



MACOMB/ST. CLAIR 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 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. For more details on tenure by occupation, see page 8.
- 2. Macomb and St. Clair employers estimate median turnover costs of \$5,250 per worker. This includes factors such as hiring search costs, training, and lost revenue and productivity. Training costs alone are estimated to be about \$2,000 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 transportation, child care, and other personal conflicts, followed by a desire for higher pay or benefits. Difficult working conditions impacted employers with production environments or night shifts and were cited as being extremely common reasons for departure as well. Reasons cited "often" also include opportunities to advance within the company and fit with the company culture. 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.

Retail and Hospitality: 8 Health Care: 6 Workforce/ Sales, Business, Construc-Manufacturers: 32 or R&D: 12 tion: 3 TDL: 2

FIGURE 1: EMPLOYER CONVENING PARTICIPANTS BY BUSINESS TYPE

MWA Regional Overview

This report focuses on survey results from the Macomb St. Clair Michigan Works! Service area, which includes Macomb and St. Clair counties. 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

Survey results from Macomb and St. Clair counties were overwhelmingly from Manufacturing employers, greater even than the general predominance of Manufacturing employers responding across Southeast Michigan. The responses were also more tightly concentrated in one county and represented a greater proportion of businesses with fewer than 100 employees. This manufacturing focus for the report means that staffing concerns specific to skilled trades such as machinists and tool and die makers, as well as production workers and plant management, are discussed in greater detail. Time to fill a position and turnover were both somewhat lower than in many other MWAs, though average tenure varied depending on the occupation. These differences, in general, are relatively small between Macomb-St. Clair Michigan Works! responses and those from counties with a similar mixture of responding industries. Wages in this service area were some of the closest to the 16-county regional average, though average pay for observed hard-to-fill occupations like machinists and sales representatives is higher in Macomb and St. Clair counties.

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, 88 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 33.

FIGURE 2: NUMBER OF RESPONSES BY QUESTION



The 88 responses to the survey represent with a 95 percent likelihood the opinions of the general employer population in the two counties, with a margin of error of plus or minus 10 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:

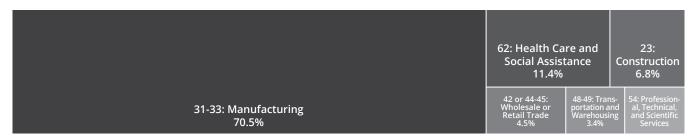
Employer Response Profile

Industry mix from responses

The majority of responding employers in these counties identified themselves as Manufacturing firms, accounting for nearly 70 percent of responses. Health Care and Social Assistance employers made up 10 percent of respondents, while Construction employers were the third largest group.

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 the way businesses in the region file.

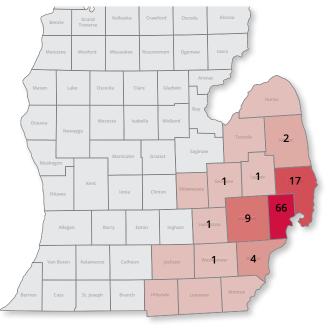
FIGURE 3: EMPLOYERS BY INDUSTRY CLASSIFICATION



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, 65 respondents, or about three quarters, primarily operate in Macomb county, while 16 employers primarily operate in St. Clair County. Additionally, about 29 percent of employers indicated that they have multiple locations. Secondary locations were primarily located in southeast Michigan; Sanilac, Oakland, and Wayne counties were each mentioned by several employers. Two employers have many locations across the state and region. Limited differences in function were mentioned. The wide geographic spread is important considering that transportation barriers heavily impact the area, especially as many workers were indicated in convenings to 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

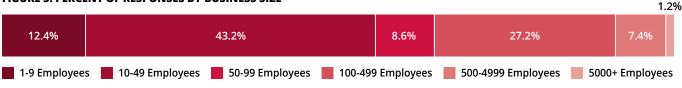


Staffing

Full-time employee counts

Small to mid-sized businesses make up the bulk of the employers that responded to the survey, with 43.2 percent of respondents reporting between 10 and 49 full-time employees, and another 27.2 percent reporting between 100 and 499.

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. The average and median values presented in this section reflect only MSCMW! service area responses.

In figure 6, it is clear that the high level of manufacturing employers taking the survey face a massive demand for both skilled trades and production and assembly workers. These occupations were chosen by high numbers of 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, many employers commented that workers in many roles that make it through an initial threshold period are likely to stay for years. Finding a good match can be a long process.

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

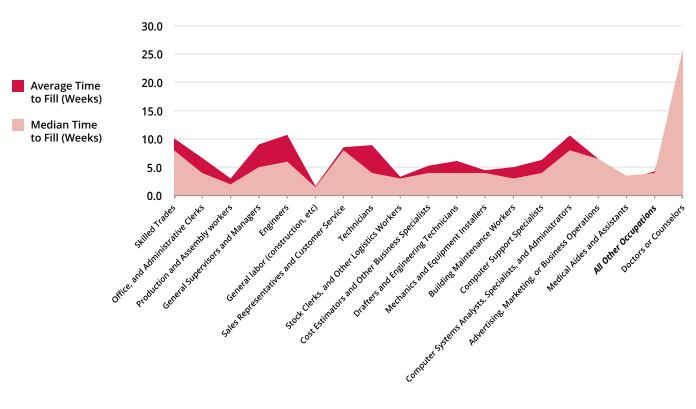
OCCUPATION	NUMBER OF RESPONSES	AVERAGE PERCENT OF STAFF	MEDIAN PERCENT OF STAFF	
Skilled Trades (electricians, machinists, etc)	50	38.6%	27.5%	
Office, and Administrative Clerks	38	5.8%	4.0%	
Production and Assembly workers	34	80.9%	32.0%	
General Supervisors and Managers	32	9.4%	6.0%	
Engineers	23	11.1%	10.0%	
General labor (construction, etc)	23	16.7%	10.0%	
Sales Representatives and Customer Service	20	14.8%	8.0%	

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OCCUPATION	NUMBER OF AVERAGE PERCENT OF STAFF		MEDIAN PERCENT OF STAFF	
Technicians	16	26.1%	10.0%	
Stock Clerks, and Other Logistics Workers	15	10.4%	9.0%	
Cost Estimators and Other Business Specialists	14	6.3%	5.0%	
Drafters and Engineering Technicians	12	15.4%	6.5%	
Mechanics and Equipment Installers	11	9.2%	2.0%	
Building Maintenance Workers	10	7.9%	2.5%	
Computer Support Specialists	10	12.4%	4.0%	
Computer Systems Analysts, Specialists, and Administrators	9	12.9%	4.0%	
Advertising, Marketing, or Business Operations	8	2.0%	2.0%	
Medical Aides and Assistants	8	43.9%	60.0%	
All Other Occupations	8	64.7%	92.5%	
Doctors or Counselors	5	5.8%	1.0%	
Nurses	3	16.5%	16.5%	
Food Preparation and Serving Workers	1	10.0%	10.0%	
Painters, carpet installers, and other roles requiring short-term training	1	10.0%	10.0%	
Software Developers	0	0.0%	0.0%	

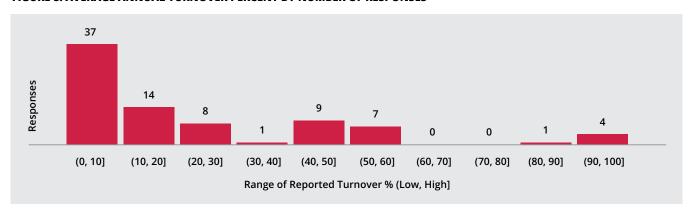
FIGURE 7: AVERAGE AND MEDIAN TIME TO FILL A POSITION BY OCCUPATION



Employee Tenure

Estimated annual turnover rate

FIGURE 8: AVERAGE ANNUAL TURNOVER PERCENT BY NUMBER OF RESPONSES

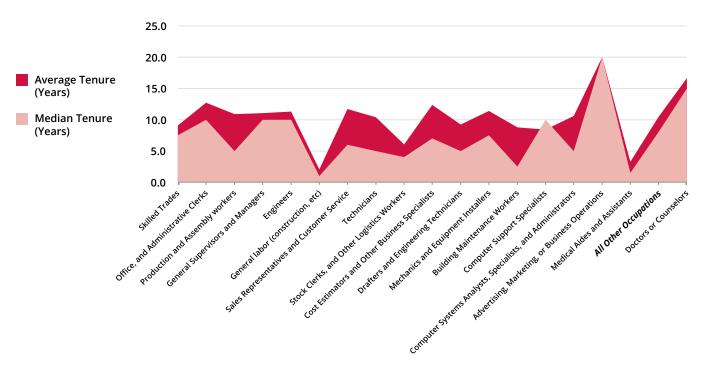


Responding employers experience a wide range of turnover rates as depicted in figure 8. The greatest portion, or 37 employers of the 81 responses, have a 10 percent or smaller annual turnover. However, a total of 12 employers experience greater than 50 percent turnover each year, or more than half of their staff.

Tenure estimates by occupation

Patterns among tenure rates were consistent between this service area and the full region. 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

About one third, or 33.3 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 between four to six months and one and five years, while salaried workers are much more likely to remain with a company for five years or more.

60.0% 0-3 months 50.0% 4-6 months 40.0% 6 months to 1 year 30.0% 1-2 years 20.0% 3-5 years 5-10 years 10.0% Over 10 years 0.0% Hourly workers Salaried workers

FIGURE 10: DIFFERENCES IN TENURE FOR HOURLY AND SALARIED WORKERS

Tenure differences between entry-level and management workers

Over half, or 58.0 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 exhibit a range of tenure periods, with 50.0 percent each reporting average tenure of under three years and three years or greater. Individuals in management roles are likely to stay for long periods, with about 73.9 percent remaining with a company for at least five years.

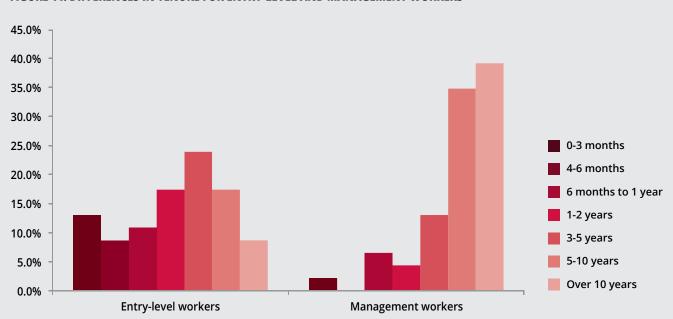


FIGURE 11: DIFFERENCES IN TENURE FOR ENTRY-LEVEL AND MANAGEMENT WORKERS

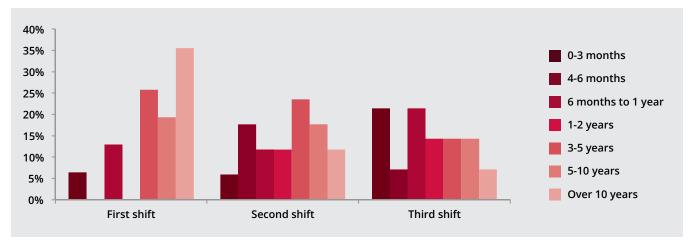
Tenure changes from additional training

30 of the 50 responding employers either have not noticed any change in tenure with additional training or train all workers no matter what. Several responding employers expressed concern that trained workers will use the training to move on to other companies for higher wages, but primarily employers indicated that additional training has a positive overall effect on retention. "Other" comments included employees in general having attendance issues or changing jobs fairly frequently, as well as a few new businesses who have not yet been able to evaluate the impact of training. In convenings, employers expressed excitement over additional training resources. As the survey results suggest, additional training and improved onboarding may reduce turnover, especially for younger workers.

Tenure differences between day and night shifts

Just under half, or 46.0 percent, of responding employers stated 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 ten years, while many individuals appear to test whether they can adapt to a third shift schedule for three months or fewer. All three shifts have similar rates of working between five and ten 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.





Human Resources Management

Capacity of human resource departments

A major concern for Macomb and St. Clair manufacturing employers during the convenings was that their rapid growth outpaced the capacity of their small human resources departments. From the survey, 56.0 percent of responses reported that their company has dedicated human resources staff. Of them, 40.7 percent have just one individual managing talent. The next largest portion, or 25.9 percent, have two individuals managing human resources. A few responses each indicated that they have greater than two and up to 10 people in their HR department. For those without dedicated HR staff, five of the respondents indicated that a contracted HR firm manages their staffing matters. Eleven report that these tasks fall under office manager duties or those of managers of other departments, such

as operations, plant management, or accounting. Five owners or CEOs handle HR duties. About 69 percent of these employers are handling all staffing internally. Fifteen percent state that they typically use a staffing agency to fill open positions, and another 16 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**

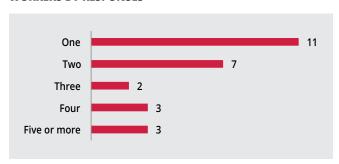


FIGURE 14: HR DISTRIBUTION BY LOCATION

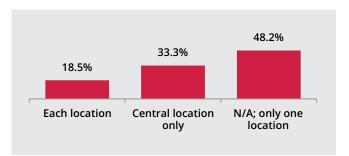


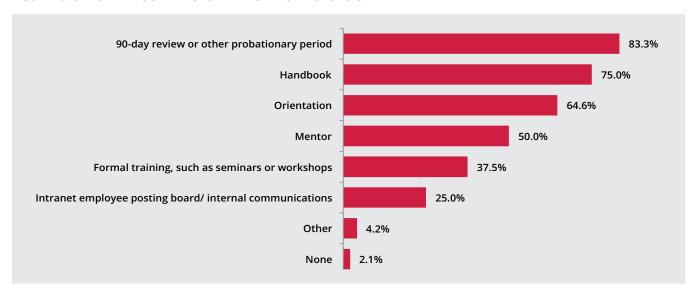
FIGURE 15: USE OF A STAFFING AGENCY BY PERCENT OF RESPONSES



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 handson 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

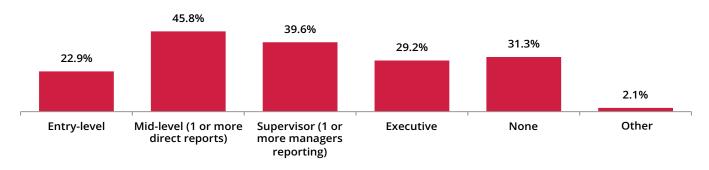


Formalized feedback strategies

Several employers used formalized onboarding and review procedures to share feedback, including 16.7 percent who provide and receive feedback through annual performance evaluations and 6.3 percent that utilize onboarding 90-day evaluations.

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

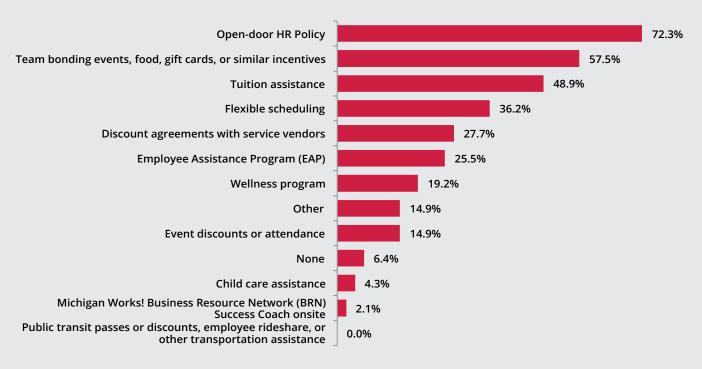
FIGURE 17: PERCENT OF RESPONSES WITH SUCCESSION PLANNING BY JOB TYPE



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 occasional remote working is allowed. Employers responding with "other" often referred to advantages conferred by high compensation, while some referred to on-the-job benefits such as apprenticeship training opportunities and tool allowances. Though transportation was identified as a key issue for turnover in both convenings and this survey and across MWAs, no 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, over one third have never formally evaluated their policies. Another quarter of employers indicated that they evaluate their retention policies on an as-needed basis.

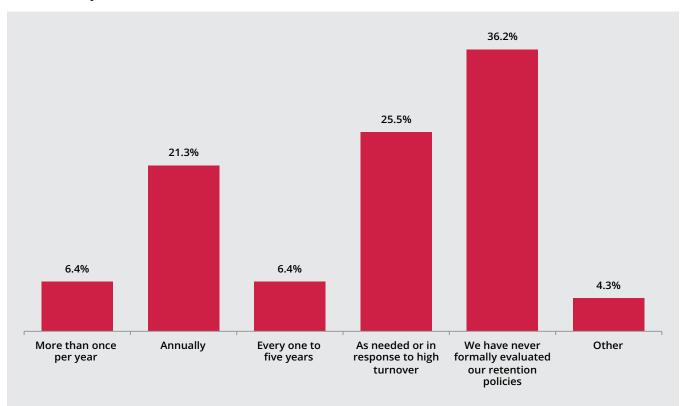


FIGURE 19: FREOUENCY WITH WHICH EMPLOYERS EVALUATE RETENTION POLICIES

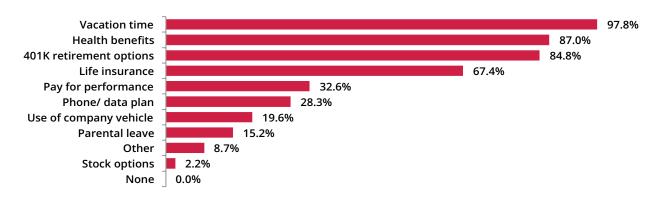
Effectiveness of retention strategies

When considering the broad array of retention strategies utilized, 34 employers reported strategies they find especially effective. Many among them stated that paying above average wages and offering extensive benefits helped them retain talent. Cultures of strong communication, both formal and informal, were also acknowledged as being very effective. Of the options in figure 18, the open-door HR policy, flexible scheduling, EAP offerings, and many team bonding and food incentives were mentioned.

Not all results have been positive, however, and 14 employers reported strategies that have not been helpful to them in the past. Six of these pertained to wages, indicating that changes in pay or benefits 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 remote work.

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 under a quarter, or 23.9 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 Macomb and St. Clair counties is shown below. In convenings, employers reported both cost and logistic barriers in adjusting wages. However, 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. In convenings, employers stated that 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

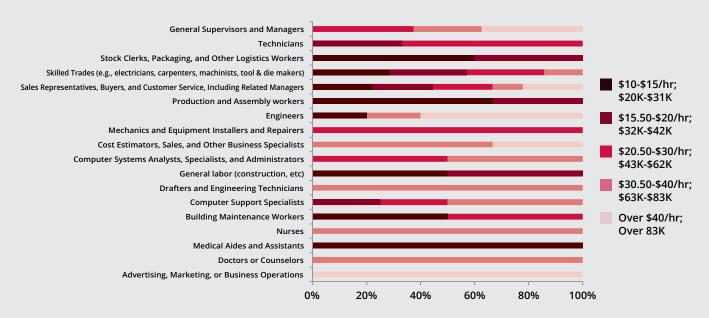


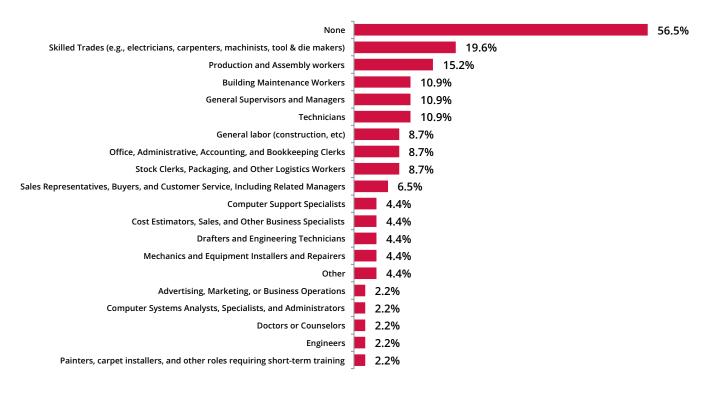
FIGURE 22: WAGE SCALE FOR TOP 12 SURVEY OCCUPATIONS IN MACOMB AND ST. CLAIR COUNTIES

SOC	OCCUPATION	PCT. 10 HOURLY EARNINGS	PCT. 25 HOURLY EARNINGS	MEDIAN HOURLY EARNINGS	PCT. 75 HOURLY EARNINGS	PCT. 90 HOURLY EARNINGS
51-4041	Machinists	\$12.18	\$15.64	\$20.06	\$24.79	\$28.47
51-4111	Tool and Die Makers	\$15.53	\$19.73	\$25.11	\$30.24	\$35.20
43-9199	Office and Administrative Support Workers, All Other	\$12.29	\$15.94	\$22.14	\$26.48	\$27.80
51-1011	First-Line Supervisors of Production and Operating Workers	\$17.63	\$22.41	\$29.84	\$38.82	\$48.61
51-2098	Assemblers and Fabricators, All Other, Including Team Assemblers	\$9.51	\$11.08	\$14.23	\$18.39	\$26.10
51-9199	Production Workers, All Other	\$9.26	\$13.79	\$16.95	\$21.75	\$29.41
11-3051	Industrial Production Managers	\$33.25	\$41.77	\$52.60	\$65.64	\$83.47
17-2141	Mechanical Engineers	\$27.86	\$34.51	\$43.53	\$54.12	\$63.23
53-7062	Laborers and Freight, Stock, and Material Movers, Hand	\$9.06	\$10.47	\$12.82	\$15.83	\$19.02
41-4012	Sales Representatives, Wholesale and Manufacturing, Except Technical and Scientific Products	\$12.32	\$19.00	\$26.73	\$40.21	\$55.56
17-3029	Engineering Technicians, Except Drafters, All Other	\$19.82	\$27.34	\$33.95	\$39.69	\$48.21
49-9041	Industrial Machinery Mechanics	\$15.00	\$19.27	\$24.21	\$30.08	\$36.95

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

A little over half of employers stated that they do not have set advancement pathways for any of the roles chosen here, though employers that do have advancement pathways indicated that they are available for multiple roles. There were 61 total occupation pathways selected here by employers. About half of these companies require additional training or credentials. All responses indicate that funding for the training, if required, is available. Five responses stated that training is completed during normal work hours, while others offer flexible time off, staggered hours, or other additional flexibility.

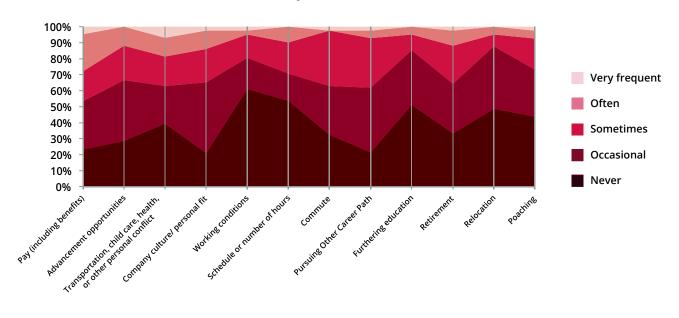
Staff Retention Challenges

Employers indicated a variety of reasons for being concerned about turnover, and 71.1 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. Monetary concerns, such as the ability to pay higher wages and fund additional training, affect many employers as well. Finally, as employers broaden their search for talent, they are increasingly finding 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 was transportation, child care, and other personal conflicts, followed by a desire for higher pay or benefits. These reasons were echoed in convenings. Difficult working conditions impacted employers with production environments or night shifts and were cited as being extremely common reasons for departure for some employers while also having the highest rate of never being mentioned. 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.

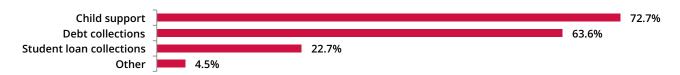




Personal barriers and court-ordered payroll deductions

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. About a quarter, or 24.4 percent, of employers report retention issues for employees burdened by court-ordered payroll deductions. Among those indicating that payroll deductions are an issue, responses included nearly equal proportions of child support and debt collections as the reason for payroll deductions, with 72.7 and 63.6 percent, respectively. Student loan collections represent a distant third, at 22.7 percent.

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 \$2,800 per worker and a median of \$1,000, 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 \$2,250 and a high number of estimates over \$5,000. Estimated costs to train a new worker had a similar distribution. Median training costs were estimated to be \$2,000, but average training costs were \$16,000, 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 \$5,250 but can easily range over \$10,000 depending on the position. With many MWAs reporting median turnover costs near \$4,000, Macomb and St. Clair employers report expenses that are slightly higher than across the region overall.

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



APPENDIX:

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