2016 ERC Turnover & HR Metrics Survey

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ERC
Where Great Workplaces Start.

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About Us

ERC is Northeast Ohio's largest organization dedicated to HR and workplace programs, practices, training and consulting. ERC membership provides employers access to an incredible amount of information, expertise, and cost savings that supports the attraction, retention, and development of great employees. We also host the nationally recognized NorthCoast 99 program and sponsor the ERC Health insurance program. For more information about ERC, please visit www.yourERC.com.

Introduction & Methodology

This report summarizes the results of ERC's survey of organizations in Northeast Ohio, conducted in March/April of 2016, related to turnover of employees as well as HR department practices. The survey reports trends in:

- Voluntary and involuntary turnover of employees and new-hires
- Role of HR within the organization
- Common HR metrics and benchmarks
- Use of technology and information systems within the HR department

All ERC members were invited to participate in the survey starting March 15, 2016 via email invitation and other promotions. The survey officially closed on April 22, 2016. In order to provide the most reliable and accurate information, data was cleaned and duplicate records were removed. Any outliers or invalid data were also eliminated, yielding a final data set of 60 participating organizations, only from Northeast Ohio. All quantitative data was analyzed using statistical software to ensure data validity and reliability.

This report shows several frequencies and response distributions. Frequencies of data responses may not total 100% exactly in some cases due to rounding of decimals or the ability for participating organizations to select multiple response options. In some cases, breakouts are not included due to quantity of data or insufficient sample.

Key Findings

- Overall turnover rates are, on average, 11.1% for voluntary and 7.7% for involuntary
    - Voluntary turnover rates are typically higher than involuntary turnover rates regardless of industry or organizational size.
- The average vacancy rate reported is 10%, which was also fairly consistent across breakouts.
    - These vacancies can be costly, with the average "cost of vacancy" at almost $7,200.
- In terms of structure, 43% of HR departments indicate "HR Manager" is the title of their top HR position, with "Director" ranking second at 25%.
- Half of the participating organizations employ HR Specialists, just under 2 FTEs on average. The most common functional areas for these specialists are Benefits and Recruiting.
- When asked about both current and future plans for HR certification of HR staff, the most common option selected was "dual certification" (both HRCI & SHRM).
- HRIS is by far the most commonly used HR technology system (63%), with Applicant Tracking Systems (38%) and Performance Management Systems (32%) ranking second and third respectively.

Turnover & Vacancy

Figure 1 | Average turnover rates for all employees in 2015

	Voluntary	Involuntary
All Organizations	11.1%	7.7%
Industry		
Manufacturing	10.9%	8.1%
Non-Manufacturing	12.2%	8.5%
Non-Profit	9.4%	5.6%
Organizational Size		
1-50	5.8%	6.0%
51-200	11.5%	5.7%
201-500	12.6%	13.5%
Over 500	13.5%	4.6%

Figure 2 | Average turnover rates for new-hires in 2015

	Within 1 year		Within 180 days		Within 90 days	
	Voluntary	*Involuntary*	*Voluntary*	*Involuntary*	*Voluntary*	*Involuntary*
All Organizations	4.9%	3.8%	2.9%	1.7%	2.9%	2.9%
Industry						
Manufacturing	4.4%	3.2%	2.5%	1.5%	2.5%	1.8%
Non-Manufacturing	6.1%	5.8%	4.2%	2.2%	3.9%	6.0%
Non-Profit	4.0%	2.5%	1.9%	1.9%	1.7%	0.6%
Organizational Size						
1-50	1.0%	1.3%	0.0%	0.0%	0.0%	0.0%
51-200	4.3%	2.9%	2.3%	1.4%	2.6%	1.6%
201-500	8.7%	8.1%	6.3%	3.8%	5.4%	7.8%
Over 500	4.7%	1.2%	1.2%	1.1%	2.3%	1.5%

Figure 3 | Percent of offers extended to candidates that were accepted in 2015

	Average %
All Organizations	88%
Industry	
Manufacturing	87%
Non-Manufacturing	83%
Non-Profit	97%
Organizational Size	
1-50	95%
51-200	88%
201-500	84%
Over 500	80%

Figure 4 | Average time to start

	Average # of days
All Organizations	20.9
Industry	
Manufacturing	14.2
Non-Manufacturing	26.6
Non-Profit	29.4
Organizational Size	
1-50	29.0
51-200	19.7
201-500	17.0
Over 500	18.5

Figure 5 | Average vacancy rate*

	Average %
All Organizations	10%
Industry	
Manufacturing	9%
Non-Manufacturing	14%
Non-Profit	8%
Organizational Size	
1-50	7%
51-200	11%
201-500	11%
Over 500	13%

* Formula: (average # of vacant positions/total # of positions) x 100

Figure 6 | Average costs pertaining to turnover & hiring processes

	Average cost of vacancy	Average cost of hire	Average cost of turnover
All Organizations	$7,164	$3,526	$12,304
Industry			
Manufacturing	$7,000	$5,977	$17,658
Non-Manufacturing	$7,500	$2,716	$9,000
Non-Profit	$7,950	$790	$6,803
Organizational Size			
1-50	$8,000	$7,454	$31,000
51-200	$7,950	$1,571	$8,347
201-500	$5,750	$2,700	$9,000
Over 500	$9,000	$5,000	$17,000

Role of HR

Title of highest level HR employee within the organization

Figure 7 | All organizations

	Percent
Chief HR Officer	10%
Vice President	12%
Director	25%
Manager	43%
Generalist	5%
Administrator/Assistant	5%

Figure 7a | Industry

	Manufacturing	Non-Manufacturing	Non-Profit
Chief HR Officer	6%	6%	33%
Vice President	9%	6%	22%
Director	24%	29%	22%
Manager	52%	53%	0%
Generalist	6%	0%	11%
Administrator/Assistant	3%	6%	11%

Figure 7b | Organizational Size

	1-50	51-200	201-500	Over 500
Chief HR Officer	8%	3%	29%	0%
Vice President	8%	7%	14%	25%
Director	17%	24%	21%	75%
Manager	42%	62%	21%	0%
Generalist	8%	0%	14%	0%
Administrator/Assistant	17%	3%	0%	0%

Figure 8 | Percent of organizations employing one or more HR specialists

	Percent
All Organizations	50%
Industry	
Manufacturing	55%
Non-Manufacturing	41%
Non-Profit	44%
Organizational Size	
1-50	25%
51-200	45%
201-500	71%
Over 500	75%

Figure 9 | Average number of HR specialists employed by the organization

	# of HR specialists
All Organizations	1.7
Industry	
Manufacturing	1.0
Non-Manufacturing	2.9
Non-Profit	0.7
Organizational Size	
1-50	2.8
51-200	0.6
201-500	1.4
Over 500	5.7

Figure 10 | Percent of organizations employing HR specialists in each area

	Percent
Recruiting	17%
Benefits	12%
Payroll	10%
Other	7%
Training & Development	5%
Compensation & Benefits	3%
HRIS	3%
Compensation	2%
Performance Management	2%

"Other" areas cited include: Accounts payable/receivable, Talent management, Business Partners, Employee Relations

To whom the top HR position reports in the organization

Figure 11 | All organizations

	Percent
CEO/President/Executive Director	62%
Top Financial Director/Executive	13%
Top Operations Director/Executive	10%
General Manager	5%
Other	10%

"Other" individuals cited: Controller, Owner/Chief Administrative Officer, CEO functions in this capacity with oversight of a Personnel Committee on our Board of Directors, Board Chair – who is in HR, V.P.

Figure 11a | Industry

	Manufacturing	Non-Manufacturing	Non-Profit
CEO/President/Executive Director	67%	65%	33%
Top Financial Director/Executive	12%	6%	33%
Top Operations Director/Executive	6%	18%	11%
General Manager	6%	6%	0%
Other	9%	6%	22%

Figure 11b | Organizational Size

	1-50	51-200	201-500	Over 500
CEO/President/Executive Director	50%	72%	57%	25%
Top Financial Director/Executive	8%	14%	21%	0%
Top Operations Director/Executive	8%	7%	7%	50%
General Manager	8%	3%	7%	0%
Other	25%	3%	7%	25%

Percent of organizations at which HR is involved in strategic planning activities in one or more of the following ways

Figure 12 | All organizations

	Percent
Top HR develops w/management team	62%
Top HR develops HR's portion only	53%
HR dept. contributes to HR's portion only	35%
HR dept. develops budget	22%
HR dept. has no involvement	12%
Other	2%

Figure 12a | Industry

	Manufacturing	Non-Manufacturing	Non-Profit
Top HR develops w/management team	64%	65%	56%
Top HR develops HR's portion only	52%	71%	22%
HR dept. contributes to HR's portion only	39%	29%	33%
HR dept. develops budget	21%	24%	22%
HR dept. has no involvement	12%	6%	22%
Other	0%	6%	0%

Figure 12b | Organizational Size

	1-50	51-200	201-500	Over 500
Top HR develops w/management team	50%	66%	79%	25%
Top HR develops HR's portion only	33%	48%	79%	50%
HR dept. contributes to HR's portion only	8%	38%	50%	50%
HR dept. develops budget	8%	21%	36%	25%
HR dept. has no involvement	33%	7%	7%	0%
Other	8%	0%	0%	0%

Figure 13 | Percent of organizations that believe HR professionals need one more of the following tools and/or support in order to be recognized and involved in the strategic planning process

	Percent
Comprehensive understanding of operations	97%
Understanding of the industry	42%
Show HR's value	80%
Financial knowledge	78%
Experience in other functional areas	68%
Minimum years of experience	42%
College degree	35%
HR Certification	5%
Graduate degree	22%
Other	3%

Other needs cited include: Thorough understanding of how the HR functions can and does impact the organization; Ability to engage and get buy in, emotional intelligence

HR & Department Metrics

Figure 14 | Percent of organizations at which the majority of the HR staff *currently* hold professional HR certifications through each certification program

	HRCI	SHRM	Dual certification (both HRCI & SHRM)	Other†
All Organizations	18%	18%	40%	24%
Industry				
Manufacturing	13%	22%	43%	22%
Non-Manufacturing	17%	17%	42%	25%
Non-Profit	33%	0%	33%	33%
Organizational Size				
1-50	0%	11%	11%	78%
51-200	20%	15%	50%	15%
201-500	9%	18%	64%	9%
Over 500	75%	25%	0%	0%

Figure 15 | Percent of organizations at which the majority of the HR staff *plan to renew* their professional HR certifications through each certification program

	HRCI	SHRM	Dual certification (both HRCI & SHRM)	Other†
All Organizations	18%	20%	36%	25%
Industry				
Manufacturing	14%	23%	45%	18%
Non-Manufacturing	17%	25%	33%	25%
Non-Profit	33%	0%	22%	44%
Organizational Size				
1-50	0%	11%	11%	78%
51-200	21%	21%	47%	11%
201-500	9%	18%	55%	18%
Over 500	75%	25%	0%	0%

†The "other" option was selected by those organizations whose HR staff members do not hold any professional HR certifications.

Organization's average budget dedicated to functional costs and average allocation of each in the HR budget

Figure 16 | All organizations

	% of Organizational	% Allocation of HR
Compensation	34.3%	45.9%
Benefits	9.7%	7.7%
Recruiting and hiring	0.9%	5.4%
Training & development	1.2%	4.9%
Employee relations	0.8%	3.6%

Figure 16a | Industry

	Manufacturing		Non-Manufacturing		Non-Profit	
	% of Organizational	% Allocation of HR	% of Organizational	% Allocation of HR	% of Organizational	% Allocation of HR
Compensation	32.0%	37.8%	38.5%	46.2%	31.7%	59.0%
Benefits	4.3%	8.6%	13.5%	6.4%	10.2%	7.7%
Recruiting & hiring	1.3%	6.5%	1.0%	5.5%	0.6%	3.9%
Training & development	1.0%	5.1%	1.0%	3.6%	1.4%	5.8%
Employee relations	1.2%	5.1%	0.9%	0.9%	0.3%	4.3%

Figure 16b | Organizational Size

	1-50		51-200		201-500		Over 500	
	% of Organizational	% Allocation of HR	% of Organizational	% Allocation of HR	% of Organizational	% Allocation of HR	% of Organizational	% Allocation of HR
Compensation	33.2%	50.4%	39.5%	44.7%	16.3%	30.0%	57.6%	44.4%
Benefits	6.3%	6.8%	11.8%	6.3%	12.3%	2.0%	6.2%	15.1%
Recruiting & hiring	0.3%	0.5%	1.7%	5.8%	0.6%	4.0%	0.3%	18.0%
Training & development	0.5%	1.0%	1.6%	4.5%	1.5%	15.0%	0.8%	10.2%
Employee relations	0.1%	0.2%	1.6%	6.5%	0.8%	10.2%	0.3%	6.2%

Figure 17 | Organization's average HR budget as a percent of total operating costs‡

	Average %
All Organizations	6.3%
Industry	
Manufacturing	7.9%
Non-Manufacturing	2.4%
Non-Profit	8.1%
Organizational Size	
1-50	13.9%
51-200	2.3%
201-500	2.2%
Over 500	2.1%

‡*Formula: (HR department budget divided by organizations total projected operating costs) x 100*

Figure 18 | Organization's average revenue per employee¶

	Average
All Organizations	$249,223
Industry	
Manufacturing	$277,372
Non-Manufacturing	$303,424
Non-Profit	$128,483
Organizational Size	
1-50	$333,910
51-200	$217,080
201-500	$229,263
Over 500	$184,690

¶*Formula: Total organizational revenue divided by the total number of employees*

Organization's average number of full time employees by department

Figure 19 | All organizations

	Average
Human Resources	2.8
Accounting/Finance	6.7
Information Technology	7.4
Marketing	4.7
Purchasing	3.3

Figure 19a | All organizations

	Min	Max
Human Resources	0.5	15.0
Accounting/Finance	0.2	32.0
Information Technology	0.1	60.0
Marketing	1.0	40.0
Purchasing	1.0	22.0

Figure 19b | Industry (average)

	Manufacturing	Non-Manufacturing	Non-Profit
Human Resources	2.4	2.7	3.3
Accounting/Finance	5.3	8.2	6.9
Information Technology	3.9	10.9	4.6
Marketing	3.6	6.0	5.7
Purchasing	3.5	2.6	2.3

Figure 19c | Industry (range)

	Manufacturing		Non-Manufacturing		Non-Profit	
	Min	*Max*	*Min*	*Max*	*Min*	*Max*
Human Resources	0.5	6.0	1.0	11.0	1.0	8.0
Accounting/Finance	0.5	15.0	1.0	32.0	0.2	18.0
Information Technology	1.0	16.0	1.0	43.0	0.1	21.0
Marketing	1.0	22.0	1.0	40.0	1.0	24.0
Purchasing	1.0	22.0	1.0	5.0	1.0	4.0

Figure 19d | Organizational Size (average)

	1-50	51-200	201-500	Over 500
Human Resources	.9	1.7	3.6	8.0
Accounting/Finance	1.5	5.1	7.4	22.5
Information Technology	4.9	3.9	5.7	25.3
Marketing	5.8	2.6	5.8	11.8
Purchasing	2.2	2.3	5.5	2.5

Figure 19e | Organizational Size (range)

	1-50		51-200		201-500		Over 500	
	Min	*Max*	*Min*	*Max*	*Min*	*Max*	*Min*	*Max*
Human Resources	0.5	1.0	1.0	3.0	2.0	6.0	5.0	11.0
Accounting/Finance	0.2	3.0	1.0	15.0	3.0	16.0	15.0	32.0
Information Technology	0.1	24.0	1.0	34.0	2.0	21.0	3.0	43.0
Marketing	1.0	40.0	1.0	7.0	1.0	24.0	3.0	22.0
Purchasing	1.0	5.0	1.0	5.0	1.0	22.0	1.0	4.0

HR Technology

Percent of organizations current or future usage of each type of information systems to track HR or employee information

Figure 20 | All organizations

	Currently Using	Planning to Purchase	N/A (not using or planning to use this system)
Applicant tracking system	38%	12%	50%
Performance management system	32%	15%	53%
Learning management system	12%	18%	70%
Compensation management system	17%	13%	70%
Human resource information system (HRIS)	63%	8%	28%
Other	8%	0%	92%

Figure 20a | Industry

	Manufacturing			Non-Manufacturing			Non-Profit		
	Currently	Planning	N/A	Currently	Planning	N/A	Currently	Planning	N/A
Applicant tracking system	27%	9%	64%	47%	12%	41%	56%	22%	22%
Performance management system	18%	12%	70%	53%	12%	35%	44%	22%	33%
Learning management system	12%	18%	70%	6%	18%	76%	22%	11%	67%
Compensation management system	9%	12%	79%	35%	6%	59%	11%	22%	67%
Human resource information system	64%	6%	30%	65%	6%	29%	56%	22%	22%
Other	12%	0%	88%	6%	0%	94%	0%	0%	100%

Figure 20b | Organizational Size

	1-50			51-200			201-500			Over 500		
	Currently	Planning	N/A	Currently	Planning	N/A	Currently	Planning	N/A	Currently	Planning	N/A
Applicant tracking system	8%	17%	75%	31%	14%	55%	57%	7%	36%	100%	0%	0%
Performance management system	17%	17%	67%	28%	10%	62%	50%	14%	36%	50%	25%	25%
Learning management system	0%	17%	83%	10%	17%	72%	14%	14%	71%	50%	25%	25%
Compensation management system	8%	8%	83%	14%	10%	76%	29%	14%	57%	25%	25%	50%
Human resource information system	8%	25%	67%	69%	0%	31%	100%	0%	0%	50%	50%	0%
Other	8%	0%	92%	3%	0%	97%	7%	0%	93%	50%	0%	50%

Percent of organizations that track the following HR or employee information metrics

Figure 21 | All organizations

	Percent
Recruiting/hiring	58%
On-boarding	33%
Training & development	47%
Performance/talent management	50%
Compensation/pay for performance	57%
Benefits	72%
Paid time off/employee leave	72%
Other	2%

Figure 21a | Industry

	Manufacturing	Non-Manufacturing	Non-Profit
Recruiting/hiring	58%	65%	56%
On-boarding	30%	41%	33%
Training & development	52%	41%	44%
Performance/talent management	48%	65%	33%
Compensation/pay for performance	55%	59%	56%
Benefits	67%	71%	89%
Paid time off/employee leave	73%	65%	78%
Other	0%	6%	0%

Figure 21a | Organizational Size

	1-50	51-200	201-500	Over 500
Recruiting/hiring	42%	52%	86%	75%
On-boarding	42%	24%	50%	25%
Training & development	33%	48%	57%	50%
Performance/talent management	25%	55%	57%	75%
Compensation/pay for performance	50%	55%	64%	50%
Benefits	67%	72%	71%	75%
Paid time off/employee leave	83%	72%	64%	50%
Other	0%	0%	7%	0%

2016 ERC Turnover & HR Metrics Survey

Respondent Demographics

Sixty (60) organizations in Northeast Ohio participated in the survey. A breakdown of the industries and sizes they represent is provided below.

Figure 22 | Respondent demographics by industry and organizational size

	Percent
Industry	
Manufacturing	56%
Non-Manufacturing	29%
Non-Profit	15%
Organizational Size	
1-50	20%
51-200	49%
201-500	24%
Over 500	7%

Participating Organizations

Thank you to the following organizations for their participation!

AKHIA
Aluminum Line Products Company
ASCO Power Technologies
Automation Plastics
Bay Corporation
C&K Industrial Service, Inc.
Child Guidance & Family Solutions
ChromaScape, Inc.
Clark-Reliance Corporation
Cleveland Sight Center
Component Repair Technologies
Dakota Software
Duramax Marine, LLC
ECKART America
Energy Focus, Inc.
Excelas, LLC
Five Lakes Professional Services
Freeman Manufacturing and Supply Company
Grand River Academy
Greater Cleveland Food Bank
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Kerr Lakeside, Inc.
Kichler Lighting
Laszeray Technology
LayerZero Power Systems, Inc.
Majestic Steel USA

Marous Brothers Construction
Mayfran International
MB Dynamics, Inc.
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National Association of College Stores
NMG Aerospace
NOPEC
One Health Organization
OSG USA, Inc.
PEL LLC
Process Technology
ProSites
Ranpak Corp
Refrigeration Sales Corp
SIFCO Industries
Software Answers, Inc.
SSP Fittings
Tap Packaging Solutions
The Centers for Families and Children
The HELP Foundation
Thompson Hine, LLP
Transfer Express
Weltman, Weinberg & Reis Co. L.P.A
Wheeler-Rex
Winter Equipment Company, Inc.
Zion Industries, Inc.

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