



Turnover Study Results: WIN Region

Genesee, Hillsdale, Huron, Jackson, Lapeer, Lenawee, Livingston, Macomb, Monroe, Oakland, Saint Clair, Sanilac, Shiawassee, Tuscola, Washtenaw, and Wayne Counties

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Compiled by the Workforce Intelligence Network for Southeast Michigan on behalf of Detroit Employment Solutions Corporation, GST Michigan Works!, Michigan Works! Macomb/St. Clair, Michigan Works! Southeast, Oakland County Michigan Works!, and Southeast Michigan Community Alliance Michigan Works!



Contents

Introduction and Context.....	4
Purpose and Goals	4
Key Findings	4
Overview of the Region.....	5
A Note on Response Rates and Significance	5
Results by Question	6
Employer Response Profile	6
Industry mix from responses	6
County locations of primary operations and any additional locations	7
Estimated Costs of Turnover	7
Staffing	9
Full-time employee counts	9
Occupational breakdown.....	9
Employee Tenure	11
Estimated annual turnover rate.....	11
Tenure estimates by occupation.....	12
Tenure differences between hourly and salaried workers.....	12
Tenure differences between entry-level and management workers	13
Tenure changes from additional training.....	13
Tenure differences between day and night shifts	13
Existing Retention Strategies	14
Capacity of human resource departments	14
Does your company hire through a staffing agency?	14
Onboarding strategies.....	15
Formalized feedback strategies	16
At what level do you have succession planning procedures in place?	16
Retention Programs	17
What retention strategies do you have in place, and how often do you update them?	17
Effectiveness of retention strategies	18
Employee satisfaction	19
Compensation considerations: salary and benefit comparisons	19
Promotion and Career Development.....	22

Does your company have clearly defined promotion pathways for any of these roles?	22
Promotion pathways and necessary training	22
Other Turnover Concerns	23
Reasons given for leaving a job.....	23
Personal barriers and court-ordered payroll deductions	24
Conclusion and Next Steps.....	28
Appendices.....	30
Appendix A: Best Practice Research	30
Appendix B: Works Cited for Best Practice Research	31
Appendix C: Survey Questions and Number of Responses.....	32

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 in this report.

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 in the 16-county WIN region are low-training, low-wage positions medical aides, general laborers, and food preparation and serving workers.**

Workers in each of these occupations typically remain with a company for under two years.

However, occupations with high average tenure face their own retention challenges.

Engineering, skilled trades, and computer systems roles 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 by occupation, see Figure 5 on page 8.

- 2. Employers in the 16-county WIN region estimate median turnover costs of \$4,500 per worker.**

This includes factors such as search costs, training, and lost revenue and productivity. Training costs alone are estimated to be about \$1,500 per employee. Additional training and detailed onboarding are reported as key retention strategies, but also expensive ones. Transportation and warehousing and energy and utilities employers reported especially high costs of turnover. For more details on turnover cost, see analysis and charts beginning on page 7.

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

Reasons cited “often” also include opportunities to advance within the company and pursuit of different career paths. These reasons were consistently in the top two for each MWA, as well as most industry groups. Professional, technical, and scientific services employers, however, reported advancement opportunities, poaching, and changing career tracks as greater concerns. For more details on reasons for leaving a job, see analysis and charts beginning on page 23.

- 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. Flexible scheduling and opportunities such as tuition reimbursement and training benefits, most often implemented

by health care and professional, technical, and scientific service employers, were reported as being especially effective for attracting and keeping a younger workforce. For more details on retention, see information beginning on page 17.

Overview of the Region

This report focuses on employer survey results from the entire 16-county WIN area, which includes Genesee, Hillsdale, Huron, Jackson, Lapeer, Lenawee, Livingston, Macomb, Monroe, Oakland, Saint Clair, Sanilac, Shiawassee, Tuscola, Washtenaw, and Wayne counties in the greater southeast Michigan region. The target industries for this body of work include Manufacturing, Health Care, Information Technology, Retail/Hospitality, Construction, Agriculture, and Energy/Utilities.

In total, 612 employer survey responses were collected from across the WIN region. The survey responses exhibited a mix of the targeted industries; however, the greatest proportion of responses were collected from manufacturers with less than 100 employees.

A Note on Response Rates and Significance

The WIN data and research team would like to thank the business services team from each MWA in the region for their hard work in distributing and promoting the survey to employers, and to thank the employers who took time to complete the survey. The employer survey was open between April 3, 2019 and May 14, 2019, and, across all the region, 612 individuals responded to the call to help improve employee retention resources.

The 612 responses to the survey represent, with a 95 percent likelihood, the opinions of the general employer population in the region, with a margin of error of plus or minus 3.84 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

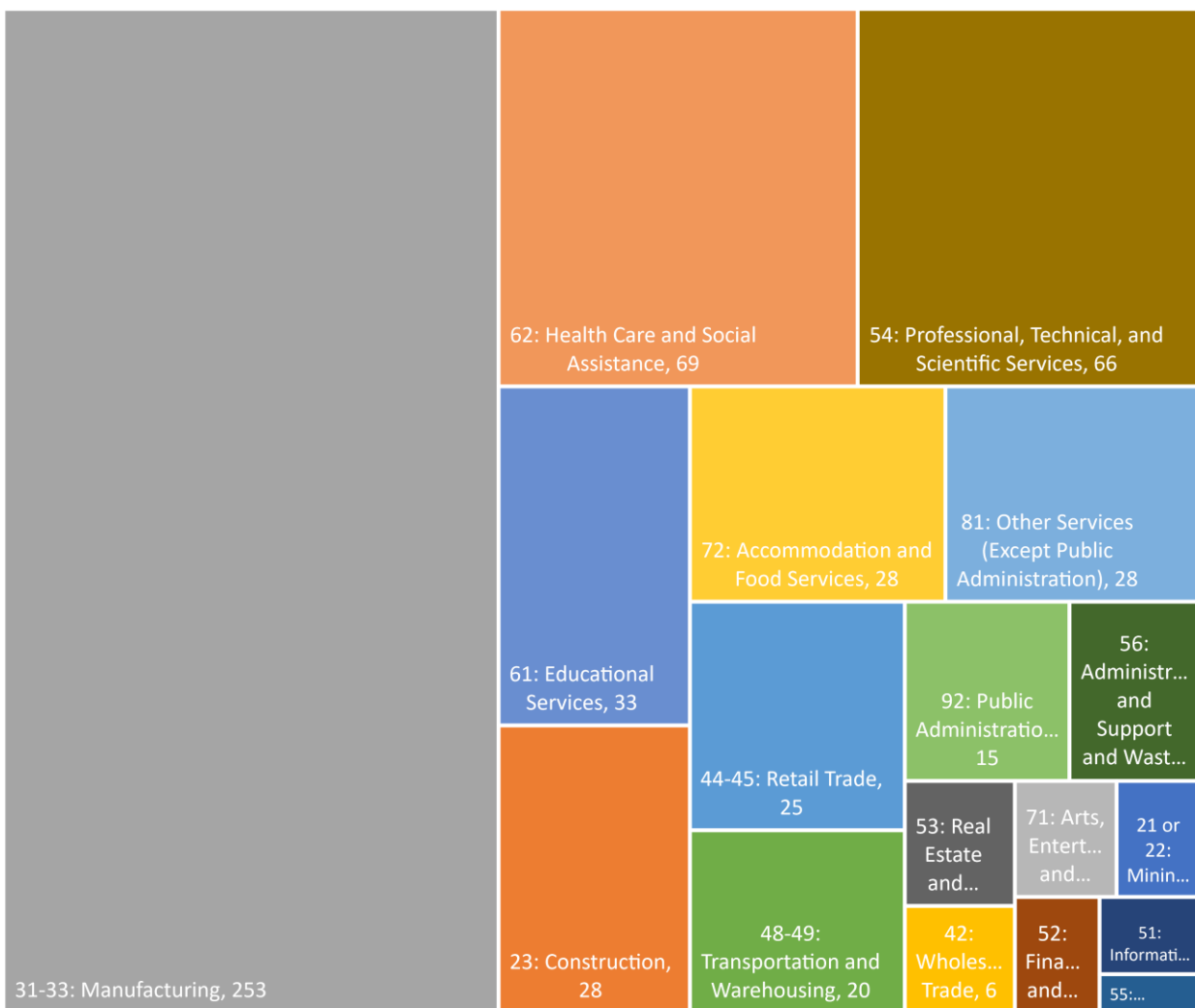
Employer Response Profile

Industry mix from responses

Employers were asked to classify the industry their firm operates in. Each business establishment self-classifies a certain way depending on their primary activities and income while responding to the Quarterly Census of Employment and Wages (QCEW). The majority of responding employers in these counties identified themselves as Manufacturing firms, accounting for 41.3 percent of responses. Health Care and Social Assistance employers made up 11.3 percent of responses, while Professional, Technical, and Scientific Services employers were the third largest group, accounting for 10.8 percent.

Nearly ten 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. Therefore, WIN's categorization based on the provided business function description may not align with the way businesses in the region file.

Figure 1: Employers by industry classification



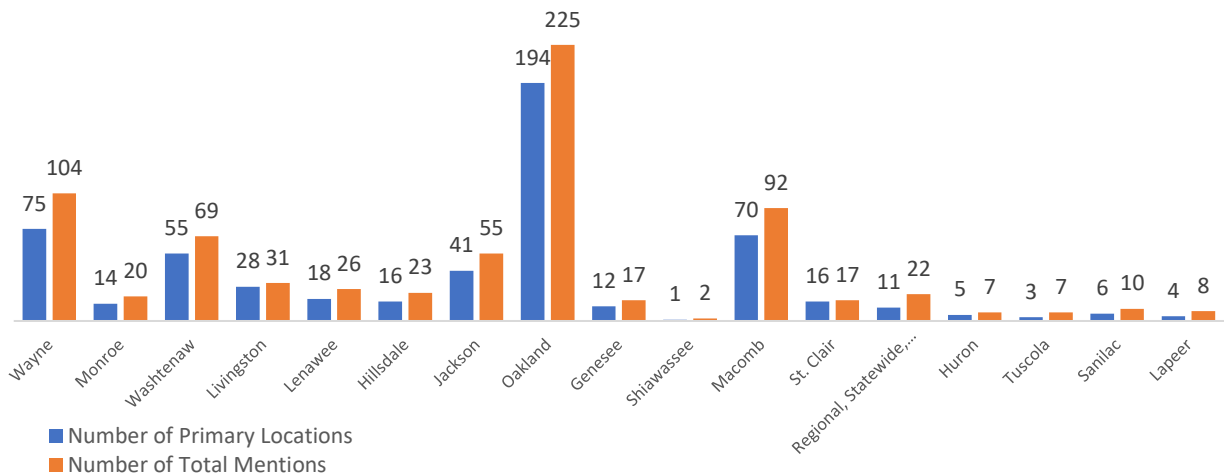
56: Administrative and Support and Waste Management and Remediation Services, 12
 71: Arts, Entertainment, and Recreation, 6
 42: Wholesale Trade, 6
 51: Information Technology, 4

53: Real Estate and Rental and Leasing, 7
 21 or 22: Mining, Quarrying, and Oil and Gas Extraction or Utilities, 5
 52: Finance and Insurance, 5
 55: Management of Companies and Enterprises, 2

County locations of primary operations and any additional locations

Figure 2 shows the primary location of each respondent along with any additional location they hire for in the State of Michigan. Regarding primary operations, 194 respondents, or 34.1 percent, primarily operate in Oakland County, while 13.2 percent primarily operate in Wayne County, 12.3 percent in Macomb County, and 9.7 percent in Washtenaw County. Additionally, 34 percent of employers indicated that they hire for multiple locations. Secondary locations were primarily located in southeast Michigan; Oakland, Wayne, Macomb, and Washtenaw 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 MWA service areas. Insurance, licensing, and car repairs are prohibitively expensive, and transit is limited; employees mitigating costs through carpools are jointly susceptible to breakdowns.

Figure 2: Primary and additional locations by county



Estimated Costs of Turnover

In order to fully grasp the importance of learning about and addressing employee turnover, it is helpful to depict the associated costs of finding and training a new worker as well as the impacts of being understaffed during the process. Figure 3 presents a summary of average and median costs of turnover, while Figure 4 shows the number of responses indicating that their cost to replace an employee falls within the given range. Average costs are more sensitive to outliers reporting extremely high costs such as training or other costs over \$50,000, while median costs better represent the center of typical estimates. Search costs, with an average of about \$5,700 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 5, 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 nearly \$16,500. Estimated costs to train a new worker had a similar distribution. Median training costs were estimated to be \$1,500, but average training costs were just shy of \$9,000, 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 \$4,500 but easily range over \$30,000 depending on the position. As seen in

Figure 6, the cost of turnover varies somewhat by industry, with TDL and construction having some of the highest costs, and Tourism and Hospitality some of the lowest.

Figure 3: Overall median and average turnover costs

	Median	Average
Search Costs	\$1,000	\$5,679
Training Costs	\$1,500	\$8,902
Other Costs	\$2,000	\$16,498
Overall Costs	\$4,500	\$31,079

Figure 4: Estimated costs of turnover

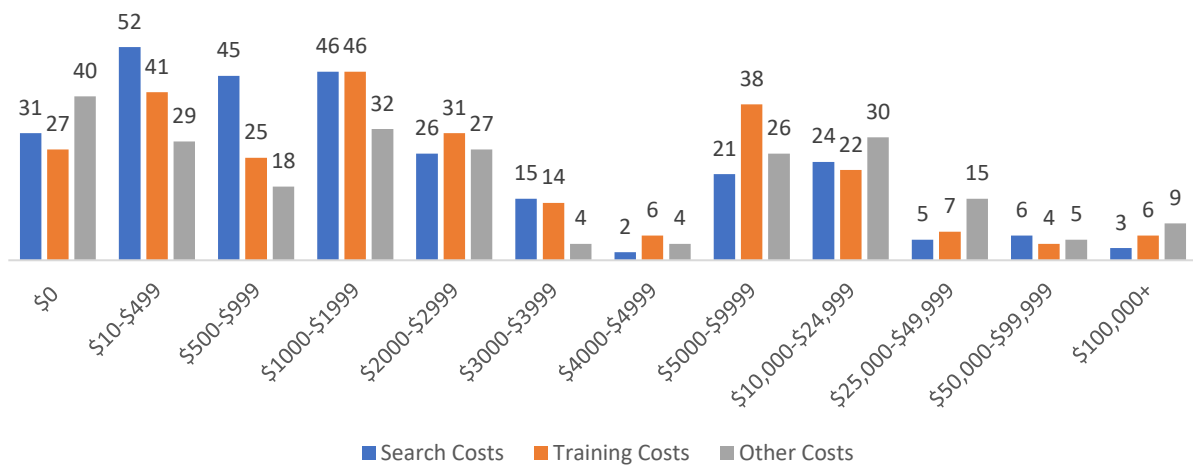


Figure 5: Time to bring a new employee to full productivity by percent of responses

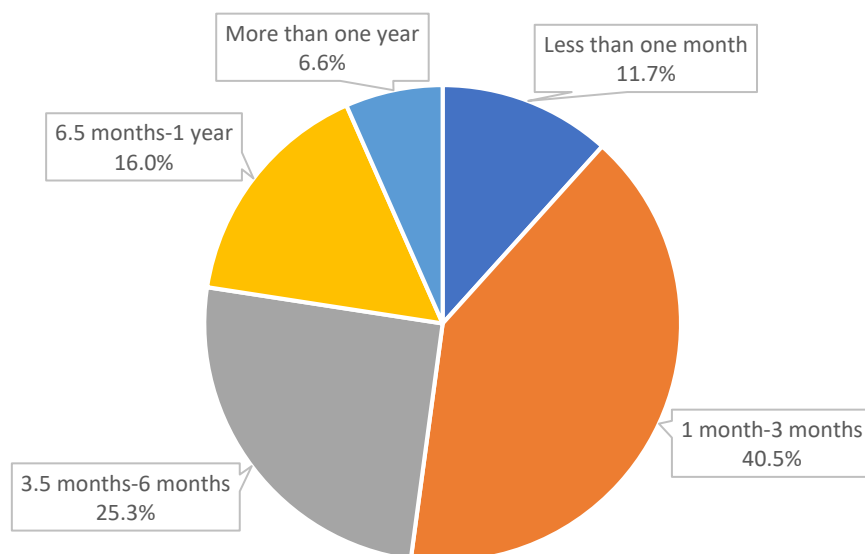


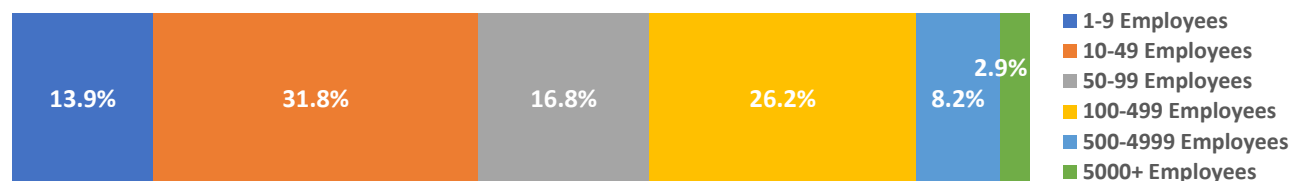
Figure 6: Median cost of turnover by industry

Industry	Search	Training	Other	Total	Responses
Mining, Utilities, or Construction	\$1,000	\$3,000	\$3,500	\$7,500	15
Manufacturing	\$1,000	\$1,500	\$2,000	\$4,500	182
Wholesale or Retail Trade	\$750	\$1,200	\$2,000	\$3,950	14
TDL	\$1,000	\$750	\$6,250	\$8,000	9
Info, Finance, or Prof/ Tech/ Sci	\$1,000	\$2,000	\$2,000	\$5,000	42
Admin and Waste	\$500	\$2,000	\$3,000	\$5,500	6
Education	\$750	\$1,500	\$2,000	\$4,250	11
Health Care or Social Assist	\$500	\$1,000	\$550	\$2,050	27
Arts, Tourism, or Hospitality	\$225	\$650	\$400	\$1,275	12
Other	\$875	\$1,500	\$1,000	\$3,375	12
Public Admin	\$1,500	\$1,500	\$1,750	\$4,750	5

Staffing

Full-time employee counts

Greater detail about the workers employed at responding businesses was gathered as well, to better determine occupations that are highly susceptible to turnover and see the impact of high churn on different kinds of businesses. Employers that responded to this survey are fairly evenly distributed among business sizes, though there is an emphasis on small to mid-sized employers. 62.5 percent of employers have 100 full-time employees or fewer. Only 11.1 percent of survey respondents indicated that they employ 500 individuals or more.

Figure 7: Percent of responses by business size

Occupational breakdown

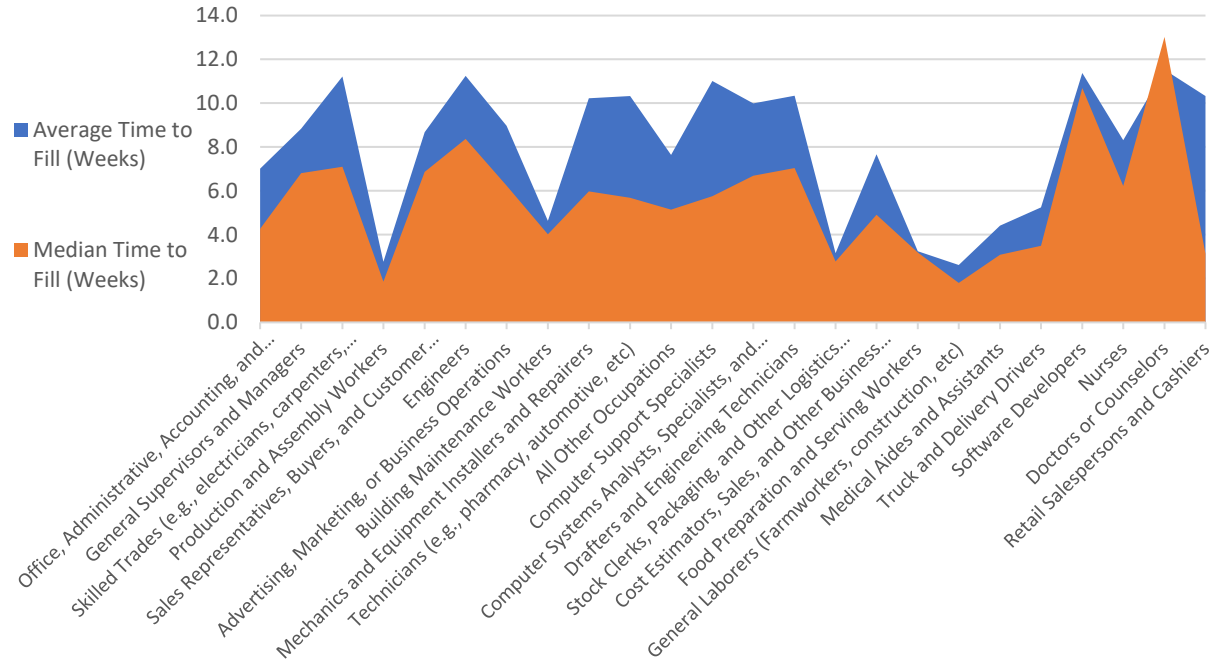
Some positions are significantly harder to fill and retain than others, and some skillsets are unusually rare. One of the primary concerns for this study was to quantify which occupations those may be. Employers often indicate that skilled trades roles have especially small talent pools and face an exceptional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

In Figure 8, the broad range of industries represented within responses is clear, as roles applicable to most businesses such as office and administrative workers and general managers are at the top of the list. Skilled trades positions came in with the third highest number of responses, closely followed by production and assembly workers, sales representatives, and engineers. These occupations were identified by many survey respondents and make up large portions of employers' total staffing. It was reported here to take, on average, nearly twelve weeks to fill a skilled trades position, though employers

generally indicated high levels of employee retention for these same roles (tenure of nearly nine years, on average). In convenings and turnover commentary within the survey, many employers commented that workers in a variety of roles that make it through an initial threshold period are likely to stay for years.

Figure 8: Employment and percent of staff by number of responses

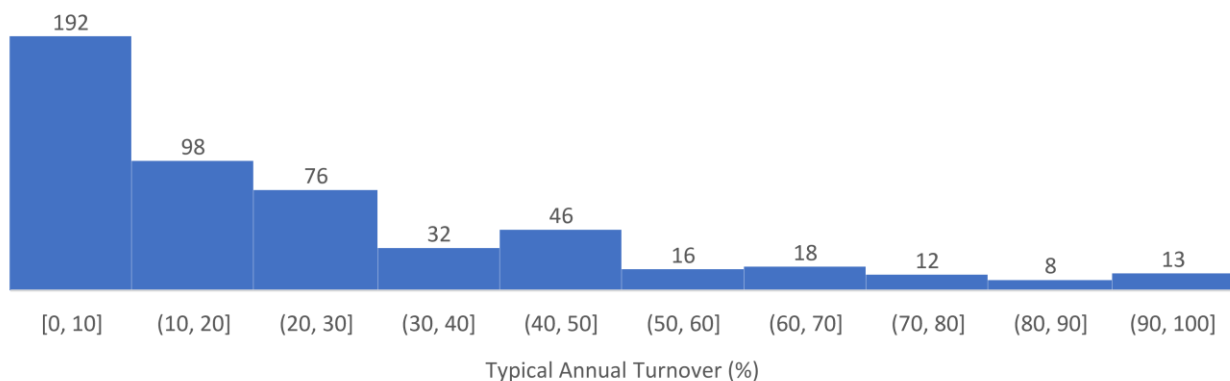
Occupation	Number of Responses	Average Percent of Staff
Office, Administrative, Accounting, and Bookkeeping Clerks	264	11.4%
General Supervisors and Managers	206	9.6%
Skilled Trades (e.g., electricians, carpenters, machinists, tool and die makers)	169	25.9%
Production and Assembly Workers	167	63.8%
Sales Representatives, Buyers, and Customer Service and Related Managers	156	11.8%
Engineers	151	19.1%
Advertising, Marketing, or Business Operations	114	7.8%
Building Maintenance Workers	99	8.2%
Mechanics and Equipment Installers and Repairers	85	12.2%
Technicians (e.g., pharmacy, automotive, etc.)	84	13.2%
All Other Occupations	81	47.7%
Computer Support Specialists	75	7.9%
Computer Systems Analysts, Specialists, and Administrators	73	9.1%
Drafters and Engineering Technicians	68	15.1%
Stock Clerks, Packaging, and Other Logistics Workers	58	19.6%
Cost Estimators, Sales, and Other Business Specialists	57	7.1%
Food Preparation and Serving Workers	52	36.4%
General Laborers (farmworkers, construction, etc.)	49	27.0%
Medical Aides and Assistants	46	56.5%
Truck and Delivery Drivers	36	24.4%
Software Developers	34	10.4%
Nurses	31	27.7%
Doctors or Counselors	20	15.5%
Retail Salespersons and Cashiers	20	26.2%

Figure 9: Average and median time to fill a position by occupation

Employee Tenure

Estimated annual turnover rate

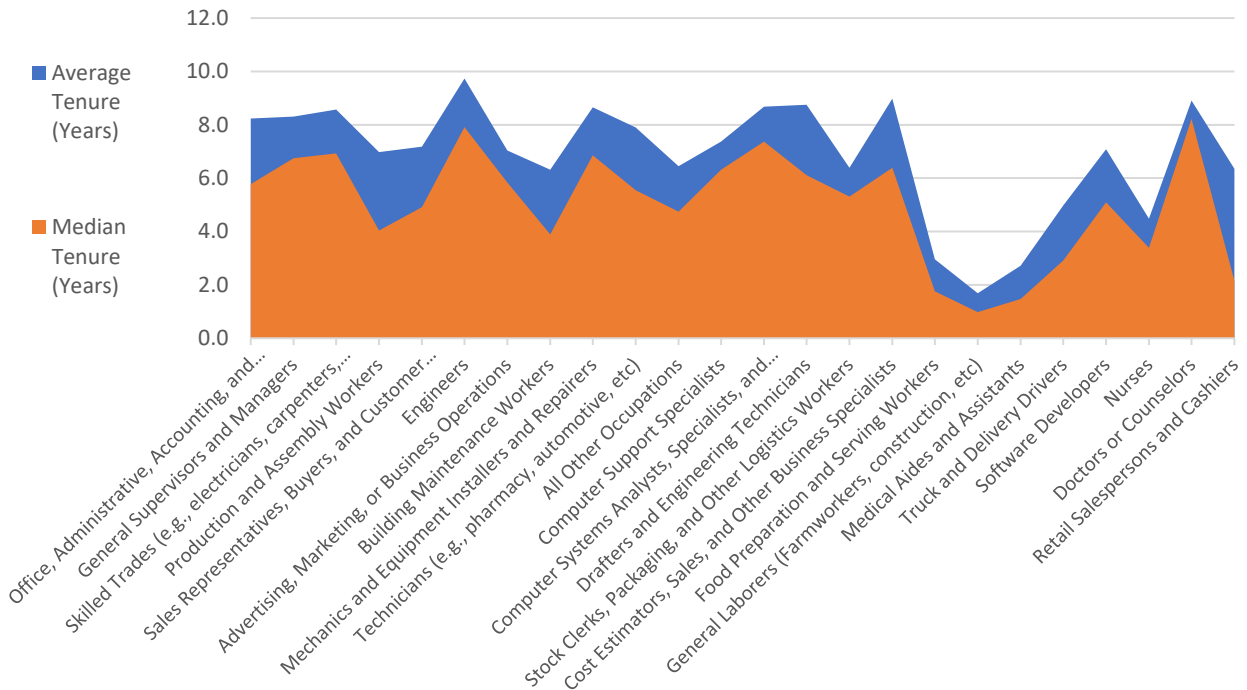
Responding employers experience a wide range of turnover rates as depicted in Figure 10. The greatest portion, or 192 employers, have a 10 percent or smaller annual rate of turnover. The next largest portion report annual turnover between 10 and 20 percent. However, a total of 46 employers experience between 40 and 50 percent turnover while another 67 employers experience greater than 50 percent turnover each year, or more than half of their staff. By industry, Transportation and Warehousing employers and Arts, Tourism, or Hospitality employers reported the highest rates of turnover, while Public Administration and Professional, Technical, and Scientific Services reported the lowest. Manufacturing employers, which make up the bulk of responses, report turnover just under the overall average.

Figure 10: Average annual turnover percent by number of responses

Tenure estimates by occupation

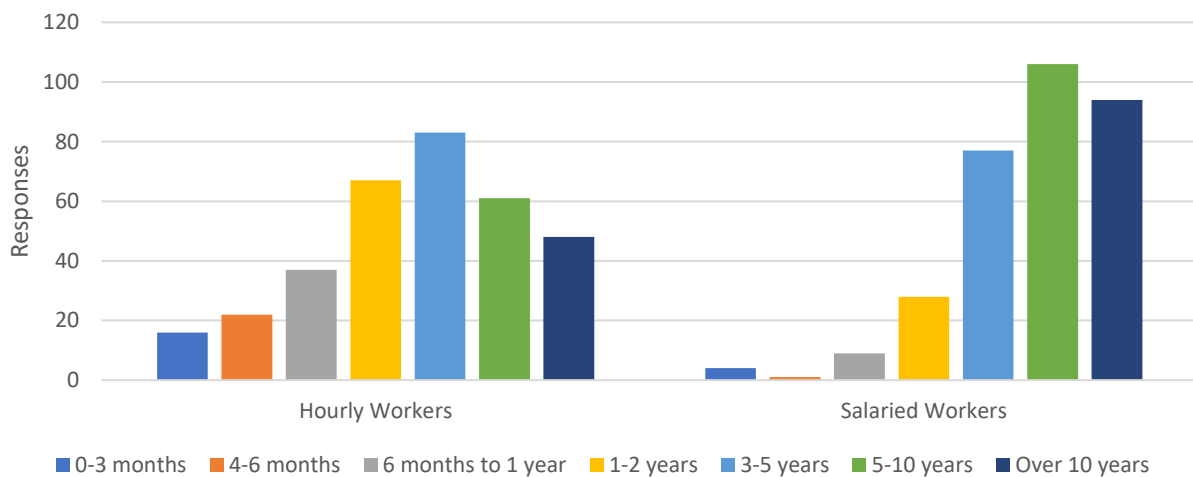
Regionally, several patterns emerged among tenure rates. Laborers, medical aides, production workers, and other entry-level positions have both very low tenure and low time to fill, while the opposite is true for high-skilled roles such as doctors, skilled trades, and engineers. Several competitive positions, such as software developers and sales representatives, report both relatively high time to fill and relatively low average tenure. In addition to the difference in retention by occupation, depictions of average tenure for different kinds of worker are shown below.

Figure 11: Average and median tenure by occupation



Tenure differences between hourly and salaried workers

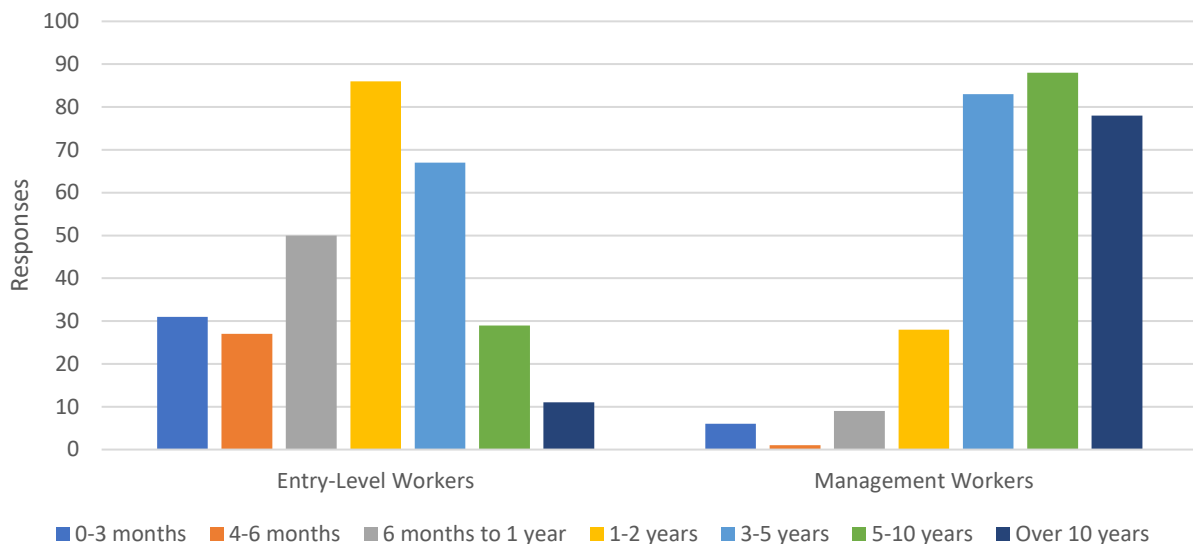
Figure 12: Estimated tenure for hourly and salaried workers



Nearly half, or 48.1 percent, of responding employers stated that tenure is noticeably different between their hourly and salaried workers. Figure 12 displays 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.

Tenure differences between entry-level and management workers

Figure 13: Estimated tenure for entry-level and management workers



Over half, or 62.8 percent, of responding employers stated that tenure is noticeably different between their entry-level and management workers. Figure 13 displays 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 50.8 percent falling into this range. Individuals in management roles are likely to stay for long periods, with about 85 percent remaining with a company for at least three years.

Tenure changes from additional training

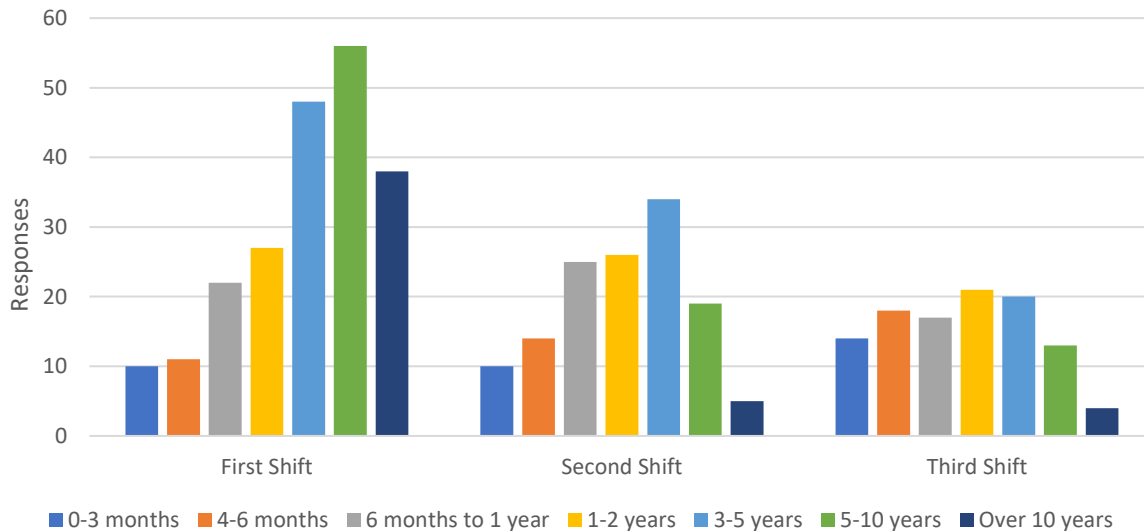
Most of the responding employers (69.6 percent) either have not noticed any change in tenure with additional training or train all workers no matter what. Several responding employers expressed concern that trained workers would become more marketable and or ultimately leave for higher wages. Active recruitment by other businesses was also a concern. But, primarily, employers 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, 49.4 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 three years (67 percent of those on first shift), while many individuals appear to

test whether they can adapt to a third shift schedule for six months or fewer (45.8 percent of those on third shift). All three shifts have similar rates of working between three and five years, but second shift appears to be easier to adapt to than third shift given the information provided by respondents. 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 14: Estimated tenure by shift



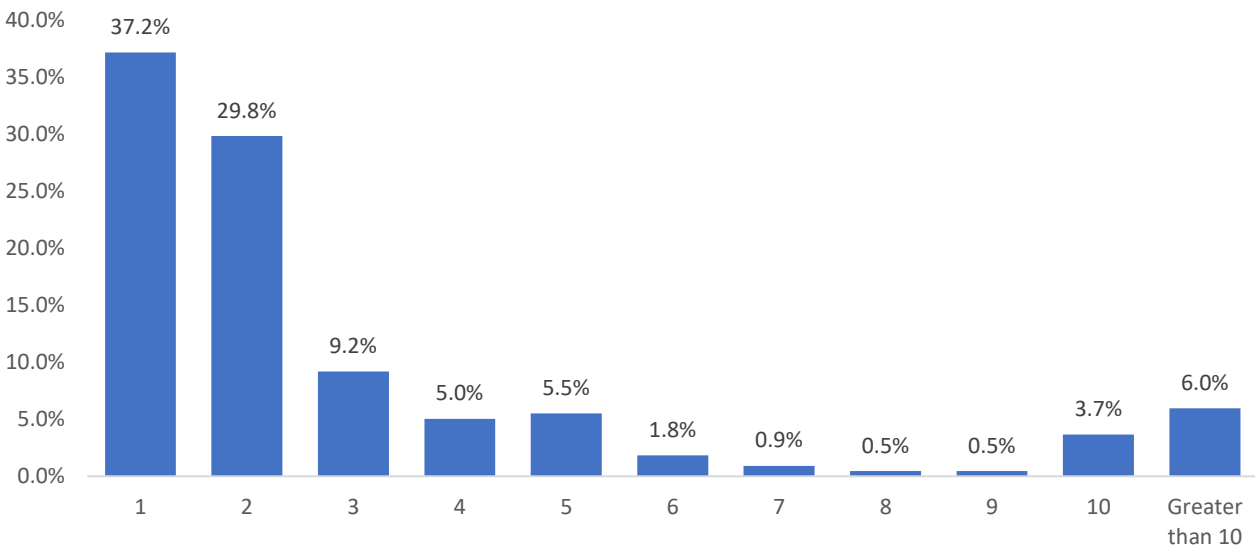
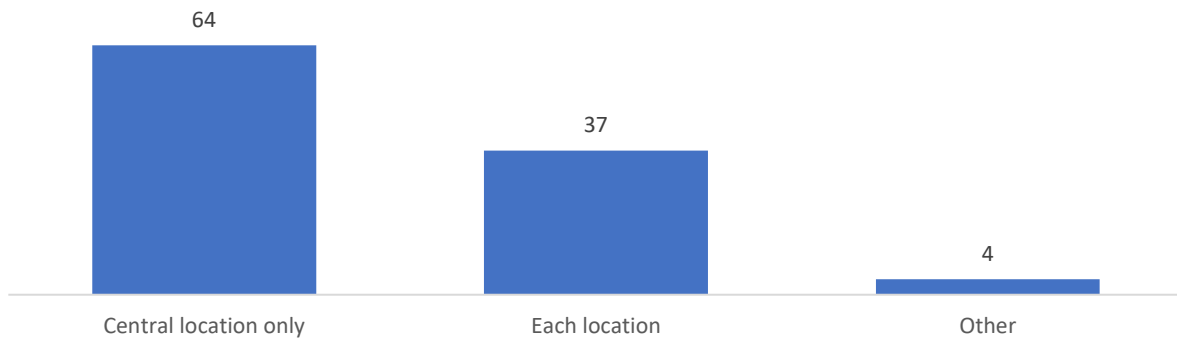
Existing Retention Strategies

Capacity of human resource departments

Most employers, or 66.6 percent of responses, reported that their company has dedicated human resources staff (see Figure 15). Of them, 37.2 percent have just one individual managing talent. The next largest portion, or 29.8 percent, have two individuals managing human resources, while the remaining 33 percent have three or more. For those without dedicated HR staff, a few of the survey respondents indicated that a contracted HR firm manages their staffing matters, but they are primarily handled internally. Internal management is most often handled by company ownership, presidents, or executives, with about one third of responses, then internal management (23 percent), handled by staffing agencies (16 percent), and split among office staff (10 percent).

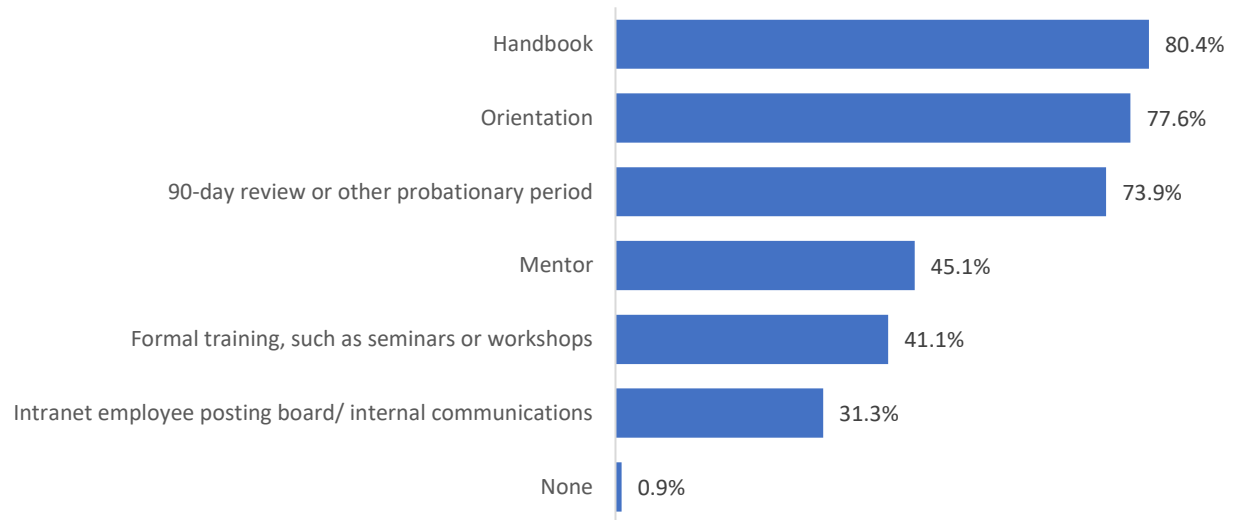
Does your company hire through a staffing agency?

More than half of the employer survey respondents indicated that they do not hire through staffing agencies (57.3 percent) while 22.1 percent do. The remaining 20.5 percent of respondents indicated that they sometimes hire through staffing agencies but do so only for certain positions within their firm, for temporary or seasonal positions, or as a last resort for their hardest to fill openings. Manufacturing employers were the most likely to utilize a staffing agency, with over half of employers indicating that they do so, while nearly no health care or professional, technical, or scientific services do.

Figure 15: Number of human resources workers by percent of responses**Figure 16: HR distribution by location**

Onboarding strategies

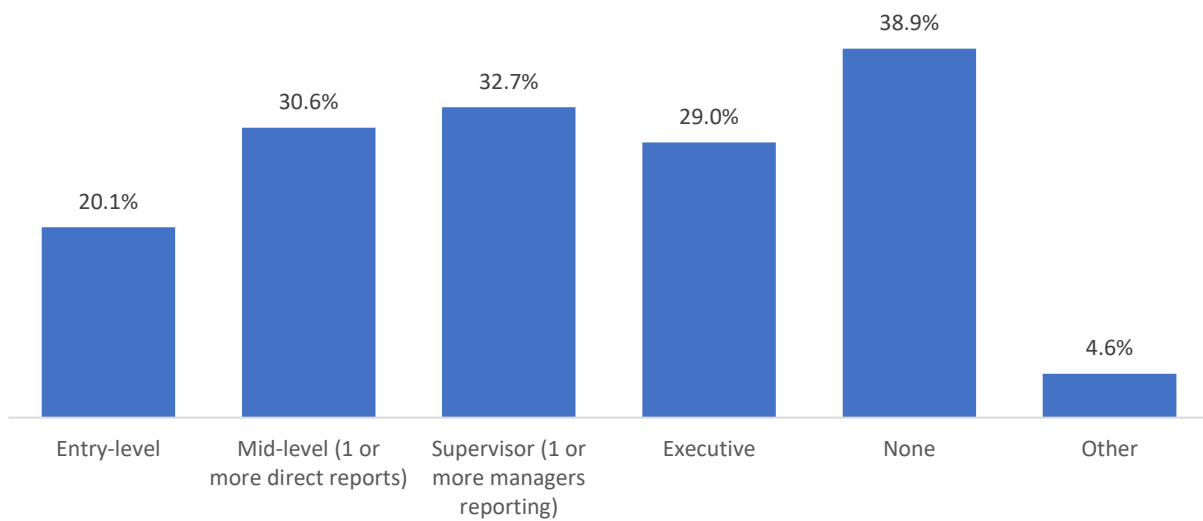
During convenings and when asked about effectiveness, employers indicated that one of the best strategies that can be used to keep workers in their companies is to provide excellent training and clear expectations from the moment a person is hired. This can be accomplished through a number of different strategies, often best through multiple channels and mentorship atmosphere. Though the high percentage of one-person HR departments may not have capacity to implement more hands-on methods, nearly all employers have implemented some kind of official onboarding process for newly hired employees. Figure 17 shows the percent of responses utilizing each of the indicated onboarding strategies.

Figure 17: Onboarding strategies by percent of responses

Formalized feedback strategies

Nearly 41 percent of responding employers indicated that they do not have any formalized feedback strategies. However, more than half, 59.4 percent, have informal feedback systems such as open-door policy for management or employee suggestion boxes. More than a third of responding employers, or 37.2 percent, primarily use annual reviews and new hire performance evaluations to provide and receive employee feedback, and 12.9 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 or exit interviews.

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

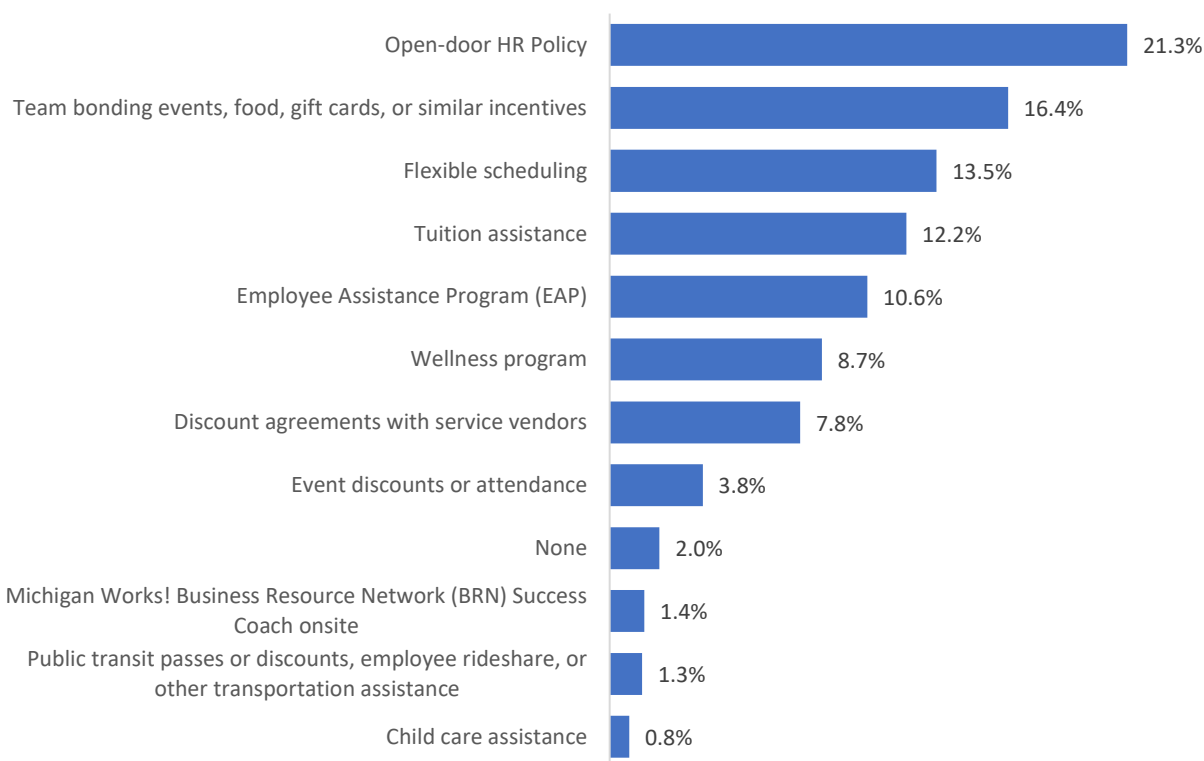
Figure 18: Percent of responses with succession planning by job type

Retention Programs

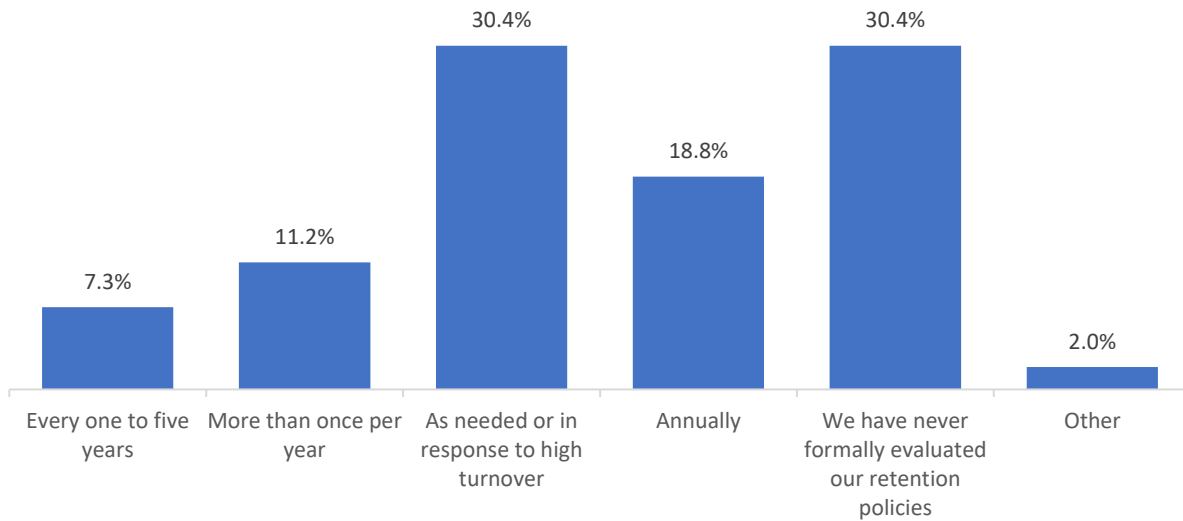
What retention strategies do you have in place, and how often do you update them?

To the employers responding here, flexible scheduling primarily referred 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, especially within professional, technical, and scientific service firms. 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 MWA service areas, few responses indicate that their company provides any transportation-specific assistance.

Figure 19: Retention strategies by percent of responses



Businesses take different approaches to implementing these strategies; though 98 percent of responding employers have at least one of the above retention strategies in place, 30.4 percent have never formally evaluated their policies. An equal share of respondents, 30.4 percent, indicated that they evaluate their retention policies on an as-needed basis.

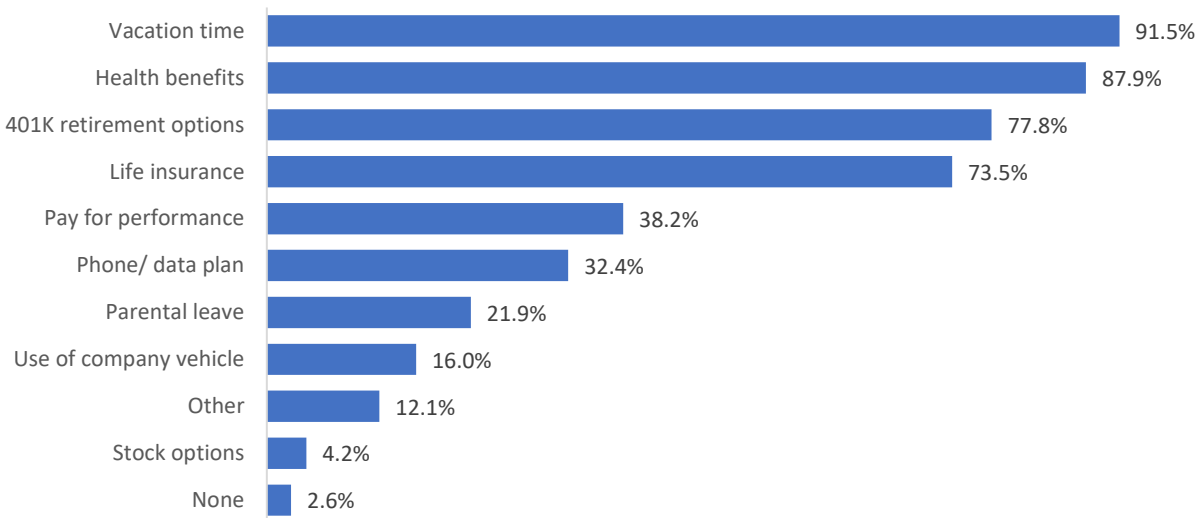
Figure 20: Frequency with which employers evaluate retention policies

Effectiveness of retention strategies

When considering the broad array of retention strategies that they utilize, over 200 employers reported strategies they find especially effective. Many among them stated that paying above average wages, offering extensive benefits, and having bonuses available helped them retain talent. Flexible scheduling was the most effective strategy among health care employers, competitive salary and benefits were key in manufacturing, while professional, technical, and scientific employers state that training, tuition reimbursement, and flexibility are especially helpful in keeping workers. Cultures of strong communication and transparency were also acknowledged as being very effective, as was training. Of the options in Figure 21, the open-door HR policy, flexible scheduling, and many team bonding and food incentives were mentioned.

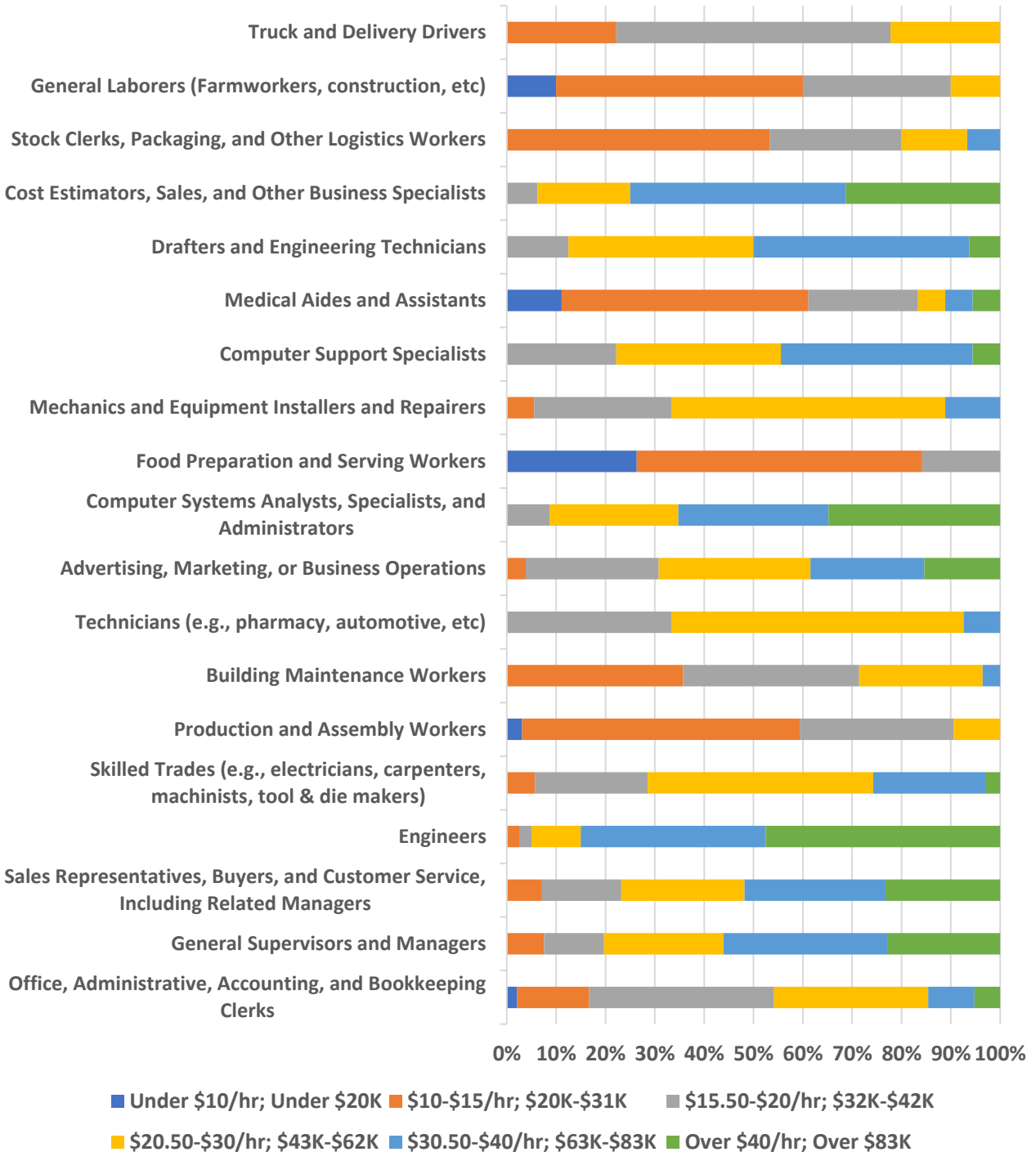
Not all results have been positive, however, and about 100 employers reported strategies that have not been helpful to them in the past. Many of these pertained to wages, indicating that changes in pay or benefits alone did not increase employee retention. Others varied by workplace; rigid policy adherence 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 21: Benefits offered by percent of responses

Compensation considerations: salary and benefit comparisons

Wages are often considered a primary cause of turnover; during employer 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. Just over one third, or 34.6 percent, of surveyed employers have standardized salary bands for their workers, a feature more common in health care environments than many other types of responding workplace. Both a distribution of reported wages by occupation group from this survey and Bureau of Labor Statistics (BLS) wages for the 16-county WIN region are displayed below.

Figure 22: Approximate salary distribution by occupation

Employers that attended 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 more common, though workers that are young or do not have families may not account for above average health insurance in making compensation decisions.

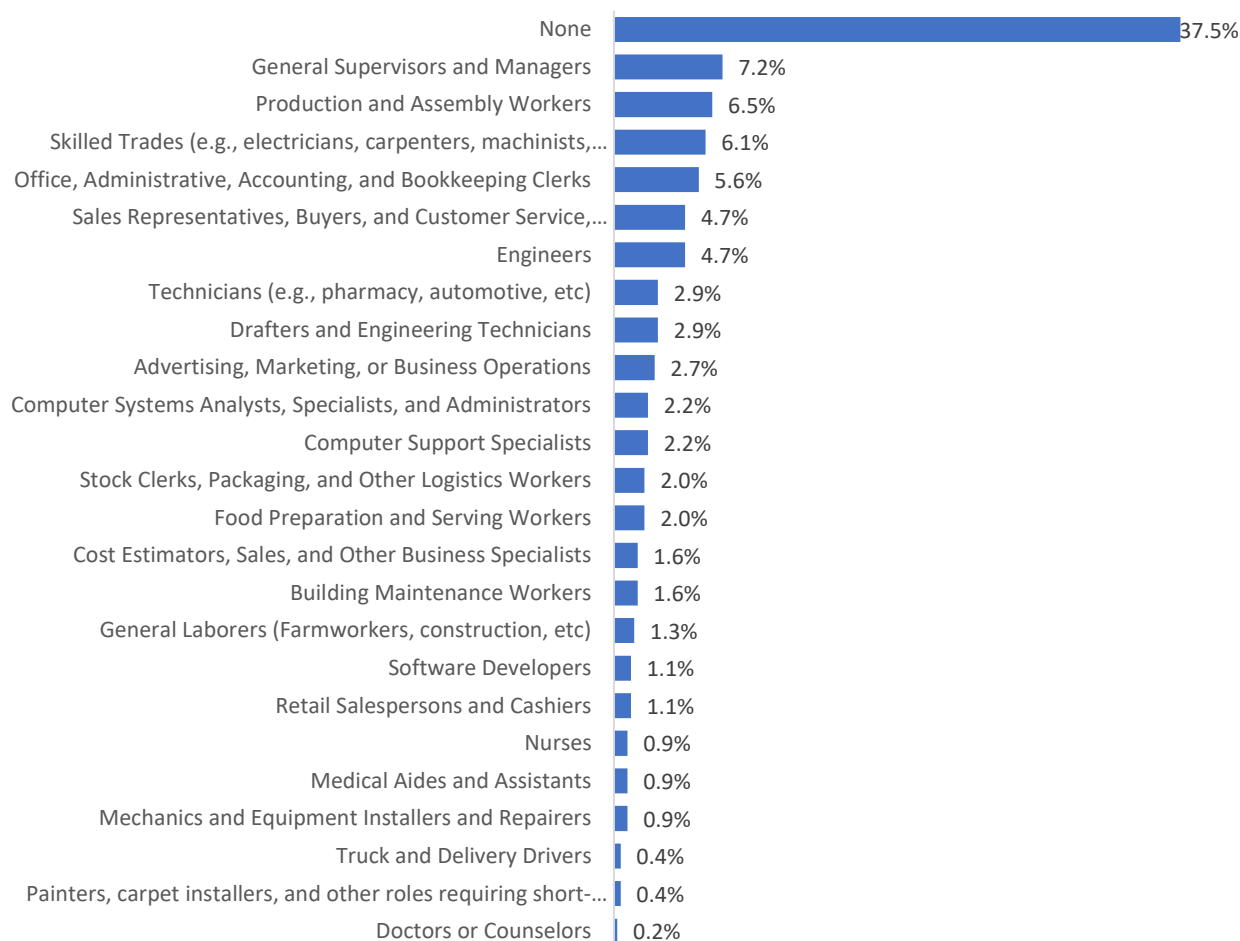
Figure 23: Regional wage scales for relevant occupations

	Median Hourly Earnings	Under \$10/hr; Under \$20K	\$10- \$15/hr; \$20K- \$31K	\$15.50- \$20/hr; \$32K- \$42K	\$20.50- \$30/hr; \$43K- \$62K	\$30.50- \$40/hr; \$63K- \$83K	Over \$40/hr; Over \$83K	Total
Office, Administrative, Accounting, and Bookkeeping Clerks	\$22.52	2	14	36	30	9	5	96
General Supervisors and Managers	\$52.03	0	5	8	16	22	15	66
Sales Representatives, Buyers, and Customer Service, Including Related Managers	\$29.28	0	4	9	14	16	13	56
Engineers	\$44.22	0	1	1	4	15	19	40
Skilled Trades (e.g., electricians, carpenters, machinists, tool & die makers)	\$25.04	0	2	8	16	8	1	35
Production and Assembly Workers	\$20.06	1	18	10	3	0	0	32
Building Maintenance Workers	\$16.96	0	10	10	7	1	0	28
Technicians (e.g., pharmacy, automotive, etc)	\$14.92	0	0	9	16	2	0	27
Advertising, Marketing, or Business Operations	\$30.79	0	1	7	8	6	4	26
Computer Systems Analysts, Specialists, and Administrators	\$40.42	0	0	2	6	7	8	23
Food Preparation and Serving Workers	\$13.75	5	11	3	0	0	0	19
Mechanics and Equipment Installers and Repairers	\$21.29	0	1	5	10	2	0	18
Computer Support Specialists	\$22.97	0	0	4	6	7	1	18
Medical Aides and Assistants	\$14.83	2	9	4	1	1	1	18
Drafters and Engineering Technicians	\$30.04	0	0	2	6	7	1	16
Cost Estimators, Sales, and Other Business Specialists	\$31.14	0	0	1	3	7	5	16
Stock Clerks, Packaging, and Other Logistics Workers	\$11.26	0	8	4	2	1	0	15
General Laborers (Farmworkers, construction, etc.)	\$14.64	1	5	3	1	0	0	10
Truck and Delivery Drivers	\$17.73	0	2	5	2	0	0	9

Promotion and Career Development

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

Figure 24: Standard promotion pathways by occupation and percent of responses



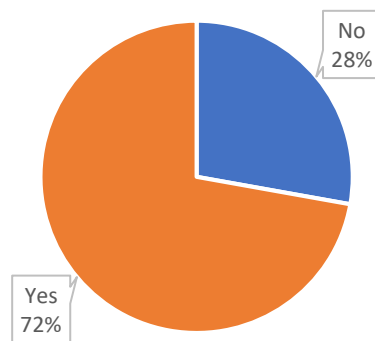
Promotion pathways and necessary training

Just over one third of responding employers (37.5 percent) stated that they do not have set advancement pathways for any of the positions presented in the survey, 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 have them for multiple roles. There were 278 total occupation pathways selected here by employers. About half of these companies require additional training or credentials. Most of the responding employers (75.7 percent) indicate that funding for the training, if required, is always available. Another 14.3 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 (39.1 percent) allow training to take place during work hours, while the next greatest (31.9 percent) create accommodations as needed. A few responses (11.6 percent) indicate that either training occurs during off-hours (i.e. evening classes) or that educational leave is offered to employees pursuing degrees.

Other Turnover Concerns

Employers indicated a variety of reasons for being concerned about turnover, and 72 percent of survey respondents indicated that they are worried about staff retention. Many responding employers have noticed increased rates of turnover in recent years, especially within skilled trades positions and positions categorized as entry-level. The burden and expense of continuously training new workers for these positions with high turnover is felt by employers as well. An aging workforce is creating anxiety among employers who express that they are already unable to find workers with the right skills. Finally, as employers broaden their search for talent, they are finding that workers must be coached in workplace soft skills, and several expressed frustrations with the proliferation of staffing agencies. This was noted throughout the region and in all industries, and extended to factors like attendance and punctuality, work-life balance, motivation and dedication, and personal fit with the company.

Figure 25: Percent of employers concerned about employee turnover



Reasons given for leaving a job

Employers were asked to rank employees' stated reasons for leaving by frequency, ranging from "very frequent" to "never" (employees do not ever express this as the primary reason for leaving). 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 were the top two reasons across each MWA and many industries. They were also echoed during employer convenings. 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. Both overall reasons for leaving and those for the highest-responding industry groups are shown below. In addition, energy and utilities workers are most likely to leave for reasons such as retirement and relocation, while TDL workers are likely to pursue different career paths.

Personal barriers and court-ordered payroll deductions

As shown in Figures 26-29, barriers such as housing, child care, transportation, and medical issues continue to frustrate both workers and their employers across all analyzed industries. 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. Approximately one-fifth, or 20.6 percent, of responding employers reported retention issues for employees burdened by court-ordered payroll deductions. Among those indicating that payroll deductions are an issue, the greatest portion (53.1 percent) cited child support. Debt collections, with 34.1 percent, were also common while student loan collections represent a distant third.

Figure 26: Employees' reasons for leaving by frequency, all industries

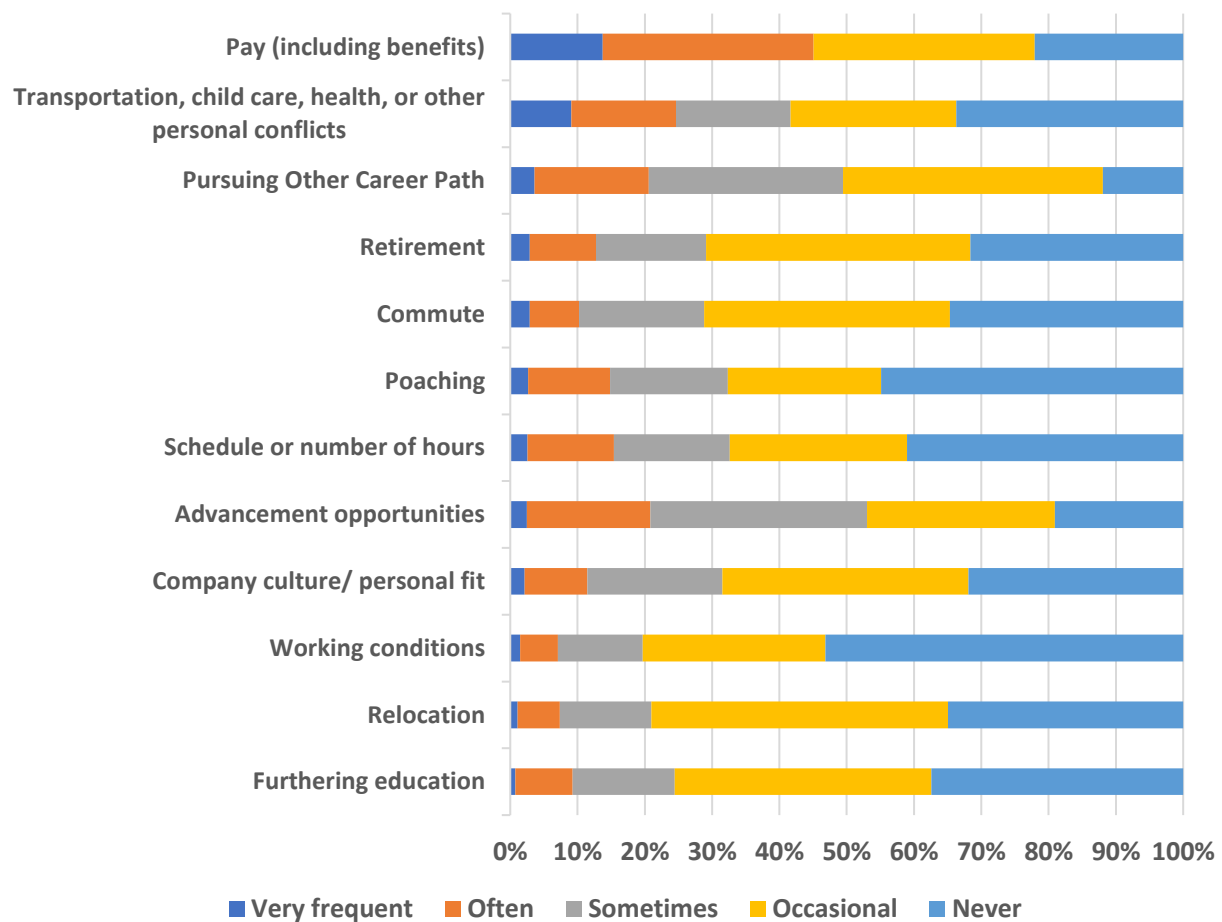


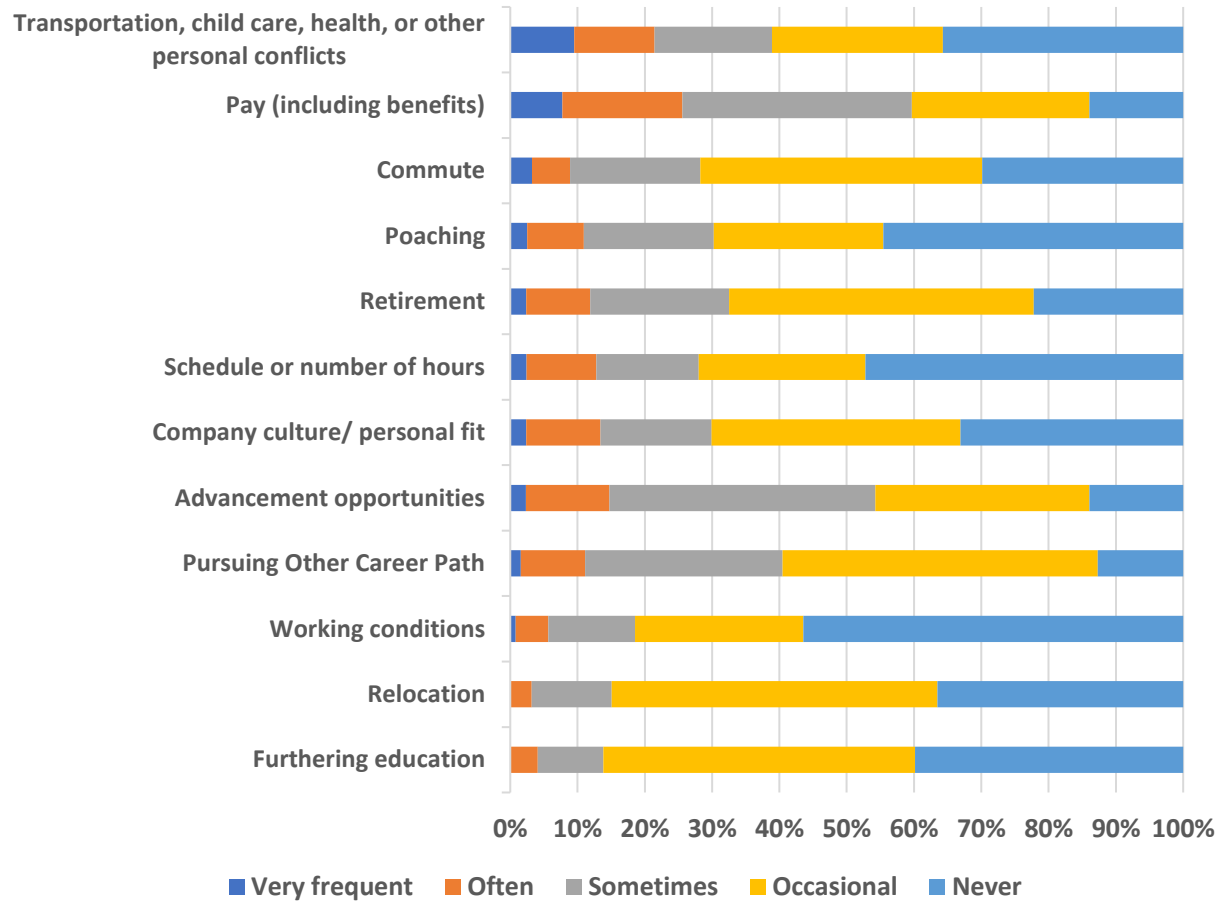
Figure 27: Employees' reasons for leaving, Manufacturing

Figure 28: Employees' reasons for leaving, Professional, Technical, and Scientific Services, Information, and Finance

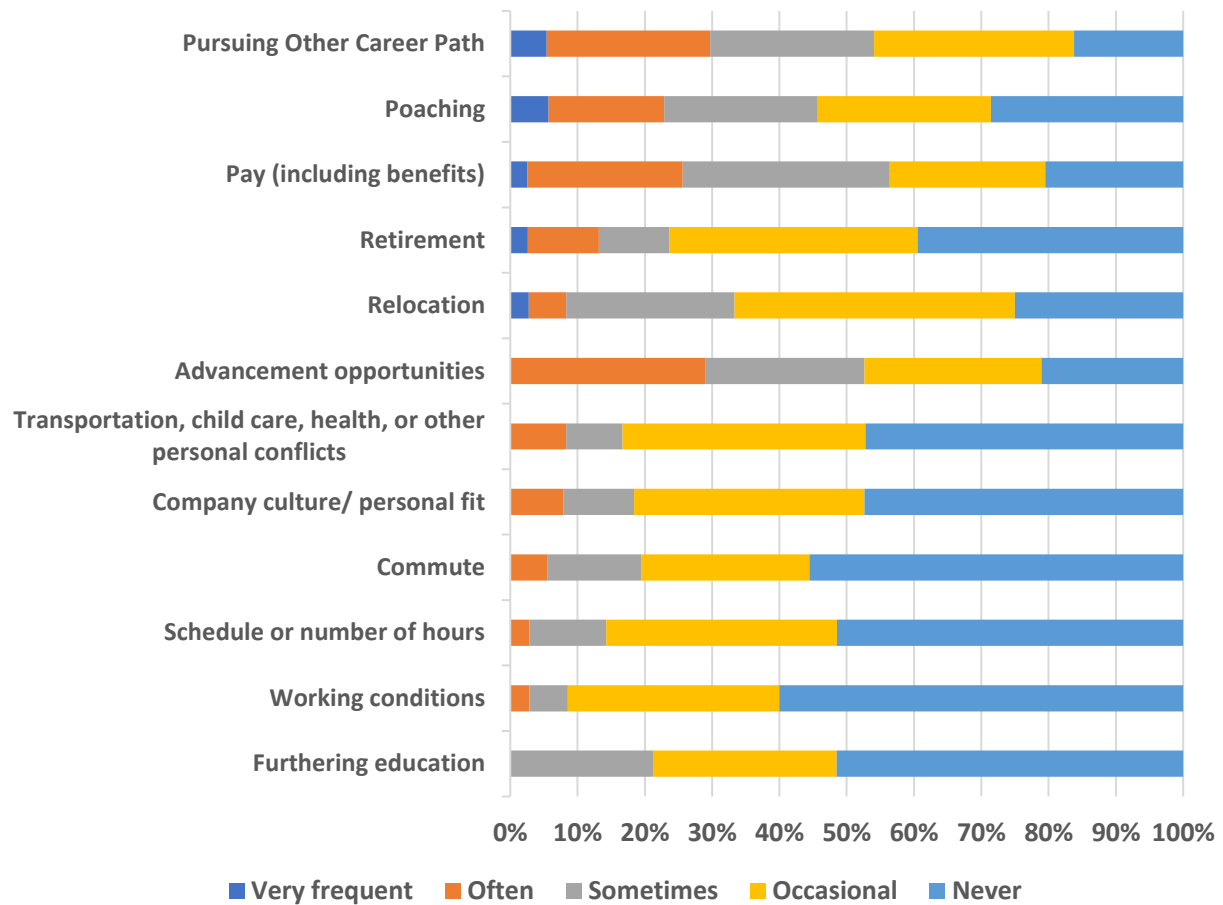
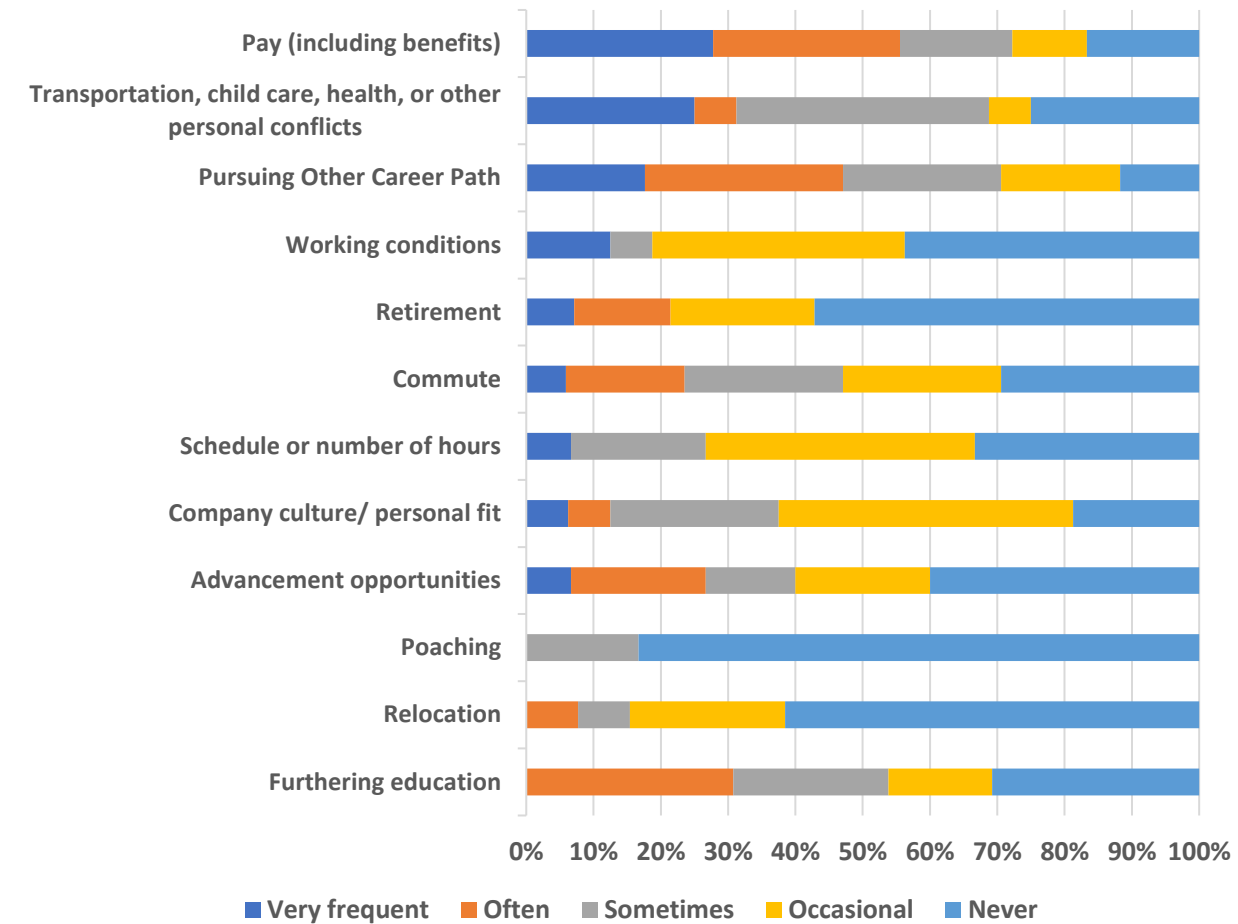
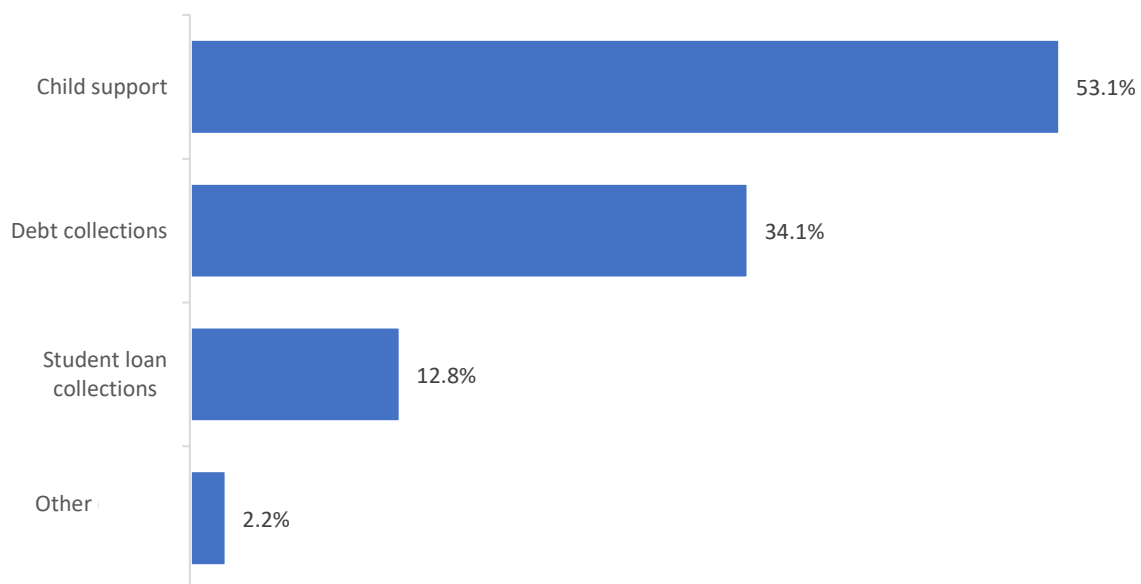


Figure 29: Employees' reasons for leaving, Health Care**Figure 30: Reasons for court-ordered payroll deductions by percent of responses**

Conclusion and Next Steps

The key findings and subsequent analysis provided in this report provide a deeper understanding of current employee turnover issues in greater southeast Michigan. Turnover is a multifaceted problem faced by employers in every industry that impacts nearly every position in any given firm. Understanding the reasons why employees leave their positions and the costs associated with employee turnover is critical to the development of viable career pathways and sustainable talent attraction and retention efforts.

Many employers are aware of the costs of high turnover and have implemented or are testing new retention strategies. Allowing more flexibility within shift schedules and offering more comprehensive education- and wellness-related benefits are increasingly common strategies. Allowing for greater career growth potential within the company, and the attendant training, is effective but may require additional resources to be implemented. Finally, issues such as transportation, childcare, and health are often the root causes of turnover that many employers are seeking means to address.

To assist with turnover-related issues faced by employers, Michigan Works! Agencies throughout the 16-county WIN region offer a wide variety of *free* or low-cost services designed to support businesses with attraction, development, and retention efforts. These services include Business Resource Networks (BRNs), job posting services, talent recruitment assistance, candidate pre-screening, workforce assessments, customized employer-based training programs, labor market information, hiring incentives, layoff aversion strategies or layoff support, fidelity bonding, worker opportunity tax credit, and more.

This report concludes with several opportunities for employers and workforce development professionals to consider that could help reduce employee turnover and the associated costs to employers in greater southeast Michigan:

1. Continued research and engagement related to employee turnover is critical as the labor market continues to shift in greater southeast Michigan. Regular tracking and reporting of regional employee turnover information is not done by federal, state, or local entities; therefore, consistent employer convenings and surveying would allow for greater understanding of the root causes of employee turnover and the strategic development of workforce solutions to address the key issues faced by both employees and employers throughout the region.
2. Development of supported career pathways for hard to fill positions in the greater southeast Michigan region would be beneficial for both employees and employers. In order for these pathways to be successful, employer partnerships between those businesses employing occupations identified as hard to fill would need to be established and regularly convened by workforce development professionals. Increased participation in BRNs and other talent-focused industry groups is highly recommended for employers throughout the region.
3. Regular communication with employees regarding attendance-related warning signals that could ultimately result in the employee leaving could help to eliminate turnover, in some cases. Employers with the capacity to educate their management team and connect employees to community resources to assist with alleviating the reasons for turnover related to transportation, child care, or other personal conflicts would be incredibly impactful given the results of this study.

4. The business services teams at each MWA throughout the WIN region are underutilized by local employers based on the survey results and employer commentary analyzed in this report. Employers are encouraged to reach out to their local Michigan Works! business services representative using the contact information below to gain access to the many benefits offered by the workforce development system.

Detroit Employment Solutions, Corporation (DESC)
Serving the City of Detroit

(313) 664-5566
www.descmiworks.com

GST Michigan Works!
Serving Genesee, Huron, Lapeer, Sanilac, Shiawassee and Tuscola counties

(810) 233-5974
www.gstmiworks.org

Michigan Works! Macomb/St. Clair
Serving Macomb and St. Clair counties

(586) 469-5022
www.macomb-stclairworks.org

Michigan Works! Southeast
Serving Hillsdale, Jackson, Lenawee, Livingston, and Washtenaw counties

(844) 200-3206
www.mwse.org

Oakland County Michigan Works!
Serving Oakland County

(248) 858-5520
www.oaklandcountymiworks.com

Southeast Michigan Community Alliance Michigan Works!
Serving Monroe and out-Wayne counties

(734) 229-3518
www.semca.org

Appendices

Appendix A: Best Practice Research

To best focus the employer 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 service area 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 in Appendix B on page 31.

Convenings of focus-industry employers took place throughout the month of March in each MWA service area. Large employer 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 throughout this report. The employer convenings included 67 total employers, whose industry mix is indicated in Figure 1 on page 6, across all six MWA service areas. Overwhelmingly, the employer convenings served to show that the causes of high turnover and barriers to work are consistent across the region and across industries.

Appendix B: 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.

Appendix C: Survey Questions and Number of Responses

Introduction: Purpose and Approach

Six Michigan Works! Agencies (MWAs) have contracted with the Workforce Intelligence Network for Southeast Michigan (WIN) to develop this survey. WIN is a non-profit collaboration of the six MWAs and ten community colleges in greater southeastern Michigan. WIN's mission is to cultivate a cohesive talent pipeline in the region. This work will provide the MWAs with a comprehensive understanding of the causes of employee turnover in the greater southeast Michigan region, as well as an understanding of the potential gaps that exist in the development of career pathways for those with barriers to employment.

Your participation in this survey will help create a unique data source for our region, which will allow MWAs to better serve employers. This information is not currently tracked or reported by federal, state, or local entities. This information will help to inform the resources aimed at reducing employee turnover.

Outcomes will include identification of:

- the occupations experiencing turnover most frequently,
- the individuals most impacted by high turnover,
- the most common reasons cited for employee turnover.

The results of the survey will be analyzed and published for use by MWA representatives and survey participants. Survey responses will be reported in aggregate and identifying employer information will be kept confidential. Participation in the study guarantees that your company will have access to the comprehensive results as long as you provide the appropriate contact information at the end of the survey.

Business Information and Identification of Occupations:

Business Information

1. In which industry do you classify your business? (n=612)
(MULTIPLE CHOICE: All 21 2-Digit NAICS codes and "I'm not sure how my business classifies. (Please describe your business's primary function)")

Location

This page features several questions regarding the location of your business. For reference, "Greater Southeast Michigan" refers to the region in red in the map below.

2. In what county does your company primarily operate? (n=581)
(MULTIPLE CHOICE; relevant MWA service area counties and "Other (please specify)")
3. Do you hire for multiple locations in greater Southeast Michigan? (n=581)
(MULTIPLE CHOICE: YES or NO; YES SKIPS TO QUESTION 4)

Please list, if different than your location, the county and primary function of each additional southeast Michigan location: (n=105)

(COMMENT BOX)

Staffing

4. About how many full-time employees do you currently employ across all locations? (n=510)

(MULTIPLE CHOICE)

- a. 1-9
- b. 10-49
- c. 50-99
- d. 100-499
- e. 500-4999
- f. 5000+

5. To help us better understand your company and which skillsets are most affected by turnover, please tell us which of the following roles are employed at your location. You may select all that apply; five to ten are recommended. (n=510)

(CHECK BOXES: See excel file "Occupation Choices by MWA" and "Other (please specify)")

6. What is your approximate annual turnover rate, as a percentage? (n=510)

(SLIDER with TEXT ENTRY OPTION)

7. Please tell us the approximate percentage, as a numeral, of your staff in the roles you have specified. (n=451)

(MULTIPLE TEXT BOXES: Occupations selected in question 6)

8. Does your company utilize a staffing agency to fill open positions? (n=428)

(MULTIPLE CHOICE: Yes, No, and "Sometimes (please explain)")

9. Please list the approximate time it typically takes to fill a position in each of the following occupation groups. (n=428)

(MULTIPLE TEXT BOXES: Occupations selected in question 6)

Employee Tenure

10. Please list the typical tenure for workers in each of the following occupation groups you specified previously. (n=370)

(MULTIPLE TEXT BOXES: Occupations selected in question 6)

11. Does average tenure differ significantly for hourly and salaried workers? (n=370)

(MULTIPLE CHOICE: Yes or No)

12. Please provide both tenure estimates, if applicable. (n=337)

(DROP DOWN MENUS for both Hourly workers and Salaried workers)

- a. 0-3 months

- b. 4-6 months
- c. 6 months to 1 year
- d. 1-2 years
- e. 3-5 years
- f. 5-10 years
- g. Over 10 years

13. Does average tenure differ significantly for entry level and management workers? (n=336)
(MULTIPLE CHOICE: Yes or No)

14. Please provide both tenure estimates, if applicable. (n=303)
(DROP DOWN MENUS for both Entry-level workers and Management workers)

- a. 0-3 months
- b. 4-6 months
- c. 6 months to 1 year
- d. 1-2 years
- e. 3-5 years
- f. 5-10 years
- g. Over 10 years

15. Have you noticed any change in tenure, either positive or negative, for employees that have undergone training (internal or external) while employed at your company? Please explain.
(n=336)
(COMMENT BOX)

16. Do you employ workers on multiple shifts? (n=336)
(MULTIPLE CHOICE: Yes or No)

17. Please provide both tenure estimates, if applicable. (n=214)
(DROP DOWN MENUS for First shift, Second shift, and Third shift)

- a. 0-3 months
- b. 4-6 months
- c. 6 months to 1 year
- d. 1-2 years
- e. 3-5 years
- f. 5-10 years
- g. Over 10 years

Existing Retention Strategies:

Human Resources

18. Does your company have dedicated HR staff? (n=335)
(MULTIPLE CHOICE: Yes or No. SKIP TO QUESTIONS 20 and 21 if “Yes”, 22 if “No”)

19. How many workers are in your human resources department? (n=220)
(TEXT BOX)
20. If you have multiple locations, does each location have its own HR staff or is this operated through one central location? (n=220)
(QUESTION IS HIDDEN if "No" was selected in question 3) (MULTIPLE CHOICE)
- a. Each location
 - b. Central location only
 - c. N/A; only one location
 - d. Other (please explain)
21. Please indicate who manages human resource matters for your organization. (i.e., contracted HR firm, staffing agency, Michigan Works! support, etc.) (n=111)
(COMMENT BOX)
22. What onboarding methods does your company utilize? Please choose all that apply. (n=325)
(CHECK BOXES)
- a. Handbook
 - b. Mentor
 - c. Formal training, such as seminars or workshops
 - d. Intranet employee posting board/ internal communications
 - e. Orientation
 - f. 90-day review or other probationary period
 - g. None
 - h. Other (please describe)
23. Do you have formalized employee feedback strategies? Please describe. (n=325)
(COMMENT BOX)
24. At what level do you have succession planning procedures in place? (n=325)
(CHECK BOXES)
- a. Entry-level
 - b. Mid-level (1 or more direct reports)
 - c. Supervisor (1 or more managers reporting)
 - d. Executive
 - e. None
 - f. Other (please describe)

Retention programs

25. What kinds of retention programs does your company already have in place? Select all that apply. (n=313)
(CHECK BOXES)
- a. Employee Assistance Program (EAP)
 - b. Open door HR Policy

- c. Discount agreements with service vendors
 - d. Public transit passes or discounts, employee rideshare, or other transportation assistance
 - e. Wellness program
 - f. Tuition assistance
 - g. Michigan Works! Business Resource Network (BRN) Success Coach onsite
 - h. Child care assistance
 - i. Event discounts or attendance
 - j. Team bonding events, food, gift cares, or similar incentives
 - k. Flexible scheduling
 - l. None
 - m. Other (please describe)
26. If you selected “flexible scheduling” above, please briefly describe what this means for your company. (n=202)
(COMMENT BOX)
27. What retention strategies have proven effective for your company in the past? Please describe. (n=313)
(COMMENT BOX)
28. Are there any retention strategies that your company has found to be ineffective? Please describe. (n=313)
(COMMENT BOX)
29. About how often does your company evaluate your retention policies? (n=313)
(MULTIPLE CHOICE)
- a. More than once per year
 - b. Annually
 - c. Every one to five years
 - d. As needed or in response to high turnover
 - e. We have never formally evaluated our retention policies
 - f. Other (please describe)

Employee Satisfaction:

Compensation

30. Which of the following benefits are offered by your company? Please select all that apply. (n=309)
(CHECK BOXES)
- a. 401K retirement options
 - b. Health benefits
 - c. Life insurance
 - d. Vacation time
 - e. Pay for performance
 - f. Parental leave
 - g. Stock options

- h. Use of company vehicle
- i. Phone/ data plan
- j. None
- k. Other (please describe)

31. Does your company have standardized salary bands? (n=309)
(SKIPS TO question 33 if “Yes” or “Other”, question 34 if “No”) (MULTIPLE CHOICE: Yes or No and “Other: Please explain”)

32. Please list the salary or salary range for each type of worker at your company, if possible. Both hourly and salary ranges are provided, and you may select all that apply. (n=107)
(MATRIX OF CHECK BOXES)

- a. Rows: Occupations chosen in question 6
- b. Columns
 - i. Under \$10/hr; Under 20K
 - ii. \$10-\$15/ hr; \$20K-\$31K
 - iii. \$15.50-\$20/ hr; \$32K-\$42K
 - iv. \$20.50-\$30/ hr; \$43K-\$62K
 - v. \$30.50-\$40/ hr; \$63K-\$83K
 - vi. Over \$40 hourly; Over \$83K

Promotion and Career Development

33. Does your company have clearly defined promotion pathways for any of these roles? (n=307)
(SKIP TO question 38 if “None”) (CHECK BOXES: “None”, Occupations chosen in question 6, and Other (please explain))

34. Does your company require additional educational credentials to move through any of the pathways you described? (n=139)
(SKIP TO question 38 if “No”) (MULTIPLE CHOICE: Yes, No, or Other (please explain))

35. Do you offer funding for the training required? (n=70)
(MULTIPLE CHOICE: Yes, No, and Sometimes (please explain))

36. How do you manage competing work and required training schedules? (e.g., allow training during work hours, evening classes, etc.) (n=70)
(COMMENT BOX)

Turnover Concerns:

37. Is your company concerned about turnover? Please explain. (n=266)
(MULTIPLE CHOICE: Yes or No, with “Please explain” TEXT BOX)

38. What reasons do employees cite when they leave employment with you? Please indicate the frequency with which each reason is mentioned. (n=302)
(MATRIX OF MULTIPLE CHOICE OPTIONS)

- a. Rows:
 - i. Pay (including benefits)
 - ii. Advancement opportunities
 - iii. Transportation, child care, health, or other personal conflicts
 - iv. Company culture/ personal fit
 - v. Working conditions
 - vi. Schedule or number of hours
 - vii. Commute
 - viii. Pursuing other career path
 - ix. Furthering education
 - x. Retirement
 - xi. Relocation
 - xii. Poaching
 - xiii. TEXT BOX: Other (please specify)
- b. Columns
 - i. Never
 - ii. Occasional
 - iii. Sometimes
 - iv. Often
 - v. Very frequent

39. Has your business experienced turnover challenges related to employees with court-ordered payroll deductions? (n=301)
(MULTIPLE CHOICE: Yes or No, with "Please explain" TEXT BOX)

40. If so, what are the reasons for the court-ordered payroll deduction? Please select all that apply.
(n=123)
(CHECK BOXES)

- a. Child support
- b. Debt collections
- c. Student loan collections
- d. Other (please describe)

41. Please estimate, averaged across all occupations, the financial costs (in dollars) of turnover for an employee at your business. (n=277)
(MULTIPLE TEXT BOXES)

- a. Search costs (job posting fees, recruitment, staff time, etc)
- b. Training costs (onboarding/ orientation, required certifications, etc)
- c. Other cost factors (lost productivity, lost revenue, etc)

42. About how long does it take for a new hire to be as productive as an existing staff member in the same role? (n=277)
(TEXT BOX)

Additional Comments

43. Is there anything else you would like to share with us as it relates to turnover, employee resources, or other talent retention concerns? (n=108)

(COMMENT BOX)

Respondent Contact Information:

Please provide your contact information below if you wish to receive a copy of the final survey analysis directly. Survey responses will be reported in aggregate and individual company responses will remain confidential.

44. Name of the organization you represent: (fill in the blank)

Address: (fill in the blank)

Phone number: (fill in the blank)

Website: (fill in the blank)

Email address: (fill in the blank)

Conclusion and Next Steps:

Thank you for participating in this study. Your responses are greatly appreciated. The results of the survey will be analyzed and published for use by MWA representatives and survey participants. Survey responses will be reported in aggregate and identifying employer information will be kept confidential. Participation in the study guarantees that your company will have direct access to the comprehensive results as long as you have provided the appropriate contact information.

If you have questions regarding this study, please contact research@WINintelligence.org.