

# 2012 ERC Turnover & HR Department Practices Survey

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Conducted by ERC

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## About ERC

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.ercnet.org](http://www.ercnet.org).



## Introduction & Methodology

This report summarizes the results of ERC's survey of organizations in Northeast Ohio, conducted in March/April of 2012, 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 6, 2012 via email invitation and other promotions. The survey officially closed on April 27, 2012. 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 63 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, 12.0% for voluntary and 6.8% for involuntary
- Voluntary turnover rates for all employees are consistently higher than involuntary turnover rates for all breakouts across industry and organizational size.
- In terms of structure, 52.4% of HR departments indicate an HR Manager is the title of their top HR position.
  - However, for non-profits, HR Director is the most common title listed.
- Just over half (50.8%) of the organizations employ HR Specialists. The most common functional areas for these specialists are Benefits (34.4%) and Recruiting (31.3%).
- The role of HR as it relates to organizational strategic planning is strongest at the level of the top HR position.
- HR departments as a whole are involved in developing the HR specific portion of the larger strategic plan just less than half the time (44.4%).

# Turnover

## Average turnover rates for all employees in 2011

Figure 1 | All breakouts

	Voluntary	Involuntary
<b>All Organizations</b>	12.0%	6.8%
<b>Industry</b>		
Manufacturing	9.6%	4.7%
Non-Manufacturing	16.7%	10.9%
Non-Profit	10.5%	4.1%
<b>Organizational Size</b>		
1-50	9.6%	4.1%
51-100	12.7%	7.4%
101-500	11.8%	6.0%
Over 500	11.5%	4.7%

## Average turnover rates for new-hires in 2011

Figure 2 | All breakouts

	Within 1 year		Within 180 days		Within 90 days	
	Voluntary	Involuntary	Voluntary	Involuntary	Voluntary	Involuntary
<b>All Organizations</b>	5.2%	4.6%	2.2%	3.8%	2.7%	3.4%
<b>Industry</b>						
Manufacturing	6.1%	5.8%	2.1%	2.9%	2.1%	4.0%
Non-Manufacturing	6.1%	5.3%	3.4%	7.0%	4.6%	4.8%
Non-Profit	1.8%	1.0%	0.6%	0.7%	1.5%	0.5%
<b>Organizational Size</b>						
1-50	0.7%	2.7%	0.7%	2.0%	0.3%	0.3%
51-100	6.6%	5.6%	3.0%	5.0%	3.9%	4.9%
101-500	5.1%	3.2%	0.0%	0.1%	0.2%	0.1%
Over 500	0.9%	0.2%	0.2%	0.0%	0.0%	0.0%

## Role of HR

### Title of highest level HR employee within the organization

**Figure 3 | All organizations**

	Percent
Chief HR Officer	1.6%
Vice President	12.7%
Director	23.8%
Manager	52.4%
Generalist	6.3%
Administrator/Assistant	3.2%

**Figure 3a | Industry**

	Manufacturing	Non-Manufacturing	Non-Profit
Chief HR Officer	0.0%	5.0%	0.0%
Vice President	19.4%	10.0%	0.0%
Director	16.1%	15.0%	54.5%
Manager	58.1%	60.0%	27.3%
Generalist	6.5%	5.0%	9.1%
Administrator/Assistant	0.0%	5.0%	9.1%

**Figure 3b | Organizational Size**

	1-50	51-200	201-500	Over 500
Chief HR Officer	0.0%	0.0%	0.0%	33.3%
Vice President	14.3%	7.7%	25.0%	33.3%
Director	0.0%	17.9%	50.0%	33.3%
Manager	57.1%	66.7%	25.0%	0.0%
Generalist	14.3%	7.7%	0.0%	0.0%
Administrator/Assistant	14.3%	0.0%	0.0%	0.0%

## Average number of HR specialists employed by the organization

Figure 4 | All breakouts

	# of HR specialists
<b>All Organizations</b>	0.77
<b>Industry</b>	
Manufacturing	0.86
Non-Manufacturing	0.80
Non-Profit	0.36
<b>Organizational Size</b>	
1-50	0.29
51-100	0.73
101-500	1.08
Over 500	1.00



## Percent of organizations employing HR specialists

**Figure 5 | All breakouts**

	Percent
<b>Total</b>	50.8%
Benefits	34.4%
Recruiting	31.3%
Compensation	18.8%
Payroll	18.8%
Training & Development	9.4%
Performance Management	6.3%

## To whom the top HR position reports in the organization

**Figure 6 | All organizations**

	Percent
CEO/President/Executive Director	49.2%
Top Financial Director/Executive	33.3%
Top Operations Director/Executive	11.0%
General Manager	3.2%

### Other individuals to whom the top HR position reports:

- Controller
- Plant Manager

## Percent of organizations in which HR is involved in strategic planning activities

**Figure 7 | All organizations**

	Percent
Top HR develops w/ management team	47.6%
Top HR develops HR's portion only	25.4%
HR dept. contributes to HR's portion only	44.4%
HR dept. develops budget	23.8%
HR dept. has no involvement	19.0%

**Figure 7a | Industry**

	Manufacturing	Non-Manufacturing	Non-Profit
Top HR develops w/ management team	54.8%	35.0%	45.5%
Top HR develops HR's portion only	22.6%	15.0%	45.5%
HR dept. contributes to HR's portion only	45.2%	35.0%	54.5%
HR dept. develops budget	9.7%	25.0%	54.5%
HR dept. has no involvement	19.4%	25.0%	9.1%

**Figure 7b | Organizational Size**

	1-50	51-200	201-500	Over 500
Top HR develops w/ management team	42.9%	43.6%	50.0%	100.0%
Top HR develops HR's portion only	0.0%	25.6%	16.7%	100.0%
HR dept. contributes to HR's portion only	42.9%	46.2%	33.3%	66.7%
HR dept. develops budget	14.3%	25.6%	16.7%	33.3%
HR dept. has no involvement	14.3%	20.5%	16.7%	0.0%

**Percent of organizations that believe HR professionals need the following to be recognized and involved in the strategic planning process**

**Figure 8 | All organizations**

	Percent
Comprehensive understanding of operations	90.5%
Understanding of the industry	69.8%
Show HR's value	66.7%
Financial knowledge	65.1%
Experience in other functional areas	41.3%
Minimum years of experience	39.7%
College degree	38.1%
HR Certification	20.6%
Graduate degree	7.9%

## HR Department Metrics

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

**Figure 9 | All organizations**

	% of Organizational	% Allocation of HR
Compensation	25.0%	10.0%
Benefits	7.6%	5.3%
Recruiting and hiring	0.8%	11.8%
Training & development	0.9%	4.1%
Employee relations	0.9%	2.9%

**Figure 9a | Industry**

	Manufacturing		Non-Manufacturing		Non-Profit	
	% of Organizational	% Allocation of HR	% of Organizational	% Allocation of HR	% of Organizational	% Allocation of HR
Compensation	19.2%	14.7%	34.0%	0.4%	25.1%	n/a
Benefits	4.3%	9.1%	13.7%	0.0%	3.8%	n/a
Recruiting & hiring	0.7%	5.3%	1.4%	23.1%	0.2%	n/a
Training & development	0.2%	3.9%	1.8%	5.1%	0.7%	n/a
Employee relations	0.2%	2.0%	1.9%	4.0%	0.4%	n/a

**Figure 9b | 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	29.4%	0.8%	29.9%	17.1%	15.1%	0.5%	n/a	n/a
Benefits	17.1%	0.0%	5.8%	9.0%	3.5%	3.1%	n/a	n/a
Recruiting & hiring	1.1%	0.5%	0.9%	19.9%	0.7%	4.4%	n/a	n/a
Training & development	2.1%	0.0%	0.7%	5.3%	0.0%	6.0%	n/a	n/a
Employee relations	2.0%	0.0%	0.6%	3.0%	0.4%	5.5%	n/a	n/a

### Organization's average HR budget as a percent of total operating costs\*

**Figure 10 | All breakouts**

	Average %
<b>All Organizations</b>	2.6%
<b>Industry</b>	
Manufacturing	3.1%
Non-Manufacturing	2.0%
Non-Profit	n/a
<b>Organizational Size</b>	
1-50	0.5%
51-200	3.3%
201-500	1.8%
Over 500	n/a

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

**Organization’s average annual HR cost per employee\***

**Figure 11 | All breakouts**

	Average
<b>All Organizations</b>	\$19,683
<b>Industry</b>	
Manufacturing	\$17,455
Non-Manufacturing	\$15,932
Non-Profit	n/a
<b>Organizational Size</b>	
1-50	\$19,855
51-100	\$27,612
201-500	n/a
Over 500	n/a

\* Formula: All direct employee/HR expenditures divided by the total number of employees

## Organization's average revenue per employee

Figure 12 | All breakouts

	Average
<b>All Organizations</b>	\$226,048
<b>Industry</b>	
Manufacturing	\$255,521
Non-Manufacturing	\$196,491
Non-Profit	n/a
<b>Organizational Size</b>	
1-50	\$202,991
51-200	\$233,317
201-500	n/a
Over 500	\$218,016

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



**Organization's average total HR expense (actual or budgeted)****Figure 13 | All breakouts**

	Average
<b>All Organizations</b>	\$376,715
<b>Industry</b>	
Manufacturing	\$358,667
Non-Manufacturing	\$448,524
Non-Profit	n/a
<b>Organizational Size</b>	
1-50	n/a
51-200	\$319,656
201-500	\$600,000
Over 500	n/a

\* Formula: Total HR expense (actual or budgeted) divided by the organizations total operating expense (actual or budgeted)

## Organization's average number of full time employees by department

**Figure 14 | All organizations**

	Average
Human Resources	2
Accounting/Finance	6
Information Technology	4
Marketing	3
Purchasing	2

**Figure 14a | All organizations**

	Min	Max
Human Resources	0	12
Accounting/Finance	0	40
Information Technology	0	33
Marketing	0	21
Purchasing	0	12

**Figure 14b | Industry (average)**

	Manufacturing	Non-Manufacturing	Non-Profit
Human Resources	2	2	2
Accounting/Finance	5	8	4
Information Technology	3	6	3
Marketing	2	3	3
Purchasing	4	1	1

**Figure 14c | Industry (range)**

	Manufacturing		Non-Manufacturing		Non-Profit	
	Min	Max	Min	Max	Min	Max
Human Resources	0	12	0	9	0	6
Accounting/Finance	0	24	1	40	1	8
Information Technology	0	13	0	33	0	6
Marketing	0	15	0	21	0	8
Purchasing	0	12	0	6	0	2

**Figure 14d | Organizational Size (average)**

	1-50	51-200	201-500	Over 500
Human Resources	1	1	3	9
Accounting/Finance	2	5	9	16
Information Technology	3	2	7	17
Marketing	2	3	4	7
Purchasing	1	2	6	2

**Figure 14e | Organizational Size (range)**

	1-50		51-200		201-500		Over 500	
	Min	Max	Min	Max	Min	Max	Min	Max
Human Resources	0	2	0	4	1	5	6	12
Accounting/Finance	1	4	1	40	4	22	5	35
Information Technology	0	11	0	8	2	30	6	33
Marketing	0	7	0	11	1	15	0	21
Purchasing	0	3	0	7	0	12	0	6

## Respondent Demographics

Below is a breakdown of the industries and sizes that respondents represent.

	Percent
<b>Industry</b>	
Manufacturing	50.0%
Non-Manufacturing	32.3%
Non-Profit	17.7%
<b>Organizational Size</b>	
1-50	11.5%
51-100	63.9%
101-500	19.7%
Over 500	4.9%

## Participating Organizations

1 EDI Source, Inc.  
Alloy Bellows & Precision Welding, Inc.  
Apple Growth Partners  
ASM International  
Automation Plastics  
C&K Industrial Services  
Care Alliance Health Center  
CASNET  
Catholic Charities Health & Human Services  
Chapman & Chapman, Inc.  
Chemical Associates of Illinois, Inc  
Clark-Reliance Corp.  
Cornwell Quality Tools Company  
D&S Automotive  
Delta Systems, Inc.  
DRB Systems, Inc.  
Eaton  
Enerco Group INC  
Firefighters Community Credit Union  
Great Lakes Brewing Company  
Great Lakes Cheese  
Hughes Corporation  
ideastream  
IER Fujikura, Inc  
InterDesign, Inc.  
Interstate-McBee  
Kappus Company  
Kerr Lakeside Inc.  
Kobelco Stewart Bolling Inc.  
LifeShare Community Blood Services  
Lumitex, Inc.

MedData, Inc.  
Meister Media Worldwide  
National Machine Company  
National Safety Apparel, Inc.  
NSL Analytical Services, Inc.  
Organization Name  
OSG-Sterling Die, Inc.  
OurPets Company  
Ricerca Biosciences, LLC  
Rotek Incorporated  
Selman & Company  
Software Answers, Inc.  
Stop'nGo of Medina  
Strang Corporation  
Sunpro  
Talan Products, Inc.  
Tap Packaging Solutions  
Technical Consumer Products  
The Burton D. Morgan Foundation  
The Cleveland Orchestra  
The Holden Arboretum  
Thompson Hine LLP  
TimeKeeping Systems, Inc.  
TOA Technologies, Inc.  
Tranzonic  
UniControl Inc.  
Wayne county Public Library  
Winter Equipment Comoany  
Winzeler Stamping Company  
Wrayco LLC

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