



# DETROIT EMPLOYMENT SOLUTIONS CORPORATION TURNOVER STUDY RESULTS



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# 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 food preparation and serving workers and medical aides.**

Occupations in which workers tend to remain with a company for a long time, however, face their own challenges in keeping jobs filled. Software developers and skilled trades roles have high average tenure but also typically take a long time to fill, and an oncoming retirement cliff for many manufacturing 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. Surveyed employers estimate median turnover costs of \$4,000 per worker.**

This includes factors such as hiring search costs, training, and lost revenue and productivity. Training costs alone are estimated to be about \$2,000 per employee both in Detroit and across southeast Michigan. Additional training and detailed onboarding are reported as effective, yet expensive, retention strategies. See page 13 for more detail about turnover costs.

**3. The most common reason cited “often” for employee turnover is relocation, followed by transportation, child care, and other personal conflicts.**

Other reasons include opportunities to advance within the company and pursuit of different career paths. See page 12 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. During convenings, 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 11.

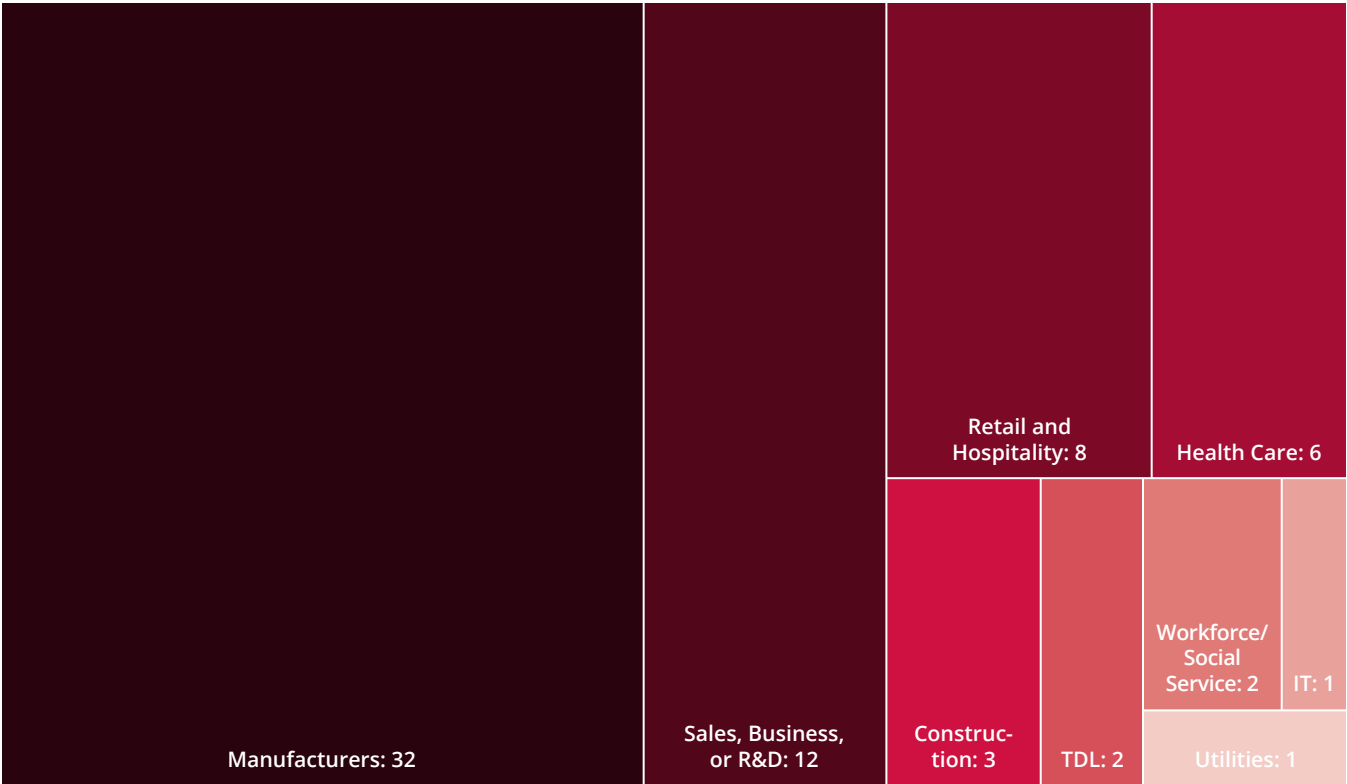
# Additional Context

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 14.

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 reviews survey results from the Detroit Employment Solutions Corporation (DESC) service area, which focuses on the city of Detroit. Though a wide range of employers were surveyed, the Manufacturing, Health Care, Information Technology, and Retail Trade industries were the subject of focus.

## Cross Comparison with Full Region

Given the volume of survey results from the city of Detroit alone, most of the findings presented here are discussed in light of the full 16-county region. Employers responding to this survey were primarily operating in the Professional, Technical, and Scientific services industry with a nearly even mix of other kinds of firms; across Southeast Michigan, survey responses were most frequently completed by Manufacturing employers. This resulted in Detroit responses reflecting larger businesses, lower typical turnover and time to fill positions, and larger human resources departments than were common region-wide. A greater number of technology and business occupations were represented, meaning that employees' reasons for leaving, benefits, and other factors differed somewhat from counties where production workers were the dominant occupation. The turnover costs reported here were similar to the overall average. Detroit wages for the occupations focused on here are generally similar to the 16-county regional average, though they tend to be higher for business roles such as general managers or market research specialists.

## 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 14, 2019. During that time, 19 employers in the service area responded to the survey. About half completed the survey in its entirety. Several questions did not pertain to all employers and were skipped as needed, such as those regarding multiple locations or specific retention strategies. Though the response volume does not allow for statistical precision, the feedback here is considered alongside regional trends and notes from employer convenings to provide specialized context for turnover challenges within the city of Detroit.

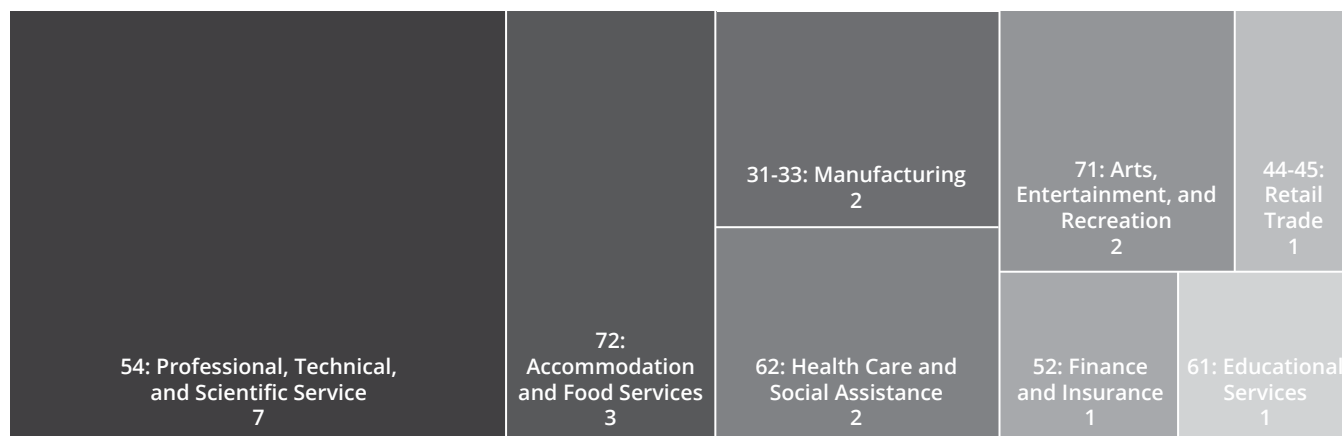
# RESULTS BY QUESTION:

## Employer Response Profile

### *Industry mix from responses*

The greatest portion of responding employers in these counties identified themselves as Professional, Technical, and Scientific service firms, accounting for seven responses. Accommodation and Food Services employers were the next most common, and a handful of other industries were also represented.

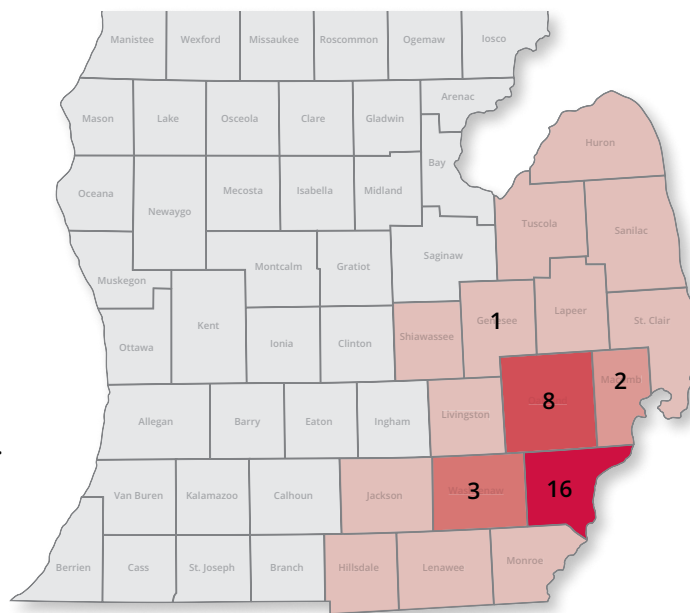
**FIGURE 2: EMPLOYERS BY INDUSTRY CLASSIFICATION**



### *County locations of primary operations and any additional locations*

The map in figure 3 shows the total number of responses that indicate that a business operates in any given county, including both primary and additional locations. Most employers that responded to the survey are primarily based in Wayne county, and most operate multiple facilities both in and out of the city. Regarding primary operations, 12 respondents primarily operate in Wayne county, while about half as many are based in Oakland county. Secondary locations were typically also located within these counties. Transportation barriers heavily impact the whole region. Insurance, licensing, and car repairs are prohibitively expensive, especially in the city of Detroit, and transit is limited; employees mitigating costs through carpools are jointly susceptible to breakdowns.

**FIGURE 3: PRIMARY AND ADDITIONAL LOCATIONS BY COUNTY**

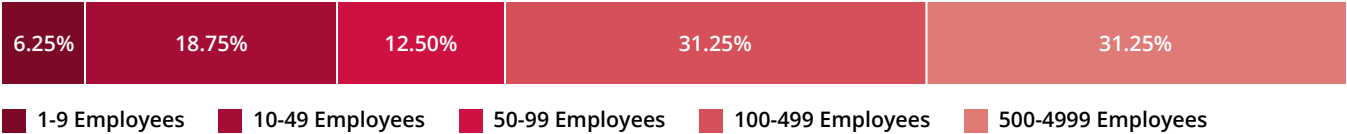


# Staffing

## Full-time employee counts

Small to mid-sized businesses make up the bulk of the employers that responded to the survey, which was common across the region, though a much greater proportion of Detroit employers employ between 500 and 4,999 workers.

FIGURE 4: 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 DESC service area responses, but major differences with the overall region are highlighted where present.

In figure 5, the predominance of professional, technical, and scientific firm responses is displayed, as computer systems and support roles top the list of responses. These occupations also typically make up large portions of employers’ total staff. Food workers, general managers, and maintenance workers were also mentioned relatively often. Technical roles were estimated here to take at least a month to fill, with engineers and software developers taking even longer.

FIGURE 5: EMPLOYMENT AND PERCENT OF STAFF BY NUMBER OF RESPONSES

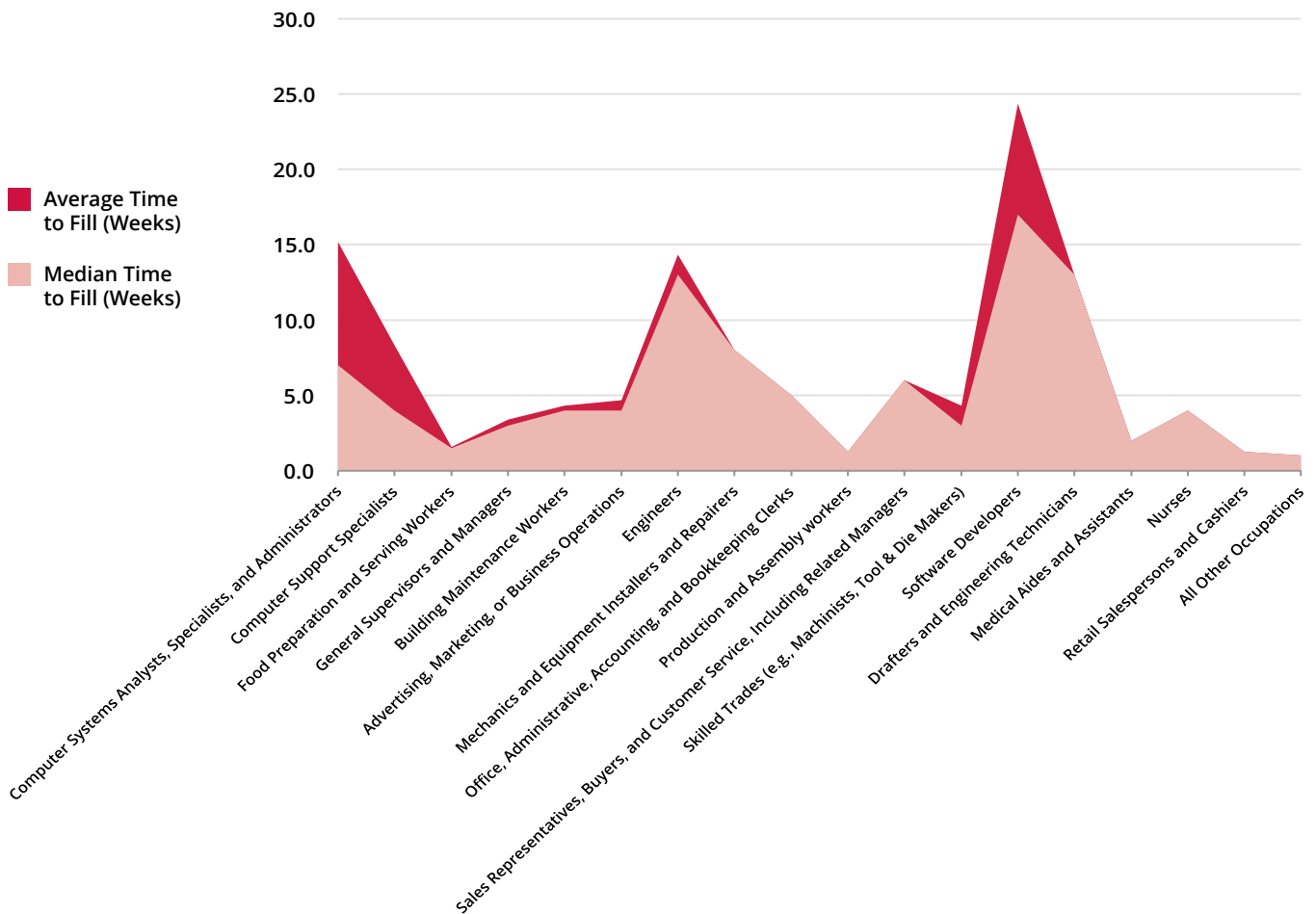
OCCUPATION	NUMBER OF RESPONSES	AVERAGE PERCENT OF STAFF	MEDIAN PERCENT OF STAFF
Computer Systems Analysts, Specialists, and Administrators	9	26.6%	21.5%
Computer Support Specialists	6	19.0%	15.0%
Food Preparation and Serving Workers	6	46.2%	50.0%
General Supervisors and Managers	6	10.8%	6.0%
Building Maintenance Workers	5	4.3%	2.0%
Advertising, Marketing, or Business Operations	4	15.3%	2.5%
Engineers	4	13.0%	15.0%
Mechanics and Equipment Installers and Repairers	4	3.5%	3.5%
Office, Administrative, Accounting, and Bookkeeping Clerks	4	5.3%	5.0%

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OCCUPATION	NUMBER OF RESPONSES	AVERAGE PERCENT OF STAFF	MEDIAN PERCENT OF STAFF
Production and Assembly workers	4	28.3%	15.0%
Sales Representatives, Buyers, and Customer Service, Including Related Managers	3	10.0%	10.0%
Skilled Trades (e.g., Machinists, Tool & Die Makers)	3	7.5%	7.5%
Software Developers	3	5.7%	5.0%
Drafters and Engineering Technicians	2	20.0%	20.0%
Medical Aides and Assistants	2	26.5%	26.5%
Nurses	2	49.5%	49.5%
Retail Salespersons and Cashiers	2	45.0%	45.0%
All Other Occupations	2	18.0%	18.0%
Technicians (e.g., pharmacy, automotive, etc)	1	2.0%	2.0%

**FIGURE 6: AVERAGE AND MEDIAN TIME TO FILL A POSITION BY OCCUPATION**

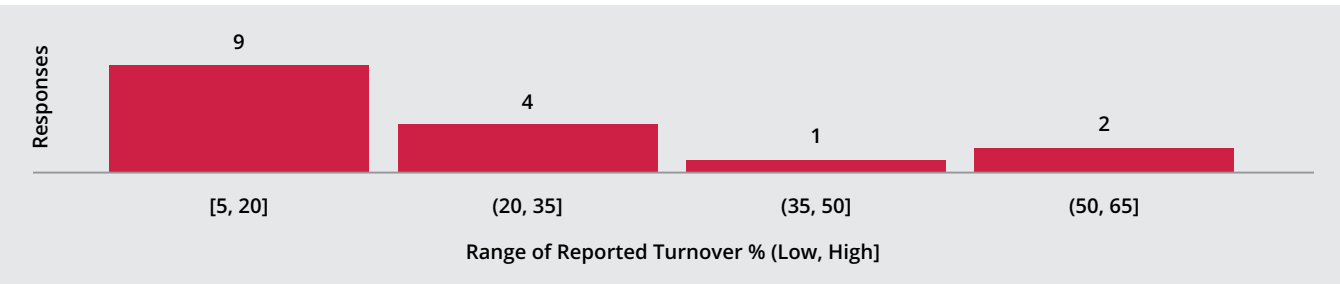




# Employee Tenure

## Estimated annual turnover rate

**FIGURE 7: AVERAGE ANNUAL TURNOVER PERCENT BY NUMBER OF RESPONSES**

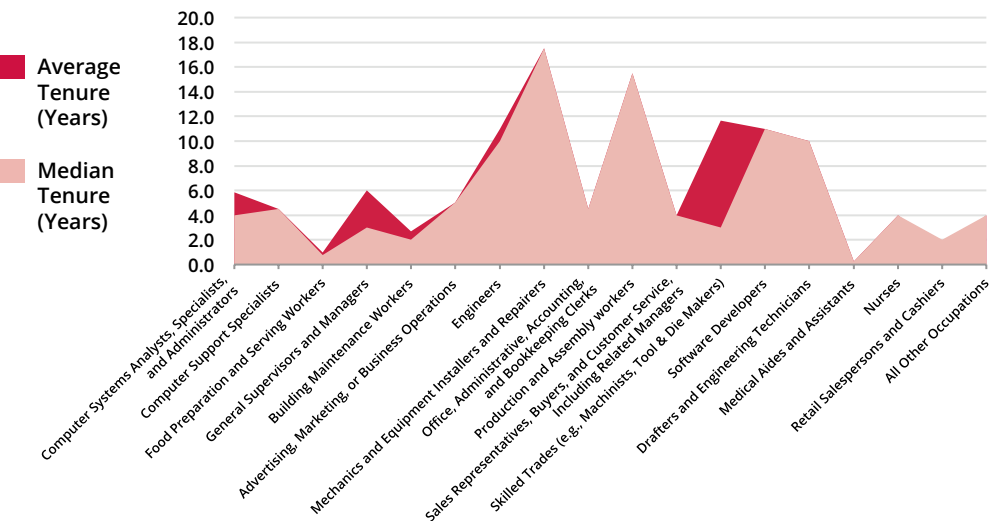


Responding employers in the city of Detroit reported relatively low turnover rates, with most experiencing under 20 percent annual turnover as depicted in figure 7. Across the region, turnover rates were somewhat more widespread. While low rates of turnover were typically the most common, there are generally at least a few employers reporting that over half of their staff changes each year.

## Tenure estimates by occupation

In Detroit and across southeast Michigan, average tenure and time to fill display a strong positive correlation. Entry-level roles like food preparation and serving workers and medical aides have both very low tenure and low time to fill, while the opposite is true for high-skilled roles such as engineers and software developers.

**FIGURE 8: AVERAGE AND MEDIAN TENURE BY OCCUPATION**



## Other causes of tenure differences

When asked about various job features that could potentially impact the length of time an individual remains employed with a company, tenure distinctions between different kinds of workers were generally found to be consistent between Detroit employers and those across the region. In the city, over half of responding employers stated that tenure is noticeably different between their hourly and salaried workers. Hourly workers typically remain in their positions between one and two years, while salaried workers generally remain with a company for three years or more. Nearly all responding employers also stated that tenure is noticeably different between their entry-level and management workers. Most

individuals that begin working at these companies in entry-level roles were reported to remain between one and two years. Nearly all individuals in management roles were observed to remain with a company for at least three years.

Across the region, just over half of employers either have not noticed any change in tenure with additional training or train all workers no matter what. Those that have noticed a difference typically indicated that additional training has a positive overall effect on retention, though a few have noted that it makes workers more marketable and therefore likely to leave for higher wages. In convenings, employers expressed excitement over additional training resources, which reinforced survey responses that employers would like to offer more training. Finally, employers in production and similar environments remarked that night shifts may be especially difficult to fill. Region-wide, first shift workers have the greatest proportion of very long-term (10 or more years) workers, while third shift workers are much likelier to remain in their positions for under one year. Middle range tenure estimates varied slightly by MWA. This pattern 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

Among the employers responding here, 70.0 percent of responses reported that their company has dedicated human resources staff. As shown on page 5, most of the businesses responding to the survey are relatively large with multiple locations. Most responses indicate human resources departments with several staff members, and those with multiple locations are roughly equally divided between only central and each location HR. About one quarter of responses state that they typically use a staffing agency to fill open positions.

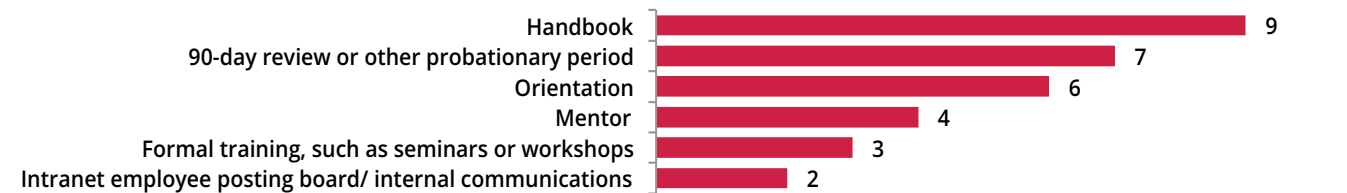
FIGURE 9: USE OF A STAFFING AGENCY BY PERCENT OF RESPONSES



## Onboarding and feedback strategies

During 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 hands-on methods vary widely depending on HR and staff capacity, nearly all employers utilize some kind of official onboarding. Figure 10 shows the percent of responses utilizing each of the indicated onboarding strategies. Formalized feedback, in addition to the onboarding processes indicated here, typically occurs during an annual review process or within employee surveys.

FIGURE 10: ONBOARDING STRATEGIES BY NUMBER OF RESPONSES



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

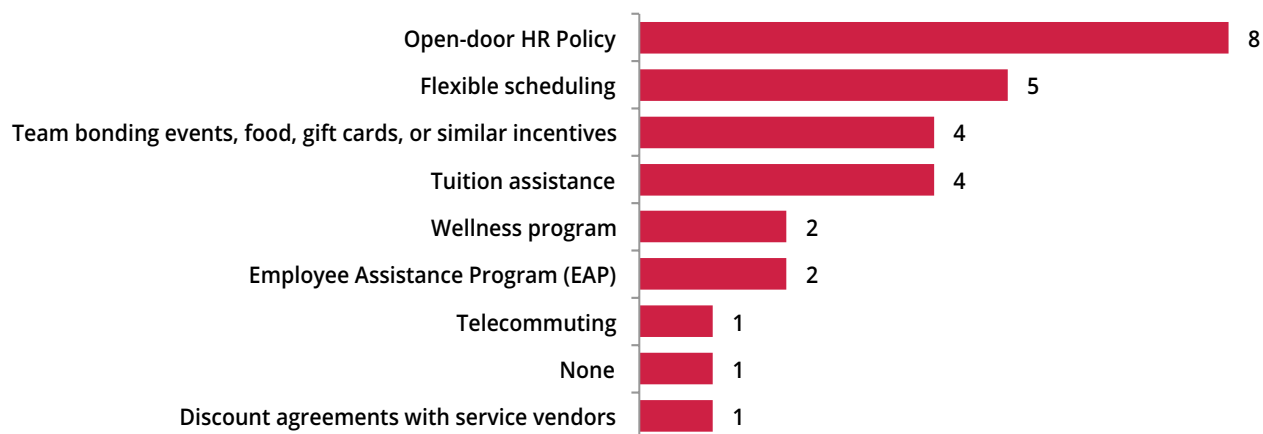
FIGURE 11: NUMBER OF RESPONSES WITH SUCCESSION PLANNING BY JOB TYPE



## Retention Strategies

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

FIGURE 12: RETENTION STRATEGIES BY PERCENT OF RESPONSES



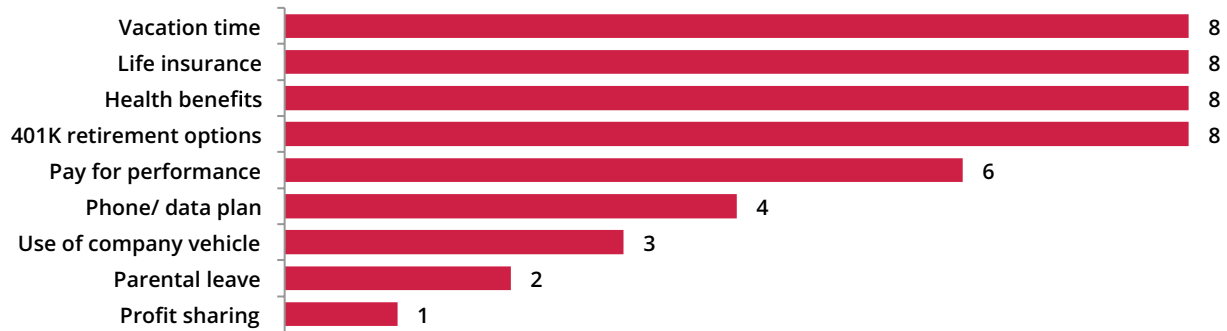
Replace with “Responding employers described flexible scheduling as broadly referring to leeway regarding commute, doctors’ appointments, and child care needs, the ability to set start and end times within a given range, or the ability to work remotely. Transportation was identified as a key issue for turnover in convenings, this survey, and across MWAs. In spite of this, no responses in the city, and few across the region, indicate that their company provides any transportation-specific assistance. About half of the responding employers evaluate their retention policies annually, with about half as many responses each indicating that they only re-evaluate when turnover is very high or that they have never evaluated these strategies.

### Effectiveness of retention strategies

When considering the broad array of retention strategies utilized, some employers reported strategies they find especially effective. Most responses focused on flexibility and advancement pathways. Among these employers, retention measures have typically been successful when implemented. The region-wide sentiment that pay increases alone do not increase retention was echoed here.

# Employee Satisfaction

**FIGURE 13: BENEFITS OFFERED BY PERCENT OF RESPONSES**



## *Compensation considerations: salary and benefit comparisons*

Wages are often considered a primary cause of turnover; in convenings, many 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. Most employers responding to the survey have standardized salary bands for their workers. A distribution of reported wages by occupation group from the Bureau of Labor Statistics (BLS) 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.

**FIGURE 14: WAGE SCALE FOR TOP 12 SURVEY OCCUPATIONS IN DETROIT**

SOC	OCCUPATION	PCT. 10 HOURLY EARNINGS	PCT. 25 HOURLY EARNINGS	MEDIAN HOURLY EARNINGS	PCT. 75 HOURLY EARNINGS	PCT. 90 HOURLY EARNINGS
15-1121	Computer Systems Analysts	\$24.85	\$29.99	\$38.96	\$48.92	\$60.68
15-1151	Computer User Support Specialists	\$12.93	\$16.66	\$22.50	\$29.40	\$37.66
35-1012	First-Line Supervisors of Food Preparation and Serving Workers	\$10.75	\$12.88	\$16.70	\$21.90	\$26.31
35-2021	Food Preparation Workers	\$9.11	\$9.43	\$10.97	\$13.34	\$16.57
11-1021	General and Operations Managers	\$26.61	\$37.33	\$53.17	\$78.05	\$104.03
49-9071	Maintenance and Repair Workers, General	\$10.43	\$13.29	\$18.28	\$24.20	\$29.63
13-1161	Market Research Analysts and Marketing Specialists	\$20.95	\$26.59	\$35.90	\$51.03	\$62.42
13-1199	Business Operations Specialists, All Other	\$19.31	\$24.15	\$33.53	\$45.50	\$56.65
17-2141	Mechanical Engineers	\$31.75	\$37.34	\$45.83	\$55.57	\$63.11
49-9041	Industrial Machinery Mechanics	\$17.51	\$22.40	\$28.41	\$34.39	\$37.92
43-9199	Office and Administrative Support Workers, All Other	\$15.37	\$21.17	\$25.12	\$27.34	\$30.33
51-9199	Production Workers, All Other	\$11.14	\$15.87	\$18.05	\$21.19	\$23.89

Source: Bureau of Labor Statistics

## Promotion pathways and necessary training

About half of the employers responding here have set advancement pathways for at least a few roles within their company, particularly in technology and management positions. Among these, three employers require additional training or credentials to move through the pathways. All of these employers indicate that they pay for the training and are flexible with workloads and schedules during training.

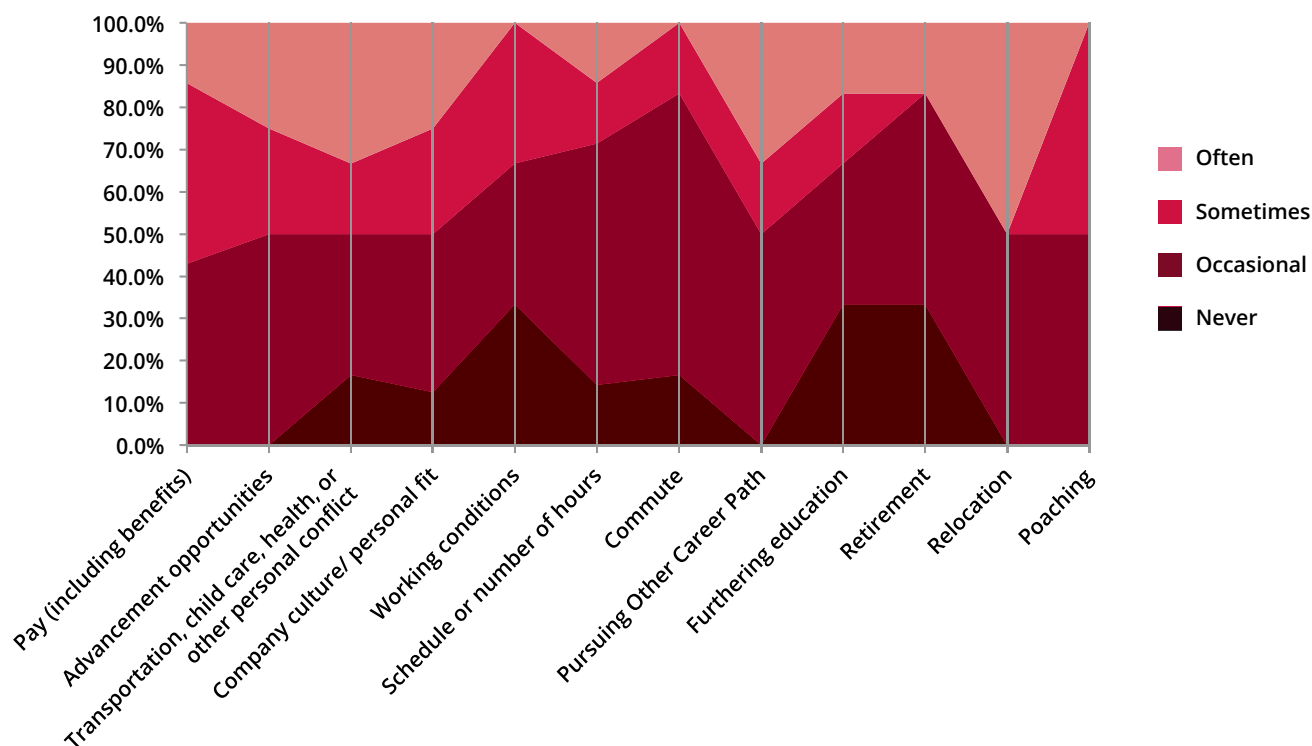
## Staff Retention Challenges

Employers indicated a variety of reasons for being concerned about turnover, and over half of these responses stated that they are worried about staff retention. A tight labor market makes it difficult to find workers, and employers are sensitive to the costs of training and lost productivity. As employers broaden their search for talent, they are also 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 "often" for employee turnover is relocation, followed by transportation, child care, and other personal conflicts. A desire for greater advancement opportunity, higher pay or benefits, or a change of career paths were also common here. These reasons were echoed in convenings.

**FIGURE 15: EMPLOYEES' REASONS FOR LEAVING BY FREQUENCY**



### *Personal barriers and court-ordered payroll deductions*

As shown in figure 15, 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. Across southeast Michigan, approximately a quarter of employers typically report retention issues for employees burdened by court-ordered payroll deductions. Child support and debt collections are the most common reasons for the deductions.

### *Estimated costs of turnover and new hire learning curve*

The complex cost of turnover is most easily measured when broken down into narrower components. Search costs, with an average of about \$2,700 per worker and a median of \$2,000, 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; employers here indicated that it can take anywhere from a few weeks to a year for a new worker to be brought up to speed, and region-wide this is typically near six months. “Other” costs varied immensely by business. Median training costs were estimated to be \$2,000, with an average cost of \$3,000. Altogether, the median estimate of the cost to bring on a new worker when an employee leaves was estimated to be near \$4,000 but can easily range over \$10,000 depending on the position and company. Despite the low number of responses from Detroit alone, this figure reflects estimated costs across MWAs, which were typically between \$3,500 and \$6,000.





# APPENDIX:

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