MRA SURVEYS

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INDUSTRIAL & PRODUCTION TRADES SURVEY

MRA
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2023

INDUSTRIAL & PRODUCTION TRADES SURVEY

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

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INDUSTRIAL & PRODUCTION TRADES
INTRODUCTION

Recruitment and retention challenges have posed significant obstacles for manufacturing organizations in recent years. These companies operate in a dynamic, competitive industry that demands skilled workers to drive productivity and innovation. This year, turnover continues to be a challenge for organizations. While employee separation was felt by all industries in the past year, companies that employ Production, Maintenance, Service, & Trade workers felt the impact even more significantly. These companies reported losing one of three skilled employees (MRA's 2023 Turnover Survey). Moreover, nearly half of unskilled laborers/helpers separated from their employers in the past year.

With unemployment at a record low, organizations are struggling with retaining employees and recruiting new employees. Numerous factors can contribute to manufacturers' difficulties in recruiting and retaining a talented workforce. These challenges require proactive strategies to overcome.

Organizations that operate on multiple shifts have commonly used overtime as a staffing solution. Most organizations have both voluntary and mandatory overtime policies. In the past 12 months, 25 percent of organizations have decreased mandatory overtime and 18 percent have increased voluntary overtime.

For the most part, companies pay all hourly workers the same flat amount for shift premiums, and more companies are starting to do this. However, organizations pay higher premiums to employees willing to work more unpopular shifts, including 3rd shift, 3-day weekends, the Saturday shift, and the Sunday shift. Some organizations pay up to double time for Sundays; they also pay those who have already worked many overtime hours up to double time.

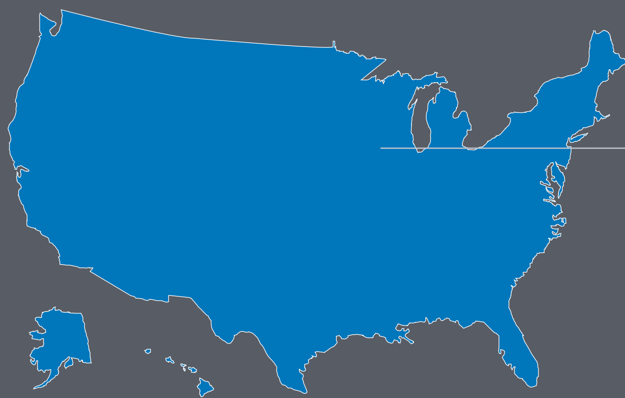
Nonunion workers experience lower base pay than union workers, yet, the gap is closing. Organizations have increased nonunion worker base pay in the last 12 months and project further increases in the next 12 months. Pay disparities could be a contributing factor to the higher turnover rate among nonunion workers compared to their union counterparts. As consumer prices increase, unions may gain popularity due to their ability to negotiate higher wages, while the changing economic landscape may make frequent job changes riskier for individuals.

MRA's history of producing meaningful and reliable compensation data can be relied on as the source for benchmarking your organization's jobs and comparing them to the current market while ensuring adjustments align with your compensation philosophy.

Our goal is to help your organization determine the best compensation strategy for your business. Use this data to help you stay competitive in this ever-changing market. The results of the survey questions are shown in the tables following this summary. State-specific data is also provided when the responses are sufficient to support it.

SURVEY PARTICIPATION

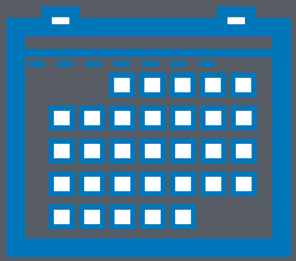
Fig. 1



855
PARTICIPATING ORGANIZATIONS

SURVEY CONDUCTED

Fig. 2



MARCH –APRIL 2023
SURVEY CONDUCTED

JOBS SURVEYED

Fig. 3

232
JOBS SURVEYED

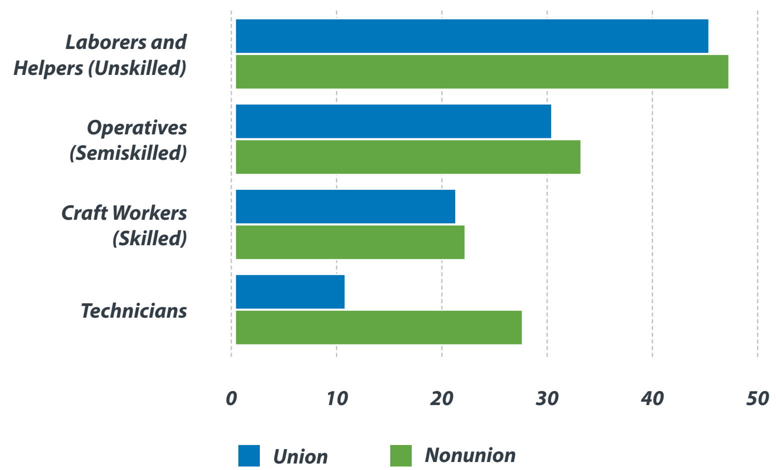
INDUSTRIAL & PRODUCTION TRADES
AT A GLANCE

REASONS FOR SEPARATIONS

Turnover continues to be of concern for manufacturing employers. Most of these separations were due to attendance. Earning a better salary is a top driver of separations for mid-career employees. Approximately half of all companies reported separations involving employees with 5 or more years of experience. Companies losing employees with 5 years or more tenure lost them due to better salary/benefits and finding a similar job elsewhere. For the separations of those with ten years or more, two in three separated from their companies because of retirement.

Since last year, turnover for nonunion technicians and laborers/helpers jumped by eight and 16 percentage points. Turnover for union workers dropped in three employee groups, including technicians (minus three percentage points), craft workers (minus seven percentage points), and operatives (minus four percentage points).

Average Percent Turnover by Employee Group - With Zeros *Fig.4*



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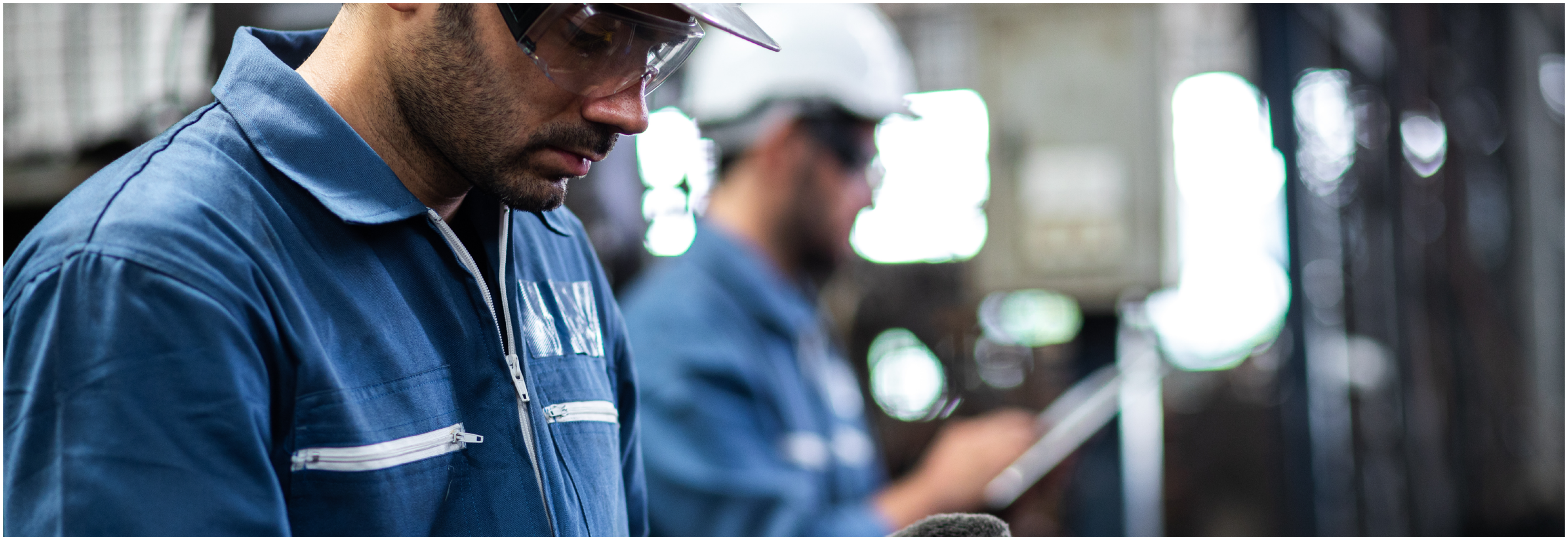
INDUSTRIAL & PRODUCTION TRADES
AT A GLANCE



OVERTIME POLICIES

In the manufacturing industry, production targets, customer demands, and fluctuating workloads are common. The practice of overtime is sometimes necessary to accommodate the changes that occur daily. Creating an overtime policy that is thorough can have a positive impact on productivity and employee satisfaction while ensuring an organization is in compliance with labor laws.

While most companies have kept their overtime policies the same in the past year, the demand to schedule overtime depends on the industry. Twenty-one percent of Durable Goods manufacturers were more likely to increase voluntary overtime, and 21 percent of Retail/Wholesale Trades were more likely to decrease voluntary overtime. Both Durable Goods (30 percent) and Non-durable Goods (25 percent) manufacturers decreased mandatory overtime in the past year.

To learn how to create an overtime pay policy, click here to download a sample policy.

SHIFT DIFFERENTIAL PAY

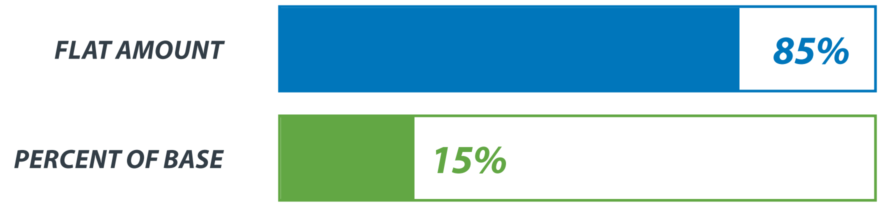
One of the biggest challenges for organizations operating on multiple shifts is finding employees willing to work those hours. Many employers offer shift differential or premium pay to incentivize working these shifts. It can be an effective way to attract interested candidates.

Shift differential is extra compensation for those employees who work shifts outside the regular 9–5. Employees who work undesirable hours can be paid a flat premium rate or a percentage of their hourly wage *(Fig. 5)*. The employer decides the rate, but an employee can negotiate. While the law doesn't require extra pay for these shifts, it can help recruitment and retention for these jobs. The premium pay offered to the employees can vary due to any number of factors, such as:

- Job description and the level of responsibility
- Presence of labor unions
- The type of shift (second, third, and/or weekends)
- If a job falls on a holiday
- The geographic location of the job

Data trends that started last year, including paying a premium for shift differentials, are continuing, while amounts are slightly starting to taper off for 2nd shift premiums. The average 2nd shift premium is $1.30 compared to $1.35 last year; however, this is no comparison to the 2021 level of $.86. Third shift premiums are an average of $1.75, which has climbed steadily since last year's $1.55 3rd shift premium *(Fig.6)*.

How the shift differential/premium is paid *Fig.5*



Flat amount shift differential/premium for each shift *Fig.6*

	2019	2020	2021	2022	2023
2nd shift	$0.73	$0.79	$0.86	$1.35	$1.30
3rd shift	$0.99	$1.02	$1.17	$1.55	$1.75

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STRUCTURE INCREASES

In today's competitive job market, attracting and retaining top talent is a critical priority for employers. Organizations often turn to salary increases as a strategic tool to address this challenge. By offering competitive salaries, organizations can better position themselves to attract and retain skilled employees while reducing turnover and ensuring a stable and experienced workforce. Despite set budgets, many organizations exceeded them when considering employee pay increases.

This year, organizations are attempting to slowly taper off last year's budget-breaking increases. However, unskilled and semiskilled turnover continues to be high enough that reducing increases could be difficult. MRA's Compensation Trends Survey projected increases to level off at 4.4 percent and 3.7 percent respectively, for nonunion and union production/ maintenance employees.

The cost of attracting and retaining talent during inflation can create pay compression. Pay compression happens when established employees make less than new hires within the same position. Over time, if pay compression isn't addressed, it can cause demotivation, reduced employee morale, and increased turnover. By proactively identifying and resolving pay compression, organizations can foster a fair and competitive compensation structure, enhance employee satisfaction, and maintain a productive and engaged workforce. Those companies with a formal pay structure find it easier to adjust when pay compression becomes an issue.

Some regions of Minnesota and Illinois established an incremental plan to increase the minimum wage to $15 per hour. This could impact starting salaries for semiskilled and unskilled jobs. Knowing the requirements for minimum wage in your state, county, or city can inform your organization's decisions on pay. To read more on current minimum wages, click here.

Average Structure Increases Last 12 months & Next 12 months *Fig.7*

Nonunion

	Average Actual Increase		Projected Structure Increase	
	With Zeros	*Without Zeros*	*With Zeros*	*Without Zeros*
Technicians	4.0%	4.2%	0.9%	3.3%
Craft Workers (Skilled)	4.3%	4.6%	1.2%	3.5%
Operatives (Semiskilled)	4.2%	4.4%	1.2%	3.4%
Laborers and Helpers (unskilled)	4.0%	4.3%	1.2%	3.5%
Total	4.1%	4.4%	1.1%	3.4%

Union

	Average Actual Increase		Projected Structure Increase	
	With Zeros	*Without Zeros*	*With Zeros*	*Without Zeros*
Technicians	3.4%	3.7%	0.9%	3.0%
Craft Workers (Skilled)	3.4%	3.8%	1.1%	3.3%
Operatives (Semiskilled)	3.4%	3.7%	1.2%	3.2%
Laborers and Helpers (Unskilled)	3.3%	3.6%	1.1%	3.4%
Total	3.4%	3.7%	1.1%	3.2%

INDUSTRIAL & PRODUCTION TRADES **CONCLUSION**

THE CHALLENGES CONTINUE

Companies are bracing for continued inflation and hoping for a return to more normal starting wages and pay increases. Since employees are combating high consumer prices, they are more likely to go to the employer that pays the best. With nearly half of unskilled laborers/helpers separating from their employers in the past year, it won't be easy to significantly reduce starting wages or increases for this group, who often look for the highest-paying employer.

While employees with 2 years or less tenure continue to account for the most frequent separations, approximately half of companies reported terminating employees with 5 or more years of experience. The loss of long-term employees creates disruption and stress for everyone. Employees who feel valued, engaged, and fairly compensated with justification have better retention rates. Every effort should be made to keep top performers and essential employees from leaving. During the "Great Resignation," many companies discovered it is much easier to proactively address reasons for resignation than to dissuade someone who has received a better offer.

While some companies are dealing with ongoing challenges and higher costs lingering from the pandemic, they are looking for ways to cut expenses. Projections for pay increases are leveling off, after the spiking actual pay increases of 2022.

If inflation continues to rise as predicted, more organizations could find themselves confronted with the possibility of layoffs. Employers who can balance the challenging economic climate and the needs of their employees will have the most success.

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

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

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Minnesota
Illinois
Iowa

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