difficult as well. A little under one fifth, or 17.5 percent, of employers report retention issues for employees burdened by court-ordered payroll deductions. Among those indicating that payroll deductions are an issue, the greatest portion (67.6 percent) cited child support child support. Debt collections, with 45.9 percent, were also common while student loan collections represent a distant third.

FIGURE 25: REASONS FOR COURT-ORDERED PAYROLL DEDUCTIONS BY PERCENT OF RESPONSES



Estimated costs of turnover and new hire learning curve

FIGURE 26: ESTIMATED COSTS OF TURNOVER

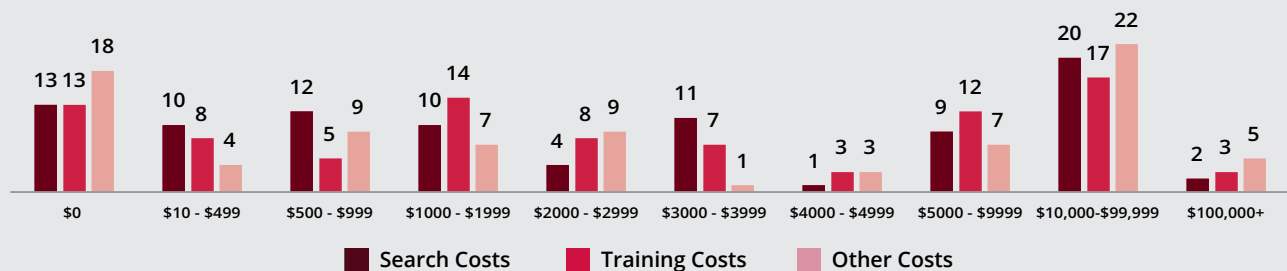


Figure 26 shows the number of responses indicating that their cost to replace an employee falls within the given range. Search costs, with an average of about \$10,500 per worker and a median of \$1,500, are typically the smallest portion of the expense. Suggestions for “other” costs included lost productivity or revenue while being short-staffed or lacking experienced workers; as shown in figure 27, it most often takes over three months for a new worker to be as productive as an existing one. “Other” costs had a median of \$2,000 and a high number of estimates over \$5,000 leading to an average of \$15,500. Estimated costs to train a new worker had a similar distribution. Median training costs were estimated to be \$2,500, but average training costs were \$10,600, possibly indicating tuition assistance or other costly certifications. Altogether, the median estimate of the cost to bring on a new worker when an employee leaves was estimated to be \$6,000 but can easily range over \$30,000 depending on the position. With many MWAs reporting median turnover costs near \$4,000, Oakland County employers report expenses that are higher than those of the region overall, particularly as it relates to training costs.

FIGURE 27: TIME TO BRING A NEW EMPLOYEE TO FULL PRODUCTIVITY BY PERCENT OF RESPONSES



APPENDIX:

Works Cited for Best Practice Research:

March, J., and Simon, H. (1958). *Organizations*. New York, NY: John Wiley.

Mitchell, T., Holtom, B., Lee, T., Sablinski, C., and Erez, M. (2001). Why people stay: Using job embeddedness to predict voluntary turnover. *Academy of Management Journal*, 44(6).

Lee, T., Hom, P., Eberly, M., and Li, J. (2018). Managing employee retention and turnover with 21st century ideas. *Organizational Dynamics*, 47.

Gallup. (2017). State of the American Workplace.

Heavey, A., Holwerda, J., Hausknecht, J. (2013). Causes and Consequences of Collective Turnover: A Meta-Analytic Review. *Journal of Applied Psychology*, 98(3).

Kacmar, K., Andrews, M., Van Rooy, D., Steilberg, R., and Cerrone, S. (2006). Sure everyone can be replaced... but at what cost? Turnover as a predictor of unit-level performance. *Academy of Management Journal*, 49(1).

Park, T., Shaw, J. (2013). Turnover Rates and Organizational Performance: A Meta-Analysis. *Journal of Applied Psychology*, 98(2).

Society for Human Resource Management (SHRM). (2016). 2016 Human Capital Benchmarking Report.

Zimmerman, R., Swider, B., Boswell, W. (2018). Synthesizing content models of employee turnover. *Human Resource Management* 2019(58).

Shuck, B., Twyford, D., Reio, T., and Shuck, A. (2014). Human Resource Development Practices and Employee Engagement: Examining the Connection With Employee Turnover Intentions. *Human Resource Development Quarterly* (25)2.

Oakland County Michigan Works! is a proud partner of the American Job Center Network.
Equal Opportunity Employer/Program
Auxiliary aids and services available upon request to individuals with disabilities.

Funded by: Michigan Talent Investment Agency and Oakland County Workforce Development Board

