

Wood  
Manufacturing  
Council

Labour Market Intelligence and Human Resources Tools for the Canadian  
Advanced Wood Products (AWP) Manufacturing Sector

## Research on Worker Retention



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## Executive Summary

This report commissioned by the Wood Manufacturing Council examines the dynamics of employee turnover in the advanced wood manufacturing industry. The information for the report was collected through interviews, an online questionnaire, online focus groups with employers, as well as a literature review.

### Findings:

- Organizations that responded to the online questionnaire had an average voluntary turnover rate of 30% between 2009 and 2011.
- Half of the departing employees (50%) stay with the organization for less than a year before they leave.
- Most organizations (85%) find it difficult to replace employees, especially those with specialized training, because of the competition with other industries.
- Most organizations (76% and 70%) are concerned with the decline in production or service quality (76%) and the increased costs of the on-the-job training (70%) as a result of employee turnover.
- One third of organizations name dissatisfaction with compensation as a top reason for employee voluntary departure. The average annual salary in the industry is lower than that for manufacturing as a whole.
- Two thirds of employers (64%) claim that they lose employees to other industries, such as oil and gas, construction, and automotive.
- More than half of the organizations (64%) use exit interviews or spreadsheets and databases to track and analyze employee turnover.

### Recommendations:

- Recruitment and selection: Two thirds of organizations who completed the online questionnaire provide job applicants with detailed information about the job and assess fit between applicants and jobs they are considered for.
- Employers are advised to emphasize their unique features, such as working conditions, benefits or organizational culture in recruiting campaigns to ensure a good fit between new hires and the organization.
- Organizations should evaluate candidates against job requirements using selection tools in order to increase the likelihood that selected candidates will have the knowledge and skills required to do the job well.

- **Compensation:** Two thirds of organizations (68%) use compensation (i.e., pay and benefits) to motivate employees to stay.
  - Organizations may consider increasing starting salaries and providing attractive benefits to keep employees.
- **Training and development:** Three quarters of organizations (79%) provide employees with on-the-job training to help them acquire specialized skills required for the job. To the extent that training makes employees feel more competent and interested in their work, it could be used as a retention strategy.
  - Organizations are recommended to run formal on-boarding programs and train employees not only on technical skills, but also on valuable non-technical skills, such as leadership, communication, or conflict resolution.
  - Partnering with educational providers of relevant vocational training in the area may be beneficial.
- **Other:** Online focus groups revealed that organizations use a variety of retention strategies, including flexible work arrangements, employee recognition, mentoring, and team building activities. These strategies vary across organizations.
  - The key to employee retention is providing employees with organizational experiences that make them feel valued and supported by their employer, as well as help them build strong connections with co-workers and others in the community.

## 1 Introduction

Organizational talent is a source of competitive advantage for organizations. Employers in all industries strive to attract and keep the best and brightest employees. Employee retention is a particularly important issue for the advanced wood manufacturing industry where the number of employees has been steadily declining over the past 10 years (Human Resource Skills and Development Canada, 2006).

This report summarizes the findings from research into employee turnover in the advanced wood products manufacturing sector commissioned by the Wood Manufacturing Council. The purpose of this research was to examine the dynamics of employee turnover in the advanced wood manufacturing industry including turnover rates, reasons for employee attrition, associated costs and benefits, and retention strategies used by organizations. The data was gathered from organizations in the industry through interviews, a questionnaire of employers, and a series of three focus groups with employers.

This report is organized into the following sections:

- Section 2 outlines the research methodology.
- Section 3 describes turnover rates in the industry.
- Section 4 sheds light on the profile of departing employees.
- Section 5 outlines the costs and benefits of turnover.
- Section 6 reviews the research on the reasons for employee departures.
- Section 7 continues with an analysis of the methods that organizations use to track and measure employee turnover.
- Section 8 looks at common retention strategies recommended for adoption by employers.

## 2 Research Methodology

The information in this report is based on the results of a literature review, online questionnaire, and interviews with employers. Brief descriptions of each research method are provided below.

### Literature Review

As a first step in the project, the review of online sources, such as industry reports, newsletters, trade magazines, government websites, and websites of professional associations was conducted to gather information on turnover in the advanced wood products manufacturing sector. This industry consists of organizations that produce furniture designed for use in offices, households and institutions, as well as wood kitchen cabinets, softwood and hardwood veneer, plywood, reconstituted wood panels, wood windows, wood doors, and manufactured (mobile) homes.

The literature review included sources that addressed turnover issues in the following industries of the advanced wood products manufacturing sector:

- NAICS 3372: Office furniture (including fixtures) manufacturing
- NAICS 3371: Household and institutional furniture and kitchen cabinet manufacturing
- NAICS 3219: Other wood product manufacturing
- NAICS 3212: Veneer, plywood and engineered wood product manufacturing

### Online Questionnaire

Next, an online questionnaire that targeted organizations in the advanced wood products manufacturing sector was created. The questionnaire included questions on turnover rates, reasons for turnover, characteristics of employees who voluntarily left the organization, and retention strategies used by employers. The survey was designed in both official languages. Prior to the launch, the online questionnaire was reviewed by the Steering Committee and revised based on their feedback. A web link to the questionnaire was sent to 1146 organizations in the industry located in different provinces.

Forty-one organizations responded to the online questionnaire. The breakdown of organizations that responded to the questionnaire as well as the overall breakdown of organizations in Canada by sector (Statistics Canada, 2011), is as follows:

Table 1. Percentage of Organizations within each Subsector Category

NAICS Category	Percentage of Organizations from Online Questionnaire	Percentage of Organizations from Online Percentage of Organizations from Online Questionnaire
337110 Wood kitchen cabinet and counter top manufacturing	29%	20%
321911 Wood window and door manufacturing	12%	4.5%
321991 Manufactured (mobile) home manufacturing	12%	0.8%
337123 Other wood household furniture manufacturing	12%	23%
337213 Wood office furniture, including custom architectural woodwork	10%	3.5%
321919 Other millwork	7%	11%
321212 Softwood veneer and plywood mills	5%	0.3%
321211 Hardwood veneer and plywood mills	2%	0.5%
321215 Structural wood product manufacturing	2%	2.8%
321992 Prefabricated wood building manufacturing	2%	1.8%
321999 All other miscellaneous wood product manufacturing	2%	9%
337126 Household furniture (except wood and upholstered) manufacturing	2%	2.7%
337215 Showcase, partition, shelving and locker manufacturing	2%	5%
Other <sup>1</sup>	17%	N/A

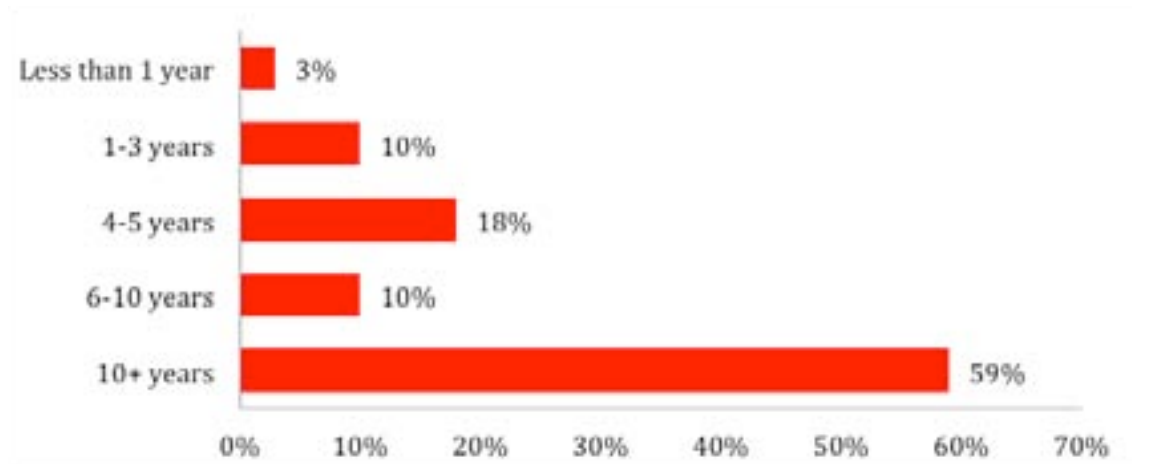
<sup>1</sup> These values add up to a total more than 100%, which can be attributed to respondents classifying their organizations in more than one category.

The largest group of questionnaire respondents was those in the NAICS category wood kitchen cabinet and counter top manufacturing; this same category holds the largest percentage of Canadian organizations as well.

Approximately one third (36%) of surveys were completed by the CEO, President, or Director of the company. Thirteen percent of respondents were heads of the Human Resource Departments; 13% constituted Human Resource Managers; 3% were Human Resource Staff in non-managerial positions; and 36% classified themselves in the “other” category, including, for example, several levels of management, administration staff, and consultants.<sup>2</sup>

As seen in Figure 1, the majority (59%) of respondents had been employed by their organizations for over 10 years, while 18% had 4-5 years of tenure, 10% had 6-10 years of tenure, and 10% had 1-3 years of tenure. Only 3% of respondents had less than one year of tenure with their current organization.

Figure 1. Tenure of the Questionnaire Respondents

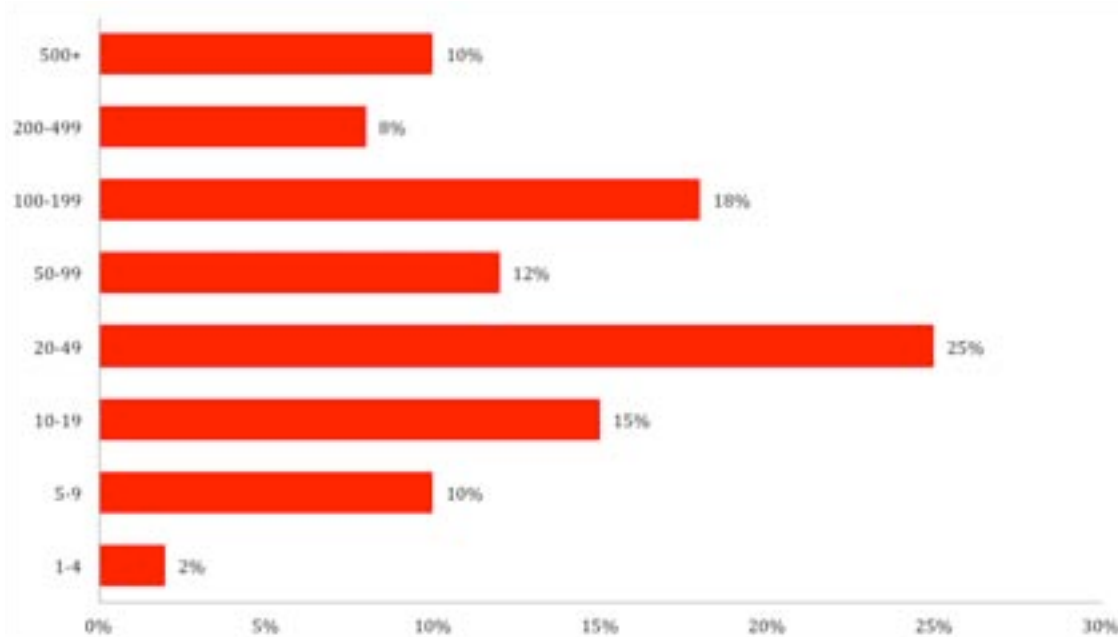


<sup>2</sup> These values add up to a total of 101%, which can be attributed to one respondent classifying him or herself in more than one category.



As seen in Figure 2, the participating organizations ranged in size from 1-4 to more than 500 employees, with the majority employing from 20 to 49 employees. Two percent of organizations had 1-4 employees; 10% had 5-9; 15% had 10-19; 25% had 20-49; 12% had 50-99; 18% had 100-199; 8% had 200-499; and 10% reported an employee count of above 500 employees.

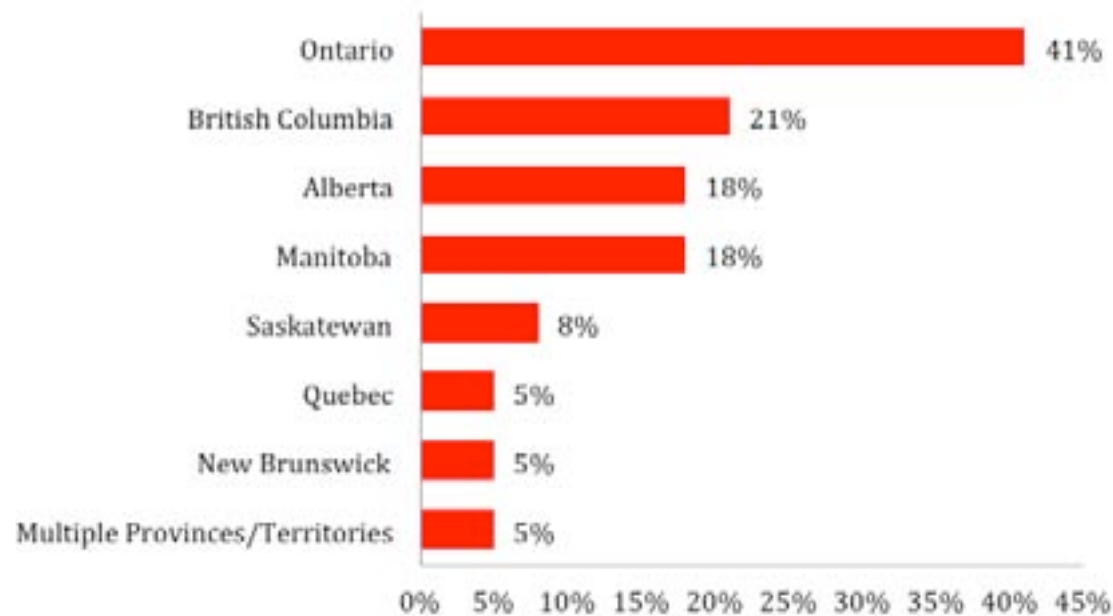
Figure 2. Size of the Organizations



Survey participants responded from a number of locations across Canada, with the majority from Ontario (41%; see Figure 3). Twenty-one percent of participants were from British Columbia; 18% of participants were from Alberta; 18% of participants were from Manitoba; 8% were from Saskatchewan; 5% were from Quebec, 5% were from New Brunswick; and 5% of participating organizations operate in multiple provinces/territories.<sup>3</sup>

<sup>3</sup> These values add up to a total of 121% due to respondents selecting multiple provinces for the location of their organization.

Figure 3. Geographic Location of Organizations



### Interviews

A series of interviews with organizations were also held to gather qualitative data on employee turnover. The interviews followed a semi-structured format where employers were asked questions about the turnover in their organization, costs and benefits associated with it, and retention strategies which proved effective for their organizations.

Eight employers participated in the interviews. Six of the 8 participants were Human Resource Managers or Human Resource Directors for their organization. The other two participants were a production manager and a corporate secretary/compensation and benefits supervisor.

### Focus Groups

A series of three focus groups, hosted via webinar, were held with employers following the initial research phase. The purpose of these focus groups was to gain additional feedback on the research gathered on employee retention in the industry. Prior to the webinars, the participants were asked to review the draft research report and reflect on the following questions:

- Why do employees leave organizations in the advanced wood products manufacturing sector?
- What skills are difficult to replace after employee departures?
- What does your organization do to encourage employees to stay?

A total of eight employers participated in the focus groups, providing valuable insight into retention in the industry.

### 3 Turnover Rates

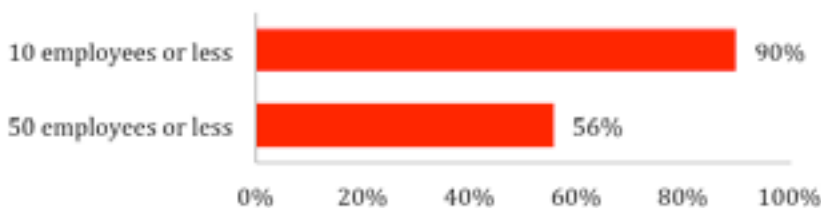
#### Literature Review

According to the Conference Board of Canada (2008), most manufacturing industries experience shrinkage of the workforce. The advanced wood products manufacturing sector is no exception. The size of the labour force in the industry declined by 29% from 165, 411 employees in 2005 to 117, 284 employees in 2010 (Statistics Canada, 2010). The decline in the size of the workforce can be attributed to the economic conditions as well as the advancement of technology that increased worker productivity, while reducing the demand on labour (Human Resource Skills and Development Canada, 2006).

While the number of workers required to perform manufacturing jobs is going down, the demand for a knowledgeable and skilled workforce is on the rise (Conference Board of Canada, 2008). Paradoxically, the adoption of advanced technology created a need for highly skilled workers. Recruitment of such workers is a challenge for the advanced wood products manufacturing sector as it has to compete for them with other manufacturing industries, such as construction (Wood Manufacturing Council, 2010a). It is estimated that 66% of cabinet makers do not have an adequate supply of labour (Wood Manufacturing Council, 2010b).

In these market conditions, turnover among skilled workers can have harmful effects on organizations, especially those that are small in size. The advanced wood products manufacturing sector is dominated by small organizations with 90% of them employing up to 50 people and 56% of them having up to 10 people (Statistics Canada, 2011; see Figure 4).

Figure 4. Number of Employees in Small Organizations



In a small organization, the departure of a few skilled employees will likely cause significant disruptions to the production process. Thus, retention of skilled labour is key for the industry.

Equally important is the retention of unskilled employees who join organizations without job relevant skills and acquire them through on-the-job through training. Training new hires is costly and the return on investment is directly related to how long an employee stays on the job; the investment in training is lost when trained employees decide to leave the organization.

In order to thrive in today's business world, organizations need to regularly assess the extent of employee turnover and identify trends that could inform retention strategies.

The benchmarking data on turnover in the advanced wood products manufacturing sector is scant. The Manitoba Division of the Canadian Manufacturers and Exporters organization conducted a telephone survey with 266 manufacturers across industries; one of the questions asked employers about the turnover in their organization in the past 12 months. The turnover was calculated by dividing the number of employees who left voluntarily in the past 12 months by the total number of employees in the current workforce. The annual turnover rates reported for wood and wood products and window and door manufactures was 30% and 23%, respectively (Canadian Manufacturers & Exporters, 2008).

Eight in ten employers are successful in retaining most of their qualified workforce, according to the National Labour Market Information Study (Wood Manufacturing Council, 2010a). These results mirror findings from the 2004 Annual Management Survey conducted by the Canadian Manufacturers and Exporters organization across manufacturing industries (Canadian Manufacturers & Exporters, 2005). The latter survey found that 80% of organizations were able to retain qualified personnel.

### Questionnaire

The questionnaire conducted for this project revealed that 41% of participants agreed that turnover was a problem for their organization. Most of the surveyed organizations reported difficulty in finding replacements for the departed workers. Half of the surveyed organizations (51%) considered replacing workers who had left somewhat difficult, 17% - moderately difficult, and 17% - very difficult.

According to the questionnaire results, the average turnover rate across 41 participating organizations between 2009 and 2011 was 30%. The turnover rates ranged from 3.2% to 73.2%.

As reported by employers, most of the departing workers did not have specific skills and training. The breakdown of the average turnover rates by employee type was as follows:

Production employees with specific skills and training (17.8% )

- Production employees without specific skills and training (general labour) (44.2%)
- Administrative employees (16.9%)
- Sales employees (11.9%)

It is difficult to evaluate turnover rates to determine if they are "low", "medium", or "high". The assessment of turnover rates should be done on a case-by-case basis, taking into consideration the size of an organization. Even relatively low turnover rates may have significant implications for small organizations, which dominate the sector (Allen, 2008).

If one employee leaves an organization that employs 10 people (10% turnover rate) the organization may lose valuable knowledge and skills, which may be hard to find in the available labour pool. Thus, apart from looking at turnover rates, organizations in the industry should consider the profile of the departing employees in terms of their knowledge and skills.

### **Interviews**

The majority of interviewees (5 out of 7) indicated that turnover was not an issue for their organization.

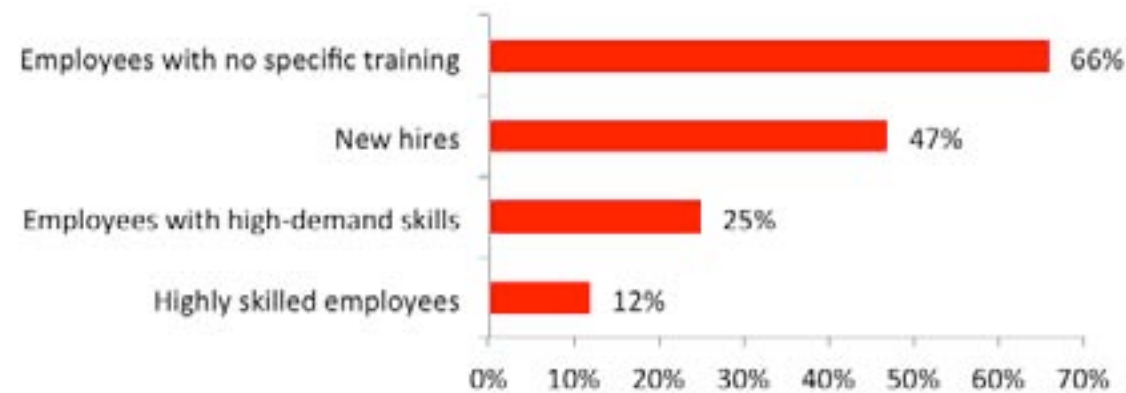
## 4 Profile of Departing Employees

### Questionnaire

According to the questionnaire results, the majority of employee departures (93%) occurred amongst employees with less than three years of tenure. Half of the departing employees (50%) had stayed with the organization for less than a year before they left. Of these employees, 30% had left after staying with the organization for more than 6 months. As mentioned before, when organizations hire unskilled workers, they provide them with job specific training. If half of the new hires stay with organizations for less than one year, the organizations lose money invested in training.

Forty-seven percent of the surveyed organizations had lost new hires, while 66% of the organizations had lost employees with no specific training (see Figure 5). Interestingly, 25% of employers reported losing employees with high-demand skills.

Figure 5. Profile of Departing Employees



### Interviews

The interview findings closely match those from the questionnaire. The experience level of departing workers ranged from less than one year to approximately three years in the trade or the occupation. Half of the interviewed employers reported that they had departures among unskilled production workers.

### Focus Groups

The feedback from the focus groups with employers indicated that unskilled production workers were the most common employee group to depart from the organization. One employer even reported that half of employees leave within a year, or even 3 months. With departures of this nature, employers are losing basic skills such as how to use tape measure, power tools, etc. Another employer reported that unskilled labourers are hired within the production facility, trained, and then before the probation period is up they are gone. Typically this materializes as employees staying for 30, 60 or 90 days, and then leaving for somewhere else where they can make more money. A lot of employees use the basic training at these organizations as a stepping stone to another job.

The employers in focus groups acknowledged that it is difficult to replace the departing workers because other industries, such as construction and oil and gas, offer more competitive wages. Hiring skilled workers is particularly a challenge because many of them have an option of becoming entrepreneurs and opening their own business. For instance, recruitment and retention of experienced wood finishers or cabinet makers is difficult because individuals in these occupations can strike out on their own. Another occupation where employee retention is an issue is computer numerical control (CNC) machine operators. Losing such employees would come at a significant cost to an organization as it takes a considerable amount of time and training to become proficient in these skills.

Another concern raised by focus group participants is attracting and retaining employees in management positions, especially those with sought-after skills, such as millwrights. Again, employers in the wood products manufacturing industry are facing stiff competition from other industries in the area of compensation related to these positions.

## 5 Costs and Benefits of Turnover

### Literature Review

Depending on the type of employees leaving and their reasons for departure, employee turnover can be dysfunctional or functional (Allen, 2008). Employee turnover is dysfunctional when employees with valued skill sets are exiting the organization, when the turnover rates are very high, or when the costs of turnover outweigh its benefits. The direct cost of employee replacement may be up to 50-60% of an employee’s annual salary (Cascio, 2000). Even high unemployment rates have little impact on the turnover of excellent performers and those with highly valued skills (Allen, 2008).

Cost of turnover is dependent on a number of variables, including, for example, the departing employee’s salary, the cost of covering the departing employee’s job duties, and the cost of the time and resources required to fill the position with a new employee. Therefore, cost of turnover cannot be provided as a simple figure. However, there are many tools available that allow employers to calculate the cost of turnover for employees in their organization. The following online tools allow the employer to enter figures specific to the departing employee, and will calculate the cost of turnover:

Drake International: Cost of Turn Over Calculator

<http://ca.drakeintl.com/hr-tools/cost-of-turnover-calculator.aspx>

Canada Human Resources Centre: Turnover Calculator

<http://www.canadahrcentre.com/solutions/calculating-cost/turnover-calculator/>

Cost of turnover can be measured using a number of difference costs and benefits. Some of the possible measured used by employees are included in Table 2 below.

Table 2. Measures Used in Calculating Cost of Turnover

Cost/Benefit	Measures
Employment costs	<ul style="list-style-type: none"> <li>• Salary/benefits</li> <li>• Benefits (insurance, commission)</li> </ul>
Separation costs	<ul style="list-style-type: none"> <li>• Replacement employee cost</li> <li>• Loss of productivity (both departing employee and others in department)</li> <li>• Exit interview</li> <li>• Manager costs for processing departure</li> <li>• Training/job reassignment for lost employee</li> <li>• Severance</li> <li>• Loss of intellectual property</li> <li>• Legal costs</li> </ul>



Cost/Benefit	Measures
Recruitment costs	<ul style="list-style-type: none"> <li>• Advertising</li> <li>• Posting (job description writing)</li> <li>• Recruitment outsourcing fee</li> <li>• Internal recruiter time</li> <li>• Manager's time</li> <li>• Resume review</li> <li>• Interviewing</li> <li>• Employment checks (reference, medical)</li> <li>• Testing</li> <li>• Relocation</li> <li>• Administrative costs</li> <li>• Travel</li> <li>• Moving/relocation</li> </ul>
Orientation costs	<ul style="list-style-type: none"> <li>• Company training</li> <li>• Department training</li> <li>• Training materials</li> <li>• Supervisor time</li> </ul>
Productivity costs	<ul style="list-style-type: none"> <li>• Lost productivity during on-boarding</li> <li>• Lost productivity of co-workers</li> <li>• Lost productivity of supervisor/manager</li> </ul>
Business costs	<ul style="list-style-type: none"> <li>• Lost sales</li> <li>• Revenue</li> <li>• Profits</li> </ul>
Additional benefits	<ul style="list-style-type: none"> <li>• Increased productivity</li> <li>• Gains from redundancy</li> <li>• Gains from wage/salary differential</li> <li>• Gains from promotions within company</li> </ul>

## Questionnaire

Figure 6 presents the costs of turnover, which were of most concern to employers in the questionnaire.

Figure 6. Top Costs of Employee Turnover



Three quarters of the surveyed organizations (76%) indicated they were concerned with delays in or decrease in the quality of production and customer service as a result of employee attrition. The loss of an employee creates a temporary labour shortage in an organization, which disrupts the production cycle and has a negative impact on the quality of work. The next most prevalent cost was on-the-job training, with 70% of employers listing it among the top three turnover costs of most concern.

Forty-three percent of employers identified disruption to teamwork as a cost of turnover in their organization. The departure of a team member reduces team productivity, especially in teams where the work is highly interdependent and where the departing team member has unique knowledge and skills. Losing a team member may undermine the morale of surviving members, especially if they have close ties with this member.

The cost of the orientation training, including trainers' and trainees' time and cost of material, was of top concern to one third of the surveyed organizations (30%). Close to one quarter of respondent organizations saw increases in the time a human resource manager and staff spent on hiring as a result of employee turnover.

## Interviews

Turnover is functional when underperformers leave an organization or when an organization wants to lower the labour costs (Allen, 2008). An organization may reap the benefits from replacing low-performing employees with those who have fresh skills and have potential to succeed in the workplace. This perspective was reflected in the responses to the interview questions.

In the interviews, organizations were asked to share how an employee departure affected the organization. Most employers reported that the departure of employees in the previous year did not have a substantial impact on the organization. At the same time, the organizations acknowledged that they spent additional time recruiting for vacant positions.

One instance in which turnover had a positive impact was the departure of employees who had lower levels of production or other types of performance issues. This employer reported that the departure of these employees actually made the organization more productive.

Market conditions and employer location also play a role in determining to what extent the employee turnover affects the organization. If the organization is located in an area with a large labour pool and few competing industries, finding new employees does not present much difficulty. It is also relatively easy to find replacements for departing employees in tough economic times when unemployment levels are high.

The ease of replacing employees also depends on the skill levels sought. For example, one of the interviewees reported that the organization had lost employees that had low skill level and received low pay (e.g., summer students). Yet, another organization reported looking for skilled labour, which is more difficult to find. One of the employers lamented that employee turnover often creates an urgent need to fill vacancies, which may result in hiring employees who are not the best fit for the role.

Thus, employee turnover can have either positive or negative effects on organizations. Increased spending on training, including orientation and on-the-job training, coupled with delays on or decreases in the quality of work and disruptions to team-based work, were the turnover costs that concerned employers the most.

To gain perspective, the cost of turnover in a sample organization was calculated using a formula that accounts for several variables. Calculations were performed for four categories of employee, including: skilled production; unskilled production; administration; and sales. The results are presented in Appendix C.

The turnover calculator used in these example calculations can be accessed through the Cost of Turnover Calculator.xlsx document which accompanies this report.

## 6 Reasons for Leaving

Management of employee turnover requires a clear understanding of the reasons why employees leave an organization. Employees leave their employers for involuntary and voluntary reasons. Involuntary reasons may include terminations and layoffs, while voluntary reasons may include spousal relocation or dissatisfaction with the compensation and benefits package. Not all voluntary turnover happens for reasons that are within an organization’s control. Isolating a few of the most common reasons for employee voluntary turnover and targeting them in retention efforts is a good practice if the organization considers turnover to be dysfunctional.

### Literature Review

The advanced wood products manufacturing sector is in direct competition with other manufacturing industries for unskilled labour. Many employees leave their organizations to take jobs in other manufacturing industries, such as the construction or automotive industry (Wood Manufacturing Council, 2010a).

This may not be surprising given that annual salaries in some other manufacturing industries tend to be higher (Statistics Canada, 2009). Only 40% of employers in the advanced wood products manufacturing sector agreed that their wage and benefit packages were competitive with other industries, such as construction and other types of manufacturing (Wood Manufacturing Council, 2010a).

The findings from the questionnaire conducted for this project are similar to those reported in the Modern Woodworking (n.d.) survey, which cited better pay as the number one reason for employee departures.

The average annual salary in the advanced wood products manufacturing sector is lower than the average annual salary in other manufacturing sector as a whole (\$40,013 vs. \$49,272) (Statistics Canada, 2009). Table 2 presents the average annual salary for production and administrative employees by industry from the 2009 Annual Survey of Manufactures and Logging. Production workers make on average less than administrative workers (\$32,907 vs. \$57,814). The highest average annual salaries seem to be in the veneer, plywood and engineered wood product manufacturing industry.

Table 3. Average Annual Salary by Industry

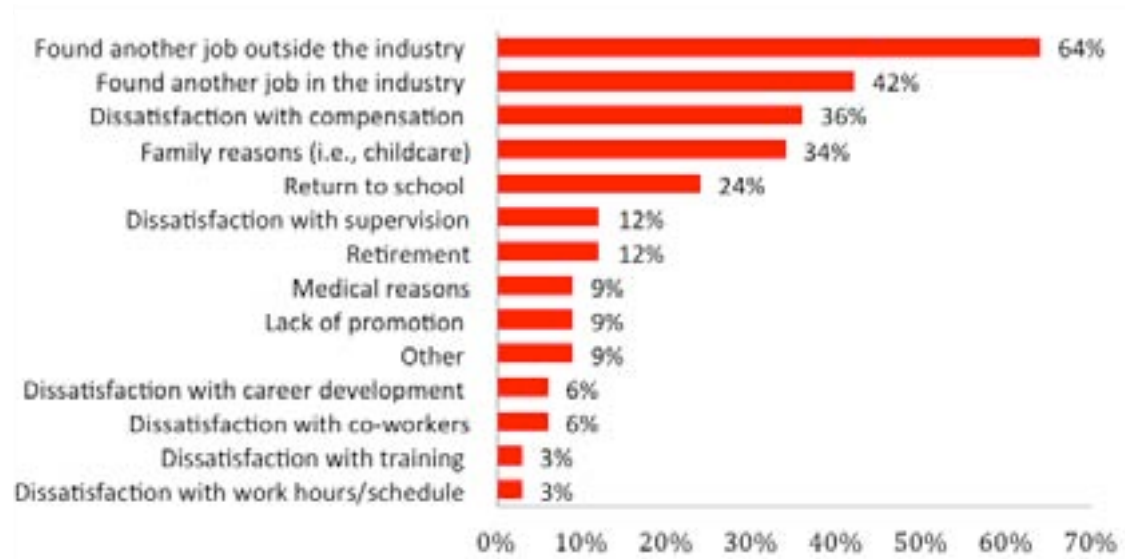
Sector	Production	Administrative
NAICS 3372: Office furniture (including fixtures) manufacturing	\$35,596	\$64,523
NAICS 3371: Household and institutional furniture and kitchen cabinet manufacturing	\$30,147	\$49,310
NAICS 3219: Veneer, plywood and engineered wood product manufacturing	\$44,700	\$56,795
NAICS 3212: Other wood product manufacturing	\$32,980	\$60,628

Source: Statistics Canada, Annual Survey of Manufactures and Logging, 2009

### Questionnaire

Figure 7 presents the top reasons for employee turnover in the advanced wood products manufacturing sector, as reported by organizations.

Figure 7. Top Reasons for Voluntary Turnover



The questionnaire results indicated that advanced wood products manufacturing sector establishments lose their employees to other industries (64%), as well as other establishments within the industry (42%).

Another common reason for employee departures is dissatisfaction with compensation (36%). On average, organizations spend from 9% to 11% of employees’ wages or annual salary on benefits (see Table 3). As reported by employers in the questionnaire, the average annual salary across production, administrative, and sales employee groups was \$41,153. It is lower than an average annual salary reported for the manufacturing sector as a whole (\$49,272) (Statistics, Canada, 2009).

According to the questionnaire conducted for this project, the highest paid employee group was sales (\$53,615), followed by administrative employees (\$41,523), and skilled production employees (\$40,474). The unskilled production workers have the lowest average annual salary among the occupations surveyed (\$29,000) (see Table 4).

In addition, in the questionnaire 24% of organizations reported that their employees left the job to return to school, and 34% of organizations had employees leave for family reasons, such as childcare (see Figure 6).

Table 4. Average Annual Salary by Employee Group

Employee Group	Average Annual Salary	Benefits (as a percentage of wages or annual salary)
Sales employees	\$53,615	11.3%
Administrative employees	\$41,523	10.6%
Production employees with specific skills and training	\$40,474	9.1%
Production employees without specific skills and training	\$29,001	10.9%

Following the initial research it became evident that preparing average salary information for organization’s within the advanced wood products manufacturing sector would not be feasible due to the discrepancies that occur across organizations depending on size, location and local market conditions. When analyzing salary information it is important to compare organizations with similar conditions.

If employers wish to access existing salary information for the wood manufacturing industry in their area, resources available include Service Canada or Working in Canada . Working in Canada allows the user to specify for which type of job and in which location across Canada the information is required. The result of such a search will produce the number of available jobs in the geographical area, along with the median wage. Image 1 below shoes a sample search result for woodworking machine operator jobs in the Toronto area.

Image 1: Working in Canada Search Results



## Interviews

The interview findings mirrored the results of the questionnaire. The most common reasons for voluntary departure cited by employers were compensation issues, or leaving for another opportunity or organization.

Half of the employers interviewed for the project have had employees depart from the organization to advance their careers. These employees left to go back to school to advance their skills, either due to a realization that the industry is not a good fit, or that there was a lack of opportunities to advance in a career path within the industry. One employer mentioned that manufacturing is often thought of as “entry level” and “dead end” which could be a result of the lack of emphasis on training and advancement, as employees often stay with an organization if they can see opportunity to be there for a long period of time in an advancing career.

The reasons for involuntary turnover of employees from the organizations participating in the interview were absenteeism, poor performance (e.g., a drop in production), layoffs, and no cause termination.

## Focus Groups

The responses from employers in the focus groups included perceived lack of advancement and career opportunities. One employer expanded on this issue by stating that new hires in some organizations do not see advancement opportunities because there are so many employees that have more seniority.

Consistent with the results of the interviews and the questionnaire, employers attributed employee turnover to their dissatisfaction with compensation. One employer estimated that 85% of employee turnover is directly related to compensation, stating that “people are drawn to who pays the most.”

Of those that are leaving for higher compensation, the industries that are gaining these employees are construction, carpentry, roofing, road crews, and farming. Only one employer mentioned that a portion of departing employees leave and go to other wood manufacturing organizations. This sheds light on the questionnaire finding that 64% of employees depart because they “found another job outside the industry”; this is most likely directly related to the higher compensation offered by these other industries.

Another reason for employee departure stated by an employer during the focus groups was the repetitiveness of work in many of the positions within the advanced wood products manufacturing sector.

## 7 Turnover Analysis

### Literature Review

There are multiple tools that organizations can use to collect data on employee turnover, including spreadsheets or databases, turnover calculators, exit interviews, focus groups with current employees, or post-exit surveys.

The 2006 Society of Human Resource Management Survey found that 61% of US organizations across various industries use exit interviews. The advantage of exit interviews is that they gather immediate data on why employees are leaving and help in ending the employment relationship on a positive note (Fegley, 2006).

When analyzing turnover data, organizations should focus on identifying which employees are leaving the organization (e.g., high performers vs. low performers; skilled vs. unskilled; new hires vs. senior staff), when they are leaving (after 6 months or after 3 years), and why they are leaving. Detailed analysis of turnover data will aid in developing retention strategies tailored to each employee group.

### Questionnaire

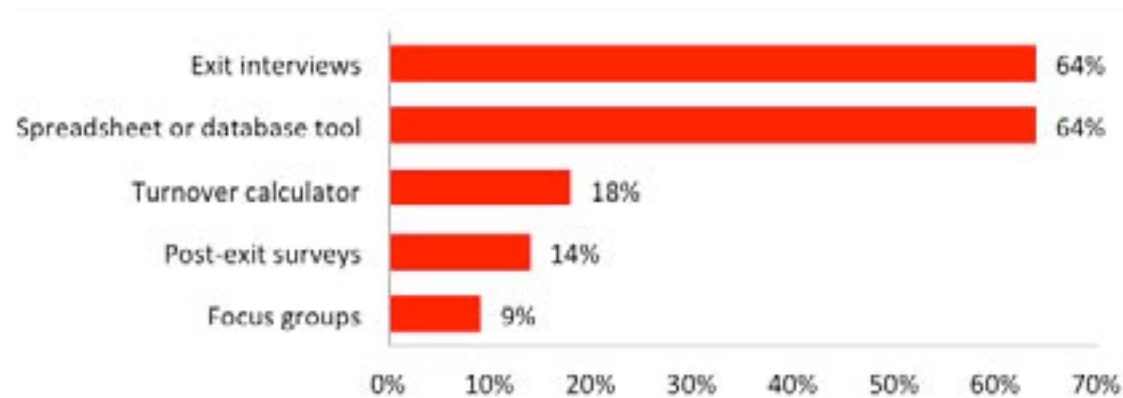
Sixty-four percent of surveyed organizations use a spreadsheet or database to collect data on employee turnover (see Figure 7). Spreadsheets or databases are often used to track statistics about employees that leave the organization, such as tenure, a reason for leaving, and a departure date. Advanced databases or Human Resource Information System (HRIS) may have advanced tracking capabilities, allowing organizations to calculate turnover rate and statistics on the departing employees. Often the turnover rate is calculated by taking the number of employees who left the organization within a specified period of time (e.g., 1 year), dividing it by the total number of employees in the organization at that time, and multiplying the product by 100%.

Another popular tool for collecting data on employee turnover is an exit interview. Sixty-four percent of the surveyed organizations interview the departing employees to learn about their reasons for leaving and if there is anything that could have been done to make them stay (see Figure 8).

However, the disadvantage of exit surveys is that they often produce inaccurate information because employees are reluctant to discuss negative factors within the organization that contributed to their decision to leave. To get the most out of exit interviews, organizations are advised to use neutral, third party interviewers, employ structured interviews, emphasize confidentiality of results, and cross-check results with other data sources, such as surveys.



Figure 8. Tools for Collecting Employee Turnover Data



Post-exit surveys is an excellent diagnostic tool for employee turnover because they increase the likelihood of confidential responses if the survey participation is anonymous and if no identifying information, such as unique demographic details, is requested from former employees. Fourteen percent of the surveyed organizations in the advanced wood products manufacturing sector use post-exit surveys to identify the reasons why employees are leaving (see Figure 8). Exit surveys can also be conducted by the neutral third party by phone.

Eighteen percent of organizations in the advanced wood products manufacturing sector use turnover calculators to measure turnover. The online turnover calculators embedded in an HRIS or available through online provide an efficient means for calculating turnover rates. The limitation of turnover calculators is that, for the most part, they do not provide detailed information about the reasons for employee departures. Thus, they have limited usefulness for the development of retention strategies.

Finally, 9% of the surveyed organizations used focus groups to collect information on reasons for employee turnover. Similar to interviews, focus groups may provide rich qualitative data on why employees are leaving the organization. They may uncover surprising or rare factors missed by surveys or other more structured means of data collection. However, the limitations of exit interviews also apply to focus groups. Employees may not provide honest responses to employer's questions, especially in the group context.

## Interviews

Interviews with employers in the industry revealed that most of them collect data on employee turnover. They use an HRIS software, spreadsheets, employee files, exit interviews and payroll records to gather information to identify turnover trends. One employer reported that through the use of turnover data, the organization was able to determine that employees were leaving within the first year of employment, which then led to the realization that there was an issue with on-boarding. After uncovering this issue, the organization was able to address it by implementing better training programs.

Although most employers interviewed have found it useful to collect and examine their turnover data, some of the organizations reported that the data remains untouched. It is very important that organizations make use of the collected data to identify the reasons for employee departures and strategies to address them.

## 8 Retention Strategies

Retention of the workforce, especially qualified workers, is a challenge for the advanced wood products manufacturing sector. Even if an organization is not concerned with the current rate of turnover, replacing departing workers takes time and resources. Considering that more than half of the organizations in the industry provide in-house training to employees, it is important to preserve this investment and realize its long-term value.

Not all human resource practices are equally effective for employee retention. This section describes human resource practices that are particularly effective in enabling organizations to achieve their retention goals. Many of these practices were identified by industry employers as retention strategies they use to keep their workforce (see Figure 9).

### 8.1 Recruitment and Selection

#### Literature Review

Finding qualified workers to replace those who have left is challenging for advanced wood products manufacturing sector employers. According to the 2010 Labour Market Investigation of the Modular/Mobile Home and Panelized Housing Sector, “too many entry-level workers lack the qualities needed to succeed in a variety of progressively complex occupations on the factory floor (Wood Manufacturing Council, 2010b, p. 20).

Organizations need to make sure that their recruitment practices target the most suitable candidates and create the conditions for them to stay with the employer for the long-term.

Employees are less likely to leave their employer if they perceive a good fit between their skills and values and the job. One way to ensure a good fit is to learn as much as possible about the new job (Allen, 2008).

Realistic job previews may somewhat limit the applicant pool reducing the number of applicants who will apply for a job. However, they also ensure that the applicants who decide to pursue employment will stay with the organizations longer, thus saving the organization time and money (Allen, 2008).

#### Questionnaire

Figure 9 presents common retention strategies adopted by employers in the industry.

Sixty-eight percent of the surveyed organizations provide information about the job to applicants to give them an opportunity to opt out if their interests, skills, and values are not aligned with the job.

Sixty-two percent of organizations in the advanced wood products manufacturing sector assess the fit between an applicant and the job, and 50% of organizations provide structured on-boarding training to new hires to support them at job entry.

Figure 9. Retention Strategies in the Advanced Wood Products Manufacturing Sector



### Focus Groups

The discussion of retention strategies in the area of recruitment and selection was focused on using effective recruitment strategies to attract talent to an organization, providing candidates with accurate information about the job, and employing effective selection tools to identify job candidates who are a good fit for the position and organization.

With regard to recruitment strategies, employers were asked to identify what makes them stand out on the job market and were encouraged to use that information in their recruitment campaigns. For instance, one employer mentioned that they produce high-end wood products, which instills a sense of pride in their employees. Another employer mentioned that they had been in business for a long time and, as a result, this provides employees with an enhanced sense of job security. Better working conditions compared to other industries were mentioned by an organization in Manitoba. The employees in this organization can work inside all year round, which makes it an attractive place to work, compared to oil and gas companies. Employers were advised to emphasize their unique features in job postings to attract candidates who may be looking for unique areas of value in an employer.

A common issue among organizations participating in the focus groups was the misrepresentation of skills by job candidates. Job candidates can make false claims about their skill levels and often turn out to lack competence in a particular area when they are hired. One way to correct this issue is to use rigorous selection procedures based on job requirements. One employer suggested the use of an assessment tool to determine the skill level of a potential candidate, and to gauge how much orientation and training the candidate would need to bring his or her skills up to the required level for effective functioning on the job.

Another strategy for recruitment and selection of individuals in the industry is providing job candidates with realistic job previews. One employer suggested that a portion of the interview should include a plant tour, allowing the hiring manager to get a sense of the areas that the candidate is interested in, as well as an idea of what tools the candidate is familiar with.

The focus groups also revealed that some employers in the advanced wood products manufacturing sector do not have any screening for job candidates. One employer said that the organization he works for is “hiring whoever comes in the door [because there are] more jobs than workers.” It is imperative that organizations use standardized and job-related selection procedures to improve the fit of new employees with the job and organization. Employees who are satisfied with their jobs and organization are less likely to leave.

It is also important for HR managers to understand the industry, the organization, and the requirements of the jobs for which they are hiring. One focus group participant said that the better HR managers know the requirements of the job at hand, the better they are at assessing fit. Standardized selection procedures and assessment tools, such as employment tests, structured interviews, and reference checks add value by increasing the accuracy of selection procedures, propelling the right candidates to positions.

## 8.2 Compensation and Rewards

### Literature Review

Adequate compensation and rewards improve employee motivation and productivity, leading to better organizational performance. Competitive compensation and benefits increase employee job satisfaction and simultaneously reduce the attractiveness of alternative job offers (Allen, 2010). Research shows that pay levels and pay satisfaction are modest predictors of employee turnover (Griffeth, Hom, & Gaertner, 2000). The compensation levels of employees in the industry should be comparable with those offered by other industries to attract the best and brightest workers.

### Questionnaire

As revealed by the questionnaire, offering competitive pay and benefits is the most common retention strategy for organizations in the industry. Sixty-eight percent of the surveyed organizations offer competitive pay, 65% provide competitive vacation/holidays, and 35% offer tuition reimbursement.

Before implementing retention strategies in the area of compensation and benefits, organizations need to consider whether these strategies match individual needs of employees and whether they are likely to have an intended effect of increasing employee retention. Linking pay to performance, for example, is likely to influence motivation and staying intentions of high performers. However, it may do little to convince average performers to stay. Also, employees may have preferences for different types of rewards.

A popular retention strategy is to link rewards to the length of time employees spent on the job. According to the questionnaire results, 44% of organizations in the industry tie benefits to seniority and 21% provide retention benefits.

## Interviews

Following feedback from an employment survey, one of the interviewed organizations increased starting salary for employees. Others have rolled out entirely new compensation plans, linking pay to individual and organizational performance. One interviewed organization implemented “cost of living” increases for employees’ salaries. One company offers RRSP contribution matching for all production and salary employees. Another provides employees with comprehensive terms of employment that outline employee rights, and provide a pay scale so that employees know when they are going to be eligible for a raise.

## Focus Groups

Despite the fact that 68% of employers who responded to the questionnaire use compensation as a retention strategy, employers from the focus groups revealed that most organizations in the industry are unable to compete with the compensation levels offered by other industries. One employer reported that in feedback from employee satisfaction surveys, compensation is consistently listed as an area of dissatisfaction.

Another employer summarized the issue by saying that “we offer competitive pay for what we do, but not compared to other industries (i.e. oil and gas). We are not able to match what other industries are paying, and this is not something that is going to change.”

There are, however, certain steps that employers can take to make their compensation as competitive as possible. One measure is to complete surveys to compare salary levels with local employers in the same industry, and with other types of manufacturers. One employer completed a survey and found that compensation was on par with other manufacturers in the area, but starting salary was low. To increase their competitive presence in the market, starting salary was increased.

Another way to increase retention is to improve total compensation by offering employee attractive benefits. According to focus group participants, basic health and dental benefits are important. Additional benefits offered by employers are: RRSP contributions; tuition support or reimbursement for achievements in apprenticeship programs; group auto and home insurance discounts; vacation; and employee discounts on furniture. One employer from the focus group pays 100% of the premium for employee benefits, which is an added incentive. Another employer offers extended vacation time, yet another employer provides reimbursement for prescription safety glasses and safety boots.

## 8.3 Training and Development

### Literature Review

An effective retention strategy is impossible without investing in employee training and development. Employee training and development not only increases the skills of team members, but also reassures employees that they are valued assets in their organization (Allen, 2008). Training and development should address on-boarding for new employees to the extent that they are prepared by the organization to perform at the highest level possible. It is important to invest some resources into better preparing team members for success. Investments in training and development are never a poor use of resources and rarely go

overlooked by the team members receiving the training. Ongoing training and development can also help the company to develop its workforce and adapt to specific skills needed in the industry. For the advanced wood products manufacturing sector, this can include developing the technical skills of their staff as the industry is embracing new technology (Wood Manufacturing Council, 2010a).

### Questionnaire

According to the questionnaire results, 79% of organizations in the industry provide job specific training to employees, making it the most common retention strategy. Given the large proportion of unskilled labourers in the industry, employers must train new hires on job relevant skills and provide skill upgrading opportunities to the existing staff. It is imperative that organizations train new employees soon after hiring to facilitate their on-boarding and lay the foundation for their future job success. Excellent training programs may discourage turnover by keeping current employees satisfied and well-positioned for future growth opportunities.

In addition to job skills training, organizations may benefit from providing employees with generalized training as a means of career development. In fact, 26% of managers in the advanced wood products manufacturing sector receive management training, while 44% of employees have mentoring opportunities at work.

### Interviews

One of the interviewed organizations gives employees the opportunity to access training in areas of interest, if a course or program is related to the employee's work within the organization. The employer also covers the costs associated with training.

### Focus Groups

The feedback received from members of the focus groups on the effectiveness of training and development as a retention strategy was mixed. One employer reported that formal training is not effective in connection with retention; employees are not staying because of training and development. However, the majority of remaining participants thought that training and development is effective in improving retention. Employees want to come to work and feel like they are contributing and developing skills; providing employees with access to tools to hone their craft will be effective in contributing to retention. Participants offered feedback on strategies to make training and development effective as a retention tool.

Employees should be engaged in training upon entering the organization with on-boarding training. Following the on-boarding, training should continue in stages. Time should be spent on learning to use tools, orientation to the department in which the employee will be working, as well as the risks associated with the position. The first week is really critical to whether the employee will like the work or not. Embracing the new employee makes a lot of difference in how long they will stay with the organization.

Participants also reported that it is important to provide both skilled and unskilled employees with organization-specific training. This can be done through cross training with work assignments, for example. If an employee is doing the same thing every day he or she will start to think about other options. Cross training with other positions in the organization will

keep employees' jobs interesting, and increase engagement in the organization.

Partnering with local educational institutions to arrange for apprenticeship programs is another way in which employers can ensure that their employees have the skills required to perform effectively on the job. One employer actually has an apprenticeship program in-house and has made an adjustment to the pay scale to reflect the level of schooling and skill set contribution of employees. Competency checks are performed to validate the employees' ability to perform the skills on which they have been trained.

### **Other Retention Strategies**

In addition to retention strategies that deal with recruitment, selection, compensation, and training, focus group participants suggested other means for improving employee job satisfaction and by extension retention.

Job satisfaction is the strongest driver of employee retention (Griffeth, Hom, & Gaertner, 2000). There are multiple ways to create organizational experiences that are bound to enhance employee job satisfaction. Employee recognition, flexible work arrangements, and good relationships between co-workers are just some of the organizational practices that promote employee retention. One employer from the focus group provides recognition to workers through customer feedback, encourages establishing strong connections between managers and front-line workers, and provides flexible work arrangements. Another employer put a safety policy in place.

In order to identify an area where employer intervention is needed, organizations may consider implementing a job satisfaction survey. One of the focus group participants hoped to use the information from a job satisfaction survey to gain insight into organizational factors that contribute to employee dissatisfaction and thus, turnover.

The quality of relationships with co-workers is another important determinant of overall job satisfaction and thus, employee retention. The more employees are satisfied with their co-workers, the less likely they are to think about quitting their job (Griffeth et al., 2001). Organizations will benefit from helping employees establish strong connections with one another. This can be done through mentoring and team building activities. A focus group participant described how their workers volunteer with a local charity as a group. Team building activities are a great way of instilling a sense of camaraderie in employees, which may encourage them to stay in the organization for a long time.

## Conclusion

The labour force in the advanced wood products manufacturing sector is steadily declining due to market conditions and technological advancements in the industry. Retention of the workforce, especially qualified workers, is a challenge for any manufacturing industry. Even if an organization is not concerned with the current rate of turnover, replacing departing workers takes time and resources.

There is little benchmarking data on turnover rates in the industry. According to the questionnaire conducted for this project, the average turnover rate in the advanced wood products manufacturing sector is 30%. Forty-one percent of employers consider turnover to be a problem for their organization. Even small turnover rates can present a serious risk to the success of a small organization when the departing employees have specialized knowledge and skills.

Employee turnover has both costs and benefits. Increased spending on training, including orientation and on-the-job training, coupled with delays on or decreases in the quality of work and disruptions to team-based work are the turnover costs that concern employers. Organizations can benefit from turnover if they lose low-performing employees or those with outdated knowledge and skills.

Half of the employers who responded to the questionnaire lose workers before they hit the one-year mark on the job. Dissatisfaction with compensation and finding new employment in or outside the industry are the primary drivers of turnover, according to the questionnaire. The average annual salary in the industry is lower than that for the whole manufacturing sector, making it difficult for the advanced wood products manufacturing sector to compete with other manufacturing industries for labour.

Most organizations in the industry use exit interviews and spreadsheets to collect data on employee turnover. Organizations will benefit from using trained neutral parties to conduct exit interviews and ensuring the confidentiality of data to obtain honest responses. Profiling the skills and other characteristics of the departing employees and identifying the reasons for their departure are important for designing targeted retention strategies.

Effective retention strategies are driven by data and tailored to individual employee needs. Canadian advanced wood products manufacturing sector manufacturers employ a variety of human resource practices to retain their workers. In the realm of recruitment, two thirds of employers provide applicants with detailed information about the job before they are hired so that they have an opportunity to assess their fit for the job.

The majority of organizations in the industry used complete pay and benefits packages as a retention strategy. Some of them tied the benefits to seniority, rewarding employees with stock options and retention benefits for their loyalty.



Providing job specific training is a very popular retention strategy used by the majority of employers. Ongoing training and development can also help the company to develop its workforce and adapt to specific skills needed in the industry. Furthermore, training and development allows organizations to develop an internal talent pool, which could be used for succession planning to ward off shortages of qualified labour resulting from employee turnover.

Other retention strategies that organizations may want to use with an aim of keeping their best and brightest workers are employee recognition events, flexible work arrangements, team-building activities, and mentoring.

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## Appendix A: Survey Questions

### Appendix A: Survey Questions

1. Which of the following describes your primary area of operation (if you operate in multiple areas, please select the area with the greatest amount of production)?

<input type="checkbox"/>	321211 Hardwood veneer and plywood mills
<input type="checkbox"/>	321212 Softwood veneer and plywood mills
<input type="checkbox"/>	321215 Structural wood product manufacturing
<input type="checkbox"/>	321216 Particle board and fibreboard mills
<input type="checkbox"/>	321217 Waferboard mills
<input type="checkbox"/>	321911 Wood window and door manufacturing
<input type="checkbox"/>	321919 Other millwork
<input type="checkbox"/>	321920 Wood container and pallet manufacturing
<input type="checkbox"/>	321991 Manufactured (mobile) home manufacturing
<input type="checkbox"/>	321992 Prefabricated wood building manufacturing
<input type="checkbox"/>	321999 All Other Miscellaneous wood product manufacturing
<input type="checkbox"/>	337110 Wood Kitchen Cabinet and Counter Top Manufacturing
<input type="checkbox"/>	337120 Upholstered Household Furniture Manufacturing
<input type="checkbox"/>	337123 Other Wood Household Furniture Manufacturing
<input type="checkbox"/>	337126 Household furniture (except wood and upholstered) manufacturing
<input type="checkbox"/>	337127 Institutional furniture manufacturing
<input type="checkbox"/>	337213 Wood office furniture, including custom architectural woodwork
<input type="checkbox"/>	337214 Office furniture (except wood) manufacturing
<input type="checkbox"/>	337215 Showcase, partition, shelving, and locker manufacturing
<input type="checkbox"/>	Other (please specify)

2. What is your role (or position) in the organization?

<input type="checkbox"/>	CEO/President/Director
<input type="checkbox"/>	Head of the HR Department
<input type="checkbox"/>	HR Manager
<input type="checkbox"/>	HR Staff Member (non-managerial)
<input type="checkbox"/>	Other (please specify) _____

3. How long have you worked for this organization?

<input type="checkbox"/>	Under a year
<input type="checkbox"/>	1-3 years
<input type="checkbox"/>	4-5 years
<input type="checkbox"/>	6-10 years
<input type="checkbox"/>	More than 10 years

4. How many employees (full-time, part-time, and temporary) work in your organization now?

<input type="checkbox"/>	1 - 4
<input type="checkbox"/>	5 - 9
<input type="checkbox"/>	10 - 19
<input type="checkbox"/>	20 - 49
<input type="checkbox"/>	50 - 99
<input type="checkbox"/>	100 - 199
<input type="checkbox"/>	200 - 499
<input type="checkbox"/>	500 +

5. In which province or territory is your organization located?

<input type="checkbox"/>	Alberta
<input type="checkbox"/>	British Columbia
<input type="checkbox"/>	Manitoba
<input type="checkbox"/>	New Brunswick
<input type="checkbox"/>	Newfoundland and Labrador
<input type="checkbox"/>	Northwest Territories
<input type="checkbox"/>	Nova Scotia
<input type="checkbox"/>	Nunavut
<input type="checkbox"/>	Ontario
<input type="checkbox"/>	Prince Edward Island
<input type="checkbox"/>	Quebec
<input type="checkbox"/>	Saskatchewan
<input type="checkbox"/>	Yukon
<input type="checkbox"/>	Operate in multiple provinces/territories

6. To what extent do you agree that turnover is a problem for your organization?

<input type="checkbox"/>	Strongly disagree
<input type="checkbox"/>	Somewhat disagree
<input type="checkbox"/>	Neither agree, nor disagree
<input type="checkbox"/>	Somewhat agree
<input type="checkbox"/>	Strongly agree

7. Please choose the 3 turnover costs your organization is most concerned with.

<input type="checkbox"/>	HR staff time
<input type="checkbox"/>	Hiring manager's time
<input type="checkbox"/>	Accrued paid time (vacation, sick pay)
<input type="checkbox"/>	Delays in or decrease in quality of production and customer service
<input type="checkbox"/>	Disruption to team-based work
<input type="checkbox"/>	Orientation training (trainee and instruction time, material)
<input type="checkbox"/>	On-the-job training (mentoring, coaching)
<input type="checkbox"/>	Formal training

8. Does your organization collect data on employee turnover?

_	Yes
_	No
_	Unsure

9. If you said “yes” in the previous question, which of the following methods are used to collect turnover data in your organization? Select all that apply.

_	Exit interviews
_	Post-exit surveys
_	Focus groups with current employees
_	Turnover calculator
_	Spreadsheet or database tool
_	Other (please specify) _____

10. What was the average number of employees in your organization between 2009 and 2011? Include full-time, part-time, and temporary workers.

_	Production employees with specific skills and training
_	Production employees without specific skills and training (general labour)
_	Administrative employees
_	Sales

11. How many production employees on average left your organization between 2009 and 2011? Include full-time, part-time, and temporary workers.

_	Production employees with specific skills and training
_	Production employees without specific skills and training (general labour)
_	Administrative employees
_	Sales

12. How long had the departing employees stayed with the organization before they left?

<input type="checkbox"/>	Under 3 months
<input type="checkbox"/>	Under 6 months
<input type="checkbox"/>	Under a year
<input type="checkbox"/>	1 - 3 years
<input type="checkbox"/>	4 - 5 years
<input type="checkbox"/>	More than 5 years

13. Which of the following employee groups was more likely to leave? Please check all that apply.

<input type="checkbox"/>	Highly skilled employees
<input type="checkbox"/>	Employees with high-demand skills
<input type="checkbox"/>	Employees with no specific training
<input type="checkbox"/>	New hires
<input type="checkbox"/>	Other (please specify) _____
<input type="checkbox"/>	

14. How difficult is it to replace the departing employees?

<input type="checkbox"/>	Not difficult
<input type="checkbox"/>	Somewhat difficult
<input type="checkbox"/>	Moderately difficult _____
<input type="checkbox"/>	Very difficult

15. Looking at the employees who left the organization in 2011, what percentage of them left the organization voluntarily? Please exclude departures due to retirement.

<input type="checkbox"/>	0 - 19%
<input type="checkbox"/>	20 - 49%
<input type="checkbox"/>	50 - 69%
<input type="checkbox"/>	70 - 89%
<input type="checkbox"/>	90 +%

16. Looking at the employees who left the organization in 2011, what percentage of them retired from the organization?

<input type="checkbox"/>	0-19%
<input type="checkbox"/>	20-49%
<input type="checkbox"/>	50-69%
<input type="checkbox"/>	70-89%
<input type="checkbox"/>	90+%

17. What are the top three reasons for VOLUNTARY turnover in your organization?

<input type="checkbox"/>	Retirement
<input type="checkbox"/>	Return to school
<input type="checkbox"/>	Found another job in the industry
<input type="checkbox"/>	Found another job outside the industry
<input type="checkbox"/>	Family reasons (i.e., childcare, spousal relocation)
<input type="checkbox"/>	Medical reasons
<input type="checkbox"/>	Dissatisfaction with compensation
<input type="checkbox"/>	Dissatisfaction with training
<input type="checkbox"/>	Dissatisfaction with work hours/schedule
<input type="checkbox"/>	Dissatisfaction with career development
<input type="checkbox"/>	Dissatisfaction with supervision
<input type="checkbox"/>	Dissatisfaction with co-workers
<input type="checkbox"/>	Lack of promotion
<input type="checkbox"/>	Other (please specify) _____

18. Looking at the employees who left the organization in 2011, what percentage of them left the organization involuntarily (due to terminations and layoffs)?

<input type="checkbox"/>	0 - 19%
<input type="checkbox"/>	20 - 49%
<input type="checkbox"/>	50 - 69%
<input type="checkbox"/>	70 - 89%
<input type="checkbox"/>	90 +



19. What are the top three reasons for INVOLUNTARY turnover in your organization?

_	Termination
_	Layoff
_	Other (please specify) _____

20. What is an average annual salary of employees in your organization?

_	Production employees with specific skills and training
_	Production employees without specific skills and training (general labour)
_	Administrative employees
_	Sales

21. How much does your organization spend on employee benefits? Please indicate as a percentage of wage rate or annual salary (e.g., 15%). Include health benefits, pension contributions, employer contributions to government benefits, etc.

_	Production employees with specific skills and training
_	Production employees without specific skills and training (general labour)
_	Administrative employees
_	Sales

22. What does your organization do to retain its employees? Please select all that apply.

<input type="checkbox"/>	Provide applicants a lot of information about the job and organization during recruitment.
<input type="checkbox"/>	Assess fit of applicants for a position (eg., using structured interviews based on job requirements).
<input type="checkbox"/>	Provide structured orientation training to new hires
<input type="checkbox"/>	Provide job-specific training to employees
<input type="checkbox"/>	Provide tuition reimbursement
<input type="checkbox"/>	Provide flexible work arrangements
<input type="checkbox"/>	Offer competitive pay
<input type="checkbox"/>	Provide competitive vacation/holiday benefits
<input type="checkbox"/>	Tie benefits to seniority (eg., more senior employees receive more vacation days)
<input type="checkbox"/>	Provide management training to supervisors
<input type="checkbox"/>	Provide mentoring to employees
<input type="checkbox"/>	Conduct employee engagement or job satisfaction surveys
<input type="checkbox"/>	Provide stock options or retention benefits to employees
<input type="checkbox"/>	Other (please specify) _____

23. Would you like to add anything else?

## Appendix B: Interview Questions

### Introduction to the Interview

This interview is part of the project on worker attrition sponsored by the Wood Manufacturing Council. The purpose of the project is to examine turnover dynamics in the wood products manufacturing industry, including reasons for employee turnover, costs and benefits associated with it, as well as strategies that organizations use to keep their best employees. As part of the project, we are conducting a survey and a number of interviews with employers to get a firsthand perspective on employee turnover in the wood products manufacturing industry. Your responses will help get a better understanding of employee turnover in the industry and develop strategies to address it. At the end of this project, we will share the results of this study with participants. Would you be interested in obtaining a copy?

### Interview Questions

1. How many employees approximately left your organization last year? (best guess is OK)
2. What were the main reasons for employee departures?
3. Which organizations (industries) tend to hire your former employees?
4. How did the departure of these people affect your organization? Was all the impact negative?
5. On a 5-point scale where 1 is Not at All and 5 is Very Much so, to what extent is turnover a problem for your organization?
6. Describe the profile of employees who were most likely to leave.
  - Which groups did they tend to belong to? (production, sales, or administrative)
  - What was their experience level in terms of the # of yrs in the occupation/trade?
  - How long had they stayed with the organization before they left? (# of yrs on the job)
  - What was their skill level?( highly trained, unskilled)
  - What was their education level? (high school, vocational school, college)
7. What are the challenges associated with replacing employees who left the organization?
8. Does your organization collect data on employee turnover? If so, how?
9. How does the organization use the employee turnover data?
10. What does your organization do to increase retention rate?
11. Which retention strategies, in your opinion, have the most impact on employee retention?
12. Which retention strategies are not worth spending money on?
13. What are the challenges associated with implementing retention strategies in your organization?
14. Based on your knowledge of the industry, what should the industry do to improve employee retention?

## Appendix C: Example Cost of Turnover Calculations

### Cost of Turnover Calculator - Skilled Production Worker: Finisher

<u>Benchmark Employee Cost</u>		
Annual base salary of departing employee:	\$32,032.00	<b>Enter salary</b>
Annual benefits cost:	\$6,406.40	(Estimated at 20% of base salary)
Monthly salary + benefits:	\$3,203.20	
Daily salary + benefits:	\$167.12	(Based on 230 working days)
<u>Separation Costs</u>		
Annual salary of HR/Hiring manager:	\$41,000.00	<b>Enter salary</b>
Hourly rate of HR/Hiring manager:	\$26.74	(Based on 230 working days & 20% fringe benefit rate)
Time to process separation (i.e., update files, complete exit interview):	2	<b>Enter number of hours</b>
	\$53.48	
<u>Cost of Covering Vacant Position</u>		
Number of days until the vacant position is filled:	30	<b>Enter number of working days</b>
Daily cost of covering a vacant position:	\$55.15	(33% of daily salary + benefits)
Total cost to cover vacant position:	\$1,654.52	
<u>Cost of Hire</u>		
Annual salary of HR/Hiring manager:	\$41,000.00	<b>Enter salary</b>
Hourly rate of HR/Hiring manager:	\$26.74	
Selection time (i.e., screen resumes, conduct interviews, check references):	80	<b>Enter number of hours</b>
Selection costs (i.e., job posting, background check, outsourcing fees):	\$300.00	<b>Enter cost in dollars</b>
Total cost to fill a vacant position:	\$2,439.13	
<u>Training Cost</u>		
Annual salary of Trainer/Manager:	\$65,000.00	<b>Enter salary</b>
Daily rate of Trainer/Manager:	\$339.13	(Based on 230 working days & 20% fringe benefit rate)
Total training days:	5	<b>Enter number of days</b>
Total onboarding and orientation cost:	\$1,695.65	
<u>Cost of Employee Ramp-Up Time</u>		
Daily employee cost (salary + benefits):	\$167.12	
Number of working days during first 3 months:	58	<b>Enter number of days (avg. 58 days)</b>
Cost of productivity ramp up:	\$4,846.58	(Based on 3 months of 50% rate of productivity)
<b>Total Cost of Turnover (per employee):</b> \$10,689.36		
Number of departing employees (in the past 12 months):	2	<b>Enter number of employees</b>
<b>Estimated annual turnover cost:</b>	<b>\$21,378.73</b>	

**Cost of Turnover Calculator - Unskilled Production Worker: General Labourer**

<b>Benchmark Employee Cost</b>		
Annual base salary of departing employee:	\$28,246.00	<b>Enter salary</b>
Annual benefits cost:	\$5,649.20	(Estimated at 20% of base salary)
Monthly salary + benefits:	\$2,824.60	
Daily salary + benefits:	\$147.37	(Based on 230 working days)
<b>Separation Costs</b>		
Annual salary of HR/Hiring manager:	\$41,000.00	<b>Enter salary</b>
Hourly rate of HR/Hiring manager:	\$26.74	(Based on 230 working days & 20% fringe benefit rate)
Time to process separation (i.e., update files, complete exit interview):	2	<b>Enter number of hours</b>
	\$53.48	
<b>Cost of Covering Vacant Position</b>		
Number of days until the vacant position is filled:	10	<b>Enter number of working days</b>
Daily cost of covering a vacant position:	\$48.63	(33% of daily salary + benefits)
Total cost to cover vacant position:	\$486.32	
<b>Cost of Hire</b>		
Annual salary of HR/Hiring manager:	\$41,000.00	<b>Enter salary</b>
Hourly rate of HR/Hiring manager:	\$26.74	
Selection time (i.e., screen resumes, conduct interviews, check references):	100	<b>Enter number of hours</b>
Selection costs (i.e., job posting, background check, outsourcing fees):	\$50.00	<b>Enter cost in dollars</b>
Total cost to fill a vacant position:	\$2,723.91	
<b>Training Cost</b>		
Annual salary of Trainer/Manager:	\$56,000.00	<b>Enter salary</b>
Daily rate of Trainer/Manager:	\$292.17	(Based on 230 working days & 20% fringe benefit rate)
Total training days:	5	<b>Enter number of days</b>
Total onboarding and orientation cost:	\$1,460.87	
<b>Cost of Employee Ramp-Up Time</b>		
Daily employee cost (salary + benefits):	\$147.37	
Number of working days during first 3 months:	58	<b>Enter number of days (avg. 58 days)</b>
Cost of productivity ramp up:	\$4,273.74	(Based on 3 months of 50% rate of productivity)
<b>Total Cost of Turnover (per employee):</b> \$8,998.33		
Number of departing employees (in the past 12 months):	3	<b>Enter number of employees</b>
<b>Estimated annual turnover cost:</b>	\$26,994.98	

**Cost of Turnover Calculator – Administrative Employee: Accountant**

<u>Benchmark Employee Cost</u>		
Annual base salary of departing employee:	\$45,000.00	<b>Enter salary</b>
Annual benefits cost:	\$9,000.00	(Estimated at 20% of base salary)
Monthly salary + benefits:	\$4,500.00	
Daily salary + benefits:	\$234.78	(Based on 230 working days)
<u>Separation Costs</u>		
Annual salary of HR/Hiring manager:	\$41,000.00	<b>Enter salary</b>
Hourly rate of HR/Hiring manager:	\$26.74	(Based on 230 working days & 20% fringe benefit rate)
Time to process separation (i.e., update files, complete exit interview)	3	<b>Enter number of hours</b>
	\$80.22	
<u>Cost of Covering Vacant Position</u>		
Number of days until the vacant position is filled:	40	<b>Enter number of working days</b>
Daily cost of covering a vacant position:	\$77.48	(33% of daily salary + benefits)
Total cost to cover vacant position:	\$3,099.13	
<u>Cost of Hire</u>		
Annual salary of HR/Hiring manager:	\$41,000.00	<b>Enter salary</b>
Hourly rate of HR/Hiring manager:	\$26.74	
Selection time (i.e., screen resumes, conduct interviews, check references):	10	<b>Enter number of hours</b>
Selection costs (i.e., job posting, background check, outsourcing fees)	\$380.00	<b>Enter cost in dollars</b>
Total cost to fill a vacant position:	\$647.39	
<u>Training Cost</u>		
Annual salary of Trainer/Manager:	\$90,000.00	<b>Enter salary</b>
Daily rate of Trainer/Manager:	\$469.57	(Based on 230 working days & 20% fringe benefit rate)
Total training days:	10	<b>Enter number of days</b>
Total onboarding and orientation cost:	\$4,695.65	
<u>Cost of Employee Ramp-Up Time</u>		
Daily employee cost (salary + benefits):	\$234.78	
Number of working days during first 3 months:	58	<b>Enter number of days (avg. 58 days)</b>
Cost of productivity ramp up:	\$6,808.70	(Based on 3 months of 50% rate of productivity)
<b>Total Cost of Turnover (per employee):</b> \$15,331.09		
Number of departing employees (in the past 12 months):	1	<b>Enter number of employees</b>
<b>Estimated annual turnover cost:</b>	<b>\$15,331.09</b>	

**Cost of Turnover Calculator - Sales Employee Example: Sales Manager**

<u>Benchmark Employee Cost</u>		
Annual base salary of departing employee:	\$80,000.00	<b>Enter salary</b>
Annual benefits cost:	\$16,000.00	(Estimated at 20% of base salary)
Monthly salary + benefits:	\$8,000.00	
Daily salary + benefits:	\$417.39	(Based on 230 working days)
<u>Separation Costs</u>		
Annual salary of HR/Hiring manager:	\$90,000.00	<b>Enter salary</b>
		(Based on 230 working days & 20% fringe benefit rate)
Hourly rate of HR/Hiring manager:	\$58.70	
Time to process separation (i.e., update files, complete exit interview)	3	<b>Enter number of hours</b>
	\$176.09	
<u>Cost of Covering Vacant Position</u>		
Number of days until the vacant position is filled:	120	<b>Enter number of working days</b>
Daily cost of covering a vacant position:	\$137.74	(33% of daily salary + benefits)
Total cost to cover vacant position:	16,528.70	
<u>Cost of Hire</u>		
Annual salary of HR/Hiring manager:	\$90,000.00	<b>Enter salary</b>
Hourly rate of HR/Hiring manager:	\$58.70	
Selection time (i.e., screen resumes, conduct interviews, check references):	30	<b>Enter number of hours</b>
Selection costs (i.e., job posting, background check, outsourcing fees)	\$1,100.00	<b>Enter cost in dollars</b>
Total cost to fill a vacant position:	\$2,860.87	
<u>Training Cost</u>		
Annual salary of Trainer/Manager:	\$90,000.00	<b>Enter salary</b>
		(Based on 230 working days & 20% fringe benefit rate)
Daily rate of Trainer/Manager:	\$469.57	
Total training days:	120	<b>Enter number of days</b>
Total onboarding and orientation cost:	\$56,347.83	
<u>Cost of Employee Ramp-Up Time</u>		
Daily employee cost (salary + benefits):	\$417.39	
Number of working days during first 3 months:	58	<b>Enter number of days (avg. 58 days)</b>
		(Based on 3 months of 50% rate of productivity)
Cost of productivity ramp up:	\$12,104.35	
<b>Total Cost of Turnover (per employee):</b> \$88,017.83		
Number of departing employees (in the past 12 months):	1	<b>Enter number of employees</b>
<b>Estimated annual turnover cost:</b>	<b>\$88,017.83</b>	



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