MRA SURVEYS

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TURNOVER SURVEY

MRA
Where HR Means Business.

2021

TURNOVER SURVEY

MRA SURVEYS

CONFIDENTIAL SURVEY REPORT

This survey is provided with the understanding that the information will:

- Remain strictly confidential
- Be restricted to authorized personnel only
- Not be used in collective bargaining or grievance proceedings
- Protect, completely, organizational identity

For a complete list of surveys available from MRA, please visit our website at www.mranet.org. Survey questions can be directed to 800.488.4845, ext. 3508 or surveys@mranet.org.

PARTICIPATION
IT MATTERS!

Your participation in MRA surveys provides critical survey input for reliable market data to help your organization stay competitive. Our data is the result of our strong partnerships with members like you. By participating, you receive:

- Free survey results for member participants
- MRA's online survey tools—MRAPay and On-Demand Salary Tool
- HRCI credit for recertification or SHRM Professional Development Credit (PDC) for qualifying surveys

MRA SURVEYS
RELY ON US

Since 1901, MRA produces high quality, trusted surveys that help provide confidence of data-driven decisions within member organizations. Our team of professionals, with expertise in survey design, statistical analysis, compensation, and market research, provide accuracy and insights that help your organization succeed.

POLICIES, BENEFITS, AND TRENDS DATA

Staying current on policies, benefits and trends can be daunting. We offer a variety of surveys to help you keep current and compliant.

COMPENSATION DATA

We offer compensation data for over 1,000 unique jobs—providing you with accurate data for all areas within your organization.

BUSINESS INSIGHT & INTELLIGENCE

What would you like to ask your customers or employees today? We can help provide answers to your most desired questions about your business.

SURVEY DEPARTMENT

MEET YOUR TEAM

ZACH DAY

Director, Surveys, Custom Research, & Analytics

Zach Day is an experienced data analyst using information to impact business decisions. His mission is to provide you with relevant data for your immediate use.

KELLY GREINKE

Survey Project Lead

Kelly Greinke has led MRA's scheduled compensation, benefits, and trend surveys for over 20 years. Her expertise is what you have come to know and appreciate in MRA surveys.

BRITTANY RITTERSHAUS

Surveys & Graphics Specialist

Brittany Rittershaus brings data to life. She designs graphics to compliment the research that helps make information understandable and usable.

KAREN ZOLIK

Survey/Research Systems Analyst

Karen Zolik brings strong organization and analysis to MRA survey studies. As a certified Project Management Professional and data analyst, she coordinates the research and provides the insights you need.

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AT A GLANCE

It is widely accepted that one of the largest expenses for any organization is the cost of salaries and benefits. However, when employees leave a company, voluntarily or involuntarily, there are additional costs associated with replacing them that can rack up quickly. Retention should start early within the hiring process to avoid the need to replace an employee. In the end, losing an employee can cost more than just money, but also knowledge.

Employee turnover is an unfortunate inevitability of operating a business, whether initiated by the employee or due to business constraints and decisions. Thinking ahead about the amount of turnover that is acceptable within your organization can help in the long run. It is normal to have some level of employee turnover from year to year, but it is crucial to retain your top talent as much as possible.

As the world continues to deal with the effects of the COVID-19 pandemic, this year's report will begin to show the costly impact that it has had on participating organizations.

"Of course, there is no doubt that COVID-19 has impacted organizations. While change is inevitable no one expected the complications the pandemic brought, and the ramifications will impact companies for years to come." —Taylor Teske, HR Generalist

Within this survey, we cover a number of questions to further understand the average turnover rates and reasons employees separate from an employer. To help your organization manage turnover and prevent cost that can come with it, the data is broken out by key employee groups. The four major groups of employees are: Executive; Managerial, Supervisory, and Professional; Office and Technical; and Production, Maintenance, Service and Trades workers.

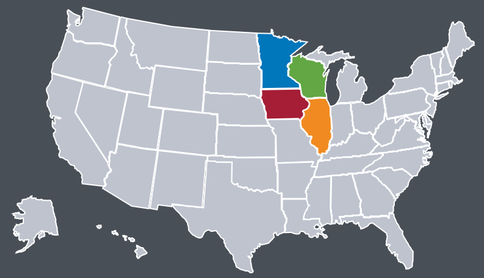
Members participating in MRA's Turnover Survey tend to include smaller to mid-size manufacturers. The majority of survey respondents (77%) employ less than 250 employees, and a little more than half (51%) of organizations are manufacturers. This year's report includes an industry cut, distinguishing turnover rates for Manufacturing – Durable Goods from Manufacturing – Nondurable Goods and from Non-Manufacturing, Goods & Services.

Results of the questions that were surveyed are shown in tables on the pages following this summary. They include additional breakouts by state when enough clean, relevant data was present. Overall, we had outstanding participation *(Fig. 1)* in this survey that was produced in the timely manner you have come to expect from MRA *(Fig. 2)*.

"Thank you to all survey participants who submitted and worked with our team to ensure data is correct and complete. Your participation is vital to maintaining the strength and integrity of MRA surveys." —Zach Day, Director, Surveys, Custom Research, & Analytics

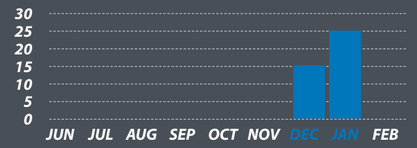
Our goal is to help your organization figure out the best employee turnover strategy for your business. Use this data to help find the root cause of turnover, estimate the cost-to-hire, and plan for the ever changing economy. We hope you find the answers *(Fig. 3)* in this survey impactful, as you work on retention strategies to help your organization with employee turnover.

SURVEY PARTICIPATION *Fig. 1*



625
PARTICIPATING ORGANIZATIONS

SURVEY CONDUCTED *Fig. 2*



DEC. 2020–
JAN. 2021
SURVEY CONDUCTED

QUESTIONS SURVEYED *Fig. 3*

29
QUESTIONS SURVEYED

TURNOVER
EXECUTIVE SUMMARY

OVERALL **TURNOVER RATES**

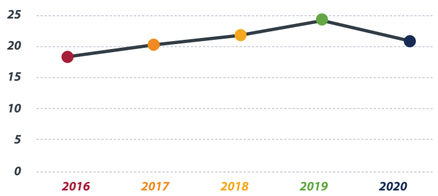
Turnover is the rate or the percentage of employees that left the company; as a result of them leaving, they were replaced by new employees. Keep in mind, turnover is different from attrition. Attrition is the loss of an employee through a natural process such as resignation, retirement, or even personal health. Unlike turnover, these jobs will not be filled.

While the term "turnover" can sometimes have a negative connotation, not all turnover is necessarily bad. For example, if a poorly performing employee is let go and is replaced with a high performer, productivity can soar. Ideally, this could boost not only the team morale, but also the bottom-line.

As organizations begin to recover from the pandemic, responses indicate that turnover percentages have decreased from the previous year *(Fig. 4)*. With many reports of layoffs and business closings in the news throughout the year, this might be a surprising or unexpected result. It seems that business and employees alike were more apt to remain conservative and wait for any employee movement of positions *(Fig. 5)* until the economy and world health stabilized.

This could lead to larger than normal percentages of turnover in 2021, should the pandemic and economy recover, unless businesses take action to prevent voluntary turnover now.

Overall Turnover Rates Year over Year *Fig. 4*



Turnover by Employee Group *Fig. 5*

EXECUTIVES	**7.7%**
MANAGERIAL, SUPERVISORY, & PROFESSIONAL	**14.3%**
OFFICE & TECHNICAL	**19.5%**
PRODUCTION, MAINTENANCE, SERVICE & TRADES	**28.4%**

TURNOVER RATES BY **YEARS OF SERVICE**

No longer are employees with less than 1 year of service the highest percentage of those exiting organizations! Statistics have shown this group trending downward over the last several years, while the percentage of employees with 5 or more years of service leaving organizations has trended upward. Now the exit rate of the two groups match (29%) and are much closer to benchmark (25% across all employee groups if exiting at the same rate.)

"More new hires have stayed on the job this past year, and that could be attributed to solid onboarding by organizations. Employees who receive new development opportunities are more apt to stay employed at a company, even despite economic uncertainty. Investing in growing employees throughout their lifetime at an organization - just like you do during a successful onboarding - will help retain all employee groups. People who don't see chances to develop often look for employment elsewhere" —Taylor Teske, HR Generalist

TURNOVER
EXECUTIVE SUMMARY

Types of Turnover by Employee Group

Fig. 6

EXECUTIVES

30% ***INVOLUNTARY***

70% ***VOLUNTARY***

MANAGERIAL, SUPERVISORY, & PROFESSIONAL

32% ***INVOLUNTARY***

68% ***VOLUNTARY***

OFFICE & TECHNICAL

33% ***INVOLUNTARY***

67% ***VOLUNTARY***

PRODUCTION, MAINTENANCE, SERVICE & TRADES

38% ***INVOLUNTARY***

62% ***VOLUNTARY***

TYPES OF **TURNOVER**

When examining turnover, there are two types to consider — voluntary and involuntary. Voluntary turnover happens when an employee leaves a job, whether that is due to taking a job elsewhere, taking an internal transfer, or retirement. Typically, this type of turnover is more costly because it often involves the loss of a high performing employee. Involuntary turnover includes layoffs, reductions in work force and terminating poorly performing employees. The latter could be beneficial to the organization, as previously stated.

For Executive employees, voluntary separations *(Fig. 6)* increased significantly (70%) over prior 2018 turnover data (58%). The increase in voluntary turnover, for executive employees, could be due to an increase in executive retirements. Employers stated that 42% of executives left due to retirement versus 30% in 2018.

TOP THREE REASONS FOR **TURNOVER**

The pandemic did play a role in reasons for separations, with over 20% of organizations citing downsize/permanent layoff due to COVID-19 in their Office & Technical employee group and Production, Maintenance, Service and Trades employee group. Yet, separations due to COVID-19 was not the top reason. See below for the top three:

- Retirement
- For a similar job at another employer
- Due to performance

TURNOVER
EXECUTIVE SUMMARY

RIPPLE OF EFFECT OF **TURNOVER**

No matter what type of turnover is present, voluntary or involuntary, there are other challenges that come with it. For example, data shows that retirement is on the rise across all employee groups. However, the Executive group saw a 12% increase in turnover due to retirement. This can cause a ripple effect throughout the organization. To offset the shortage of employees, some organizations will promote within by tapping into their high performers for the executive positions. If the jobs of the top performers are left unfilled for too long:

- Existing employees can have reduced productivity, as they are picking up the work during the gap of hiring a replacement.
- It can risk further turnover, due to existing staff being overworked, and lower morale.

This is why it is important to track employee retention and be on top of your turnover. It is recommend to track turnover monthly as a way to see the trends and plan for future turnover.

How do you quantify turnover into numbers for tracking? Turnover rate is the ratio of employees who leave the organization within a specific time frame divided by the average number of employees. For a more detailed calculation, please see our appendix.

TOP THREE ACTIONS TO OFFSET **TURNOVER**

Work has to continue even though there is a loss of an employee. Offsetting turnover has to happen right away to not affect the bottom-line. Organizations reported several actions they use to offset turnover once it did occur. The top three plans include:

- Recruit and hire full time employees *(Fig. 7)*
- Overtime hours *(Fig. 8)*
- Process improvement *(Fig. 9)*

ACTIONS TO REDUCE **TURNOVER**

Identifying improvement opportunities within the organization and acting early can help prevent future turnover from happening. Knowledge is the best weapon in fighting turnover. Once you know why it's happening, you can begin the process of reducing turnover.

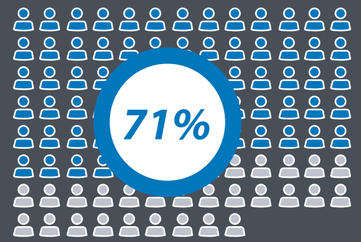
The top way employers plan to reduce turnover this year was to provide an exit interview survey *(Fig. 10)*. These surveys can provide helpful insights to reduce turnover by simply asking the right questions. The questions in the surveys could vary from organizational culture to management. Find the right balance of questions that work for you. If you are unsure where to start, check out our Exit Interview Questions Guide!

Another great way organizations are attempting to reduce turnover is through communications *(Fig. 10)*. By improving communications, employees can feel that they're important assets to the growth and success of the organization. There are many ways to improve communication such as weekly brainstorm sessions, reminders, and even newsletters.

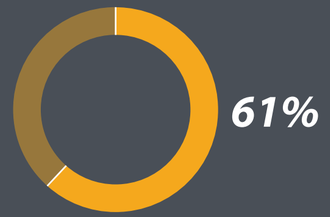
"Managers play a key role in employee engagement. Each employee has a different reason they stay. Connecting one on one and understanding what their employees need is an impactful way managers can effect retention and satisfaction within an organization." —Taylor Teske, HR Generalist

When the best employees work for an organization, keeping compensation and benefits competitive enough to motivate them to stay can be a challenge. One way to ensure you are remaining competitive is to do a compensation and benefits review *(Fig. 10)*. It can improve not only morale, but motivation and satisfaction among not only current employees, but future ones as well. More details on compensation and benefits reviews can be found right here.

Recruit and hire full-time employees *Fig. 7*

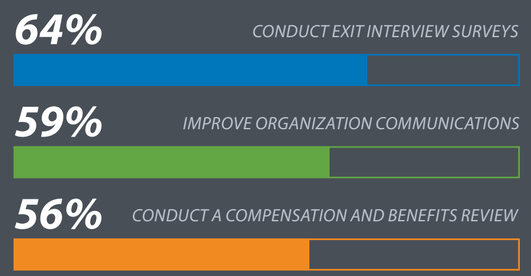


Overtime Hours *Fig. 8*



Process Improvement *Fig. 9*

Actions to Reduce Turnover *Fig. 10*



SUCCESSION PLANS AND **SUCCESS**

While taking action to not only offset, but to reduce turnover can prevent more ripples from spreading within an organization, there are other ways. One of those ways is to ensure that an organization is prepared for the future, to be able to keep business moving forward during the inevitable changes that can come. This can happen through a succession plan (Fig. 11).

A succession plan is a long-term process for a developing employee, who can move up when an employee within a leadership or key role leaves an organization. It is often a twofold strategic plan that can capture valuable employees and knowledge that comes with a job.

"We know that employees often do more than what a job description captures, so organizations need to make sure legacy knowledge gets passed on. A great way to do that is by having a succession plan, which allows a company to capture and share that important information" —Taylor Teske, HR Generalist

With retirement on the rise, knowledge could have been lost within an organization. With a succession plan, ideally that knowledge could be transfered ahead of time through cross training other employees and/or ensuring the correct documentation is present if such a situation would arise.

Once a succession plan is started, it would need to be continued on and updated as needed. It is something that should be revisited annually at most to see if there have been any changes or movement within the organization. By reviewing, it may reveal that plans need to be halted or accelerated, as some organizations have done during the pandemic (Fig. 12).

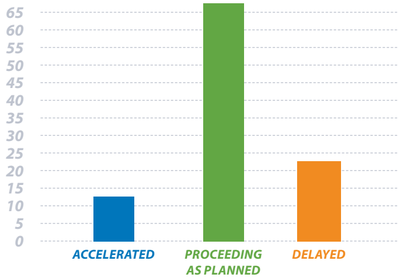
More information on succession plans can be found right here, or to see a layout of a succession plan, click here.

Organizations Who Have Succession Plan *Fig. 11*

40%
HAVE A SUCCESSION PLAN

60%
DO NOT HAVE A SUCCESSION PLAN

COVID-19 Effect on Succession Plan *Fig. 12*



TURNOVER **CONCLUSION**

NEVER LOSE SIGHT OF **EMPLOYEES**

Despite the pandemic, turnover rates have decreased from the previous years. Will turnover rise in the new year? That is yet to be seen.

Employee turnover is a natural part of an organization's operations and shouldn't necessarily be viewed as a negative. Instead, utilize exit interviews when an employee leaves as a way to find out where to improve. Talking to high performers to see why they stay in an organization can be beneficial as well.

Turnover can be opportunity for an organization to grow and improve. It can be used as a time to evaluate employees, ensuring compensation and benefits plans are in alignment with the organizational culture, and improve upon communication to its employees.

Great employees can lend an organization to significant advantages, when it comes to the long-term success of a business. Having a succession plan can help ensure the success continues even after someone leaves an organization. Whether its unexpectedly or expected through say retirement, passing on that legacy knowledge is vital.

While it's important to stay focused on remaining competitive, it is also important to listen to the employee to ensure their satisfaction and well-being, especially in these times. Employee turnover does not only impact productivity, but it can be costly. Be sure to review early and often to meet not only employee's needs as a valuable worker, but the organizational needs as well.

> *"It is not surprising that turnover rates were down last year. While employees were managing their personal lives and dealing with all the uncertainties the pandemic brought with it, people were probably more conservative in their approach towards employment. The big question now is what will things look like when the world is more stable? It could mean an increase in turnover." —Taylor Teske, HR Generalist*

MRA SURVEYS

RELY ON **US**

Have questions on the data? Contact the Survey Department at 800.488.4845 ext. 3508 or email us at surveys@mranet.org.

Want to talk it out? Call our HR Hotline 24/7 at 800.488.4845 to get the conversation going or email us at InfoNow@mranet.org.

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