



The ADP Research Institute®

2019 State of the Workforce Report: Pay, Promotions and Retention

Ahu Yildirmaz
Christopher Ryan
Jeff Nezaj

About the Institute

The ADP Research Institute (ADPRI) is the global thought leader for Labor Market and People and Performance research. ADP pays one in six workers in the U.S. and serves more than 740,000 clients globally. Our unmatched expertise in workforce analytics and talent management, combined with access to comprehensive human capital data, enables the Institute to conduct unique and cutting-edge research addressing all aspects of the world at work. ADPRI is the source that industry experts and policy makers turn to for the most timely, comprehensive and credible information surrounding human capital management. Our reach extends to some of the brightest minds in the world to ensure we always provide relevant and actionable data to business owners, team leaders and policy makers alike, removing the guesswork and giving leaders the insights they need.

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Section 1

Executive Summary

Executive Summary

Organizational design — the way we staff, manage and reward people to accomplish work — is fundamental to the success of every employer. Yet, despite decades of business and academic research, empirical data for organizational benchmarks is hard to come by. Employers routinely undertake complex organizational restructuring projects with limited insight and benchmarking data. A void exists in the market for high-quality human resources data that can portray different characteristics related to the structure of firms, accurately and in real time.

To fill this gap, the ADP Research Institute® (ADPRI) has published a unique new report — the ADPRI 2019 State of the Workforce Report — that provides comprehensive, high-quality, data-driven organizational benchmarks derived from ADP's aggregated and anonymous de-identified HR and payroll data. This report helps employers gain a better understanding of the hierarchical structure of organizations, pay levels, how pay and promotions are connected and how employers retain workers throughout their organizations. Providing details about firm hierarchy, promotions, turnover and span of control is vital to understanding relevant market trends, which is the focus of this report.

As a comprehensive, up-to-date source of organizational data, the findings in the report provide a solid basis for firms to understand their own organizational dynamics and improve performance.

Key observations from this inaugural study illustrate some of the ways employers can use this data:

On average, employers will promote 8.9 percent of their employees annually, and those employees will receive an average wage increase of 17.4 percent

More broadly, 84 percent of all American workers in the study have nonsupervisory roles, versus 16 percent of employees in supervisory or professional roles, and the average time for an employee to receive a first manager promotion is 6.9 years. Further analysis of promotion rates by demographic factors reveals interesting disparities. Between the genders, males are more likely to get a promotion compared with females — 9.3 percent compared with 8.4 percent, respectively. Promotion rates by generation show that millennials, at 10.5 percent, are most likely to get a promotion over all other age groups.

Impact: Understanding how a firm's promotion rate compares at national, industry and demographic levels can help diagnose career advancement issues within a firm.

Executive Summary

Firms are more likely to promote internal employees for management positions

A comparison of promotion rates over a one-year period against the proportion of new hires reveals that firms generally are more confident in promoting from within versus hiring externally for management positions. Overall, firms promoted 8.9 percent of employees, while new hires made up a much larger portion at 30.2 percent. At the supervisory levels, firms promoted more internally than they hired externally — 17.2 percent of managers are promoted, while 15.6 percent are new hires. The disparity becomes even more apparent at the highest rankings within an organization, where 21.5 percent were internally promoted and only 12.5 percent were new hires.

Impact: Employers can compare their rate of internal promotion against national and industry benchmarks to determine the health of career development programs, learning and development and the cost of losing high potential front-line workers. In addition, externally hired managers are more likely to increase total compensation costs.

Promotions within a team are associated with higher turnover among other team members

The effect of promotions on turnover within teams of three or more employees was analyzed. The data show that teams in which an employee was promoted had higher turnover when compared to teams where no promotions occurred. Teams where a promotion occurred

showed a turnover rate of 13.3 percent, while teams without a promotion had 12.3 percent turnover.

Impact: Employers should consider the effect of promoting individual team members and the retention strategy for key team players.

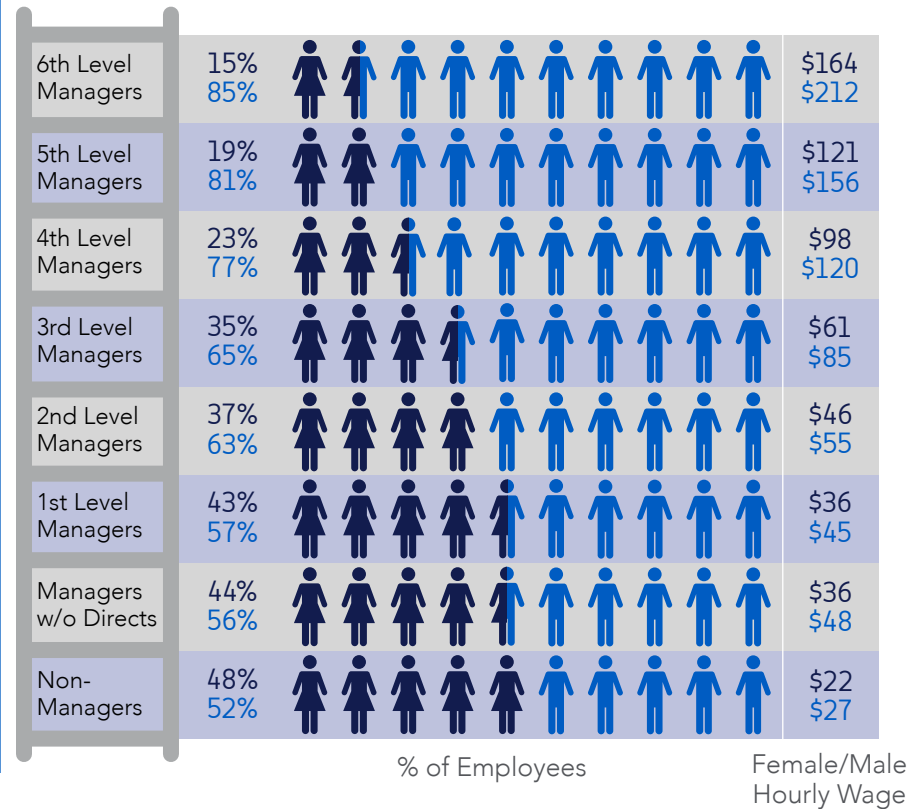
Employee turnover varies significantly with demographic factors

Monthly turnover rates for older employees are relatively lower compared to workers in younger age groups. The overall turnover rate for those 65+ was 2.2 percent, while turnover successively increases across younger age groups to 8.0 percent for those age 25 years or less. The turnover rates were very similar across genders, with males leaving their jobs at a rate of 3.0 percent per month and females at 3.5 percent per month overall.

Impact: Employers can compare employee turnover against national and industry benchmarks split out by age and gender to pinpoint organizational issues.

Executive Summary

Women are under-represented in upper levels of management compared to men



Males and females show significant disparities across pay and organizational hierarchies

Gender differences across hierarchy levels show that the proportion of women in senior level positions is significantly lower than that of men. This pattern was evident across all industries and intensifies up the corporate ladder. In addition, the gender pay gap remains intact across hierarchy levels and is consistent with previous research results.

The fourth management level, however, appears to define the “glass ceiling” — a steep decline in female representation even from the third level.

While less than half of one percent of all American workers reach the three highest management tiers, the under-representation of women is problematic because these elite positions have an outsized influence on corporate policy and culture. The average wages of job holders in these fourth-level management positions is also 40 to 50 percent higher. Considering that these leadership positions typically require candidates with substantial job tenure and mentoring, short-term fixes will be challenging.

Impact: Employers have new benchmarking data for measuring the effectiveness of Diversity and Inclusion programs.

Executive Summary

Span of control is marginally correlated with turnover and promotions

Report data show that firms with high average spans of control in some industries generally exhibit slightly lower promotion rates and higher turnover rates compared to firms with low spans of control.

Impact: Employers can adjust span of control in order to better manage employee turnover — especially in hiring environments with large numbers of younger, inexperienced workers.

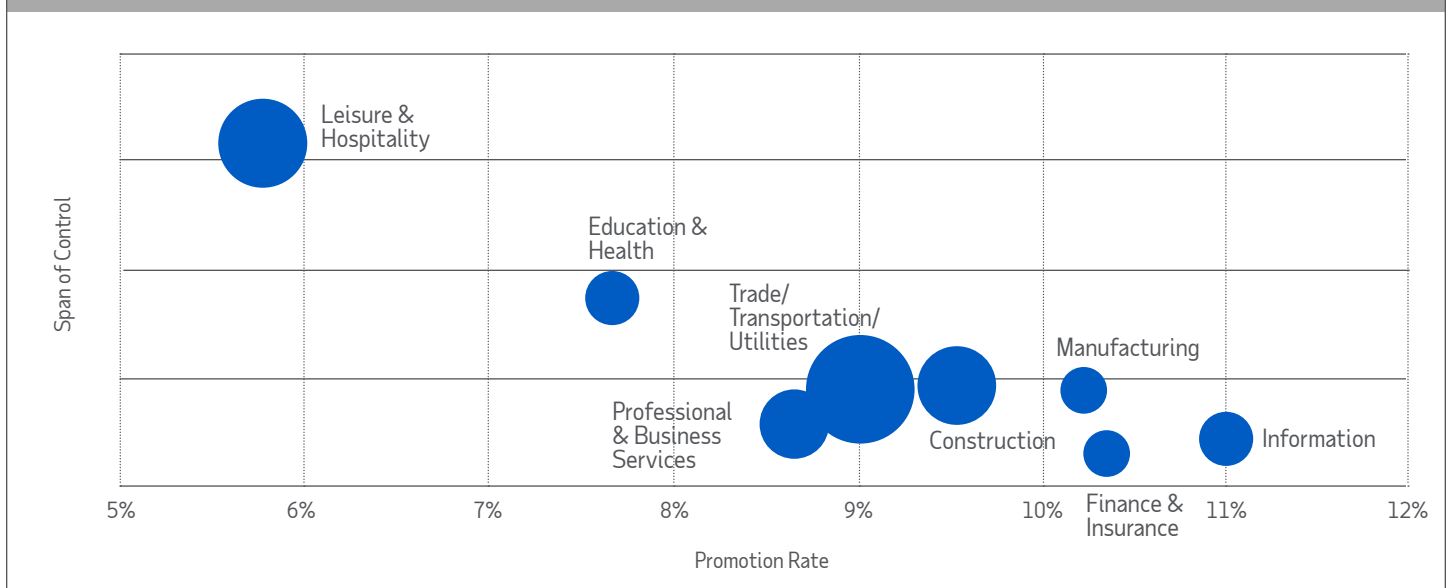
Every industry sector has its own unique dynamic

Different industry sectors within the U.S. economy face different types of market conditions, growth rates and consumption of resources. As a result, the organizational metrics within each industry sector follow distinctive

patterns. Average employee age, wages, promotion rate, turnover and span of control differ significantly. Similarly, organizational metrics vary significantly, based on organizational size.

Impact: Employers should compare their organizational statistics against companies within their industry sector and size, whenever possible.

Span of Control, Promotion and Turnover Rate for Individual Industries



Section 2

Introduction

All employers face the fundamental challenge of structuring, rewarding and motivating their organization's workforce for optimal productivity and overall business performance. Unfortunately, there is no magic formula for success that works in all situations. Each employer faces its own unique circumstances — mission, market demand, competitive differentiation, labor availability and cost structure, among other things — that drive continuous change. Existing literature suggests that an organization's ability to adapt to these changes is fundamental to the organization's survival.

Reorganization, if done effectively, can be one of the best ways for companies to unlock hidden value. Yet, research also suggests that many corporate reorganizations fail to generate the desired financial results or other benefits to the organization. A failed reorganization is not only a disappointment to the company's bottom line, but also could diminish employee engagement and, in the end, do more harm than good.

While there is no perfect science to how a reorganization is implemented, a critical part of the process is to start with strategy. While this may sound obvious, many firms don't spend enough time — or go into enough depth — at this stage. Developing a sound strategy with critical input from more than a few company executives can bring important insights to the process before the implementation phase.

In particular, at many firms Human Resources (HR) is not always included in reorg strategy sessions. HR can be overlooked in the decision-making process because they are often perceived as the department that will implement the changes after the fact, rather than guiding strategy informing those decisions up front.

One thing reinforcing this perception is that, while there is typically an abundance of marketing and financial data readily available — sales forecasts, profitability,

productivity and labor costs — organizational and HR metrics are often sparse or altogether missing.

Even when companies have access to detailed organizational data, interpretation can be a challenge. Is a managerial span of control of 8.2 employees per supervisor optimal? Is voluntary turnover of 2.7 percent per month a problem? Should we care if 40 percent of front-line supervisory positions are filled from external sources rather than internal candidates? The short answer to all of these questions is, "It depends." At a small manufacturer in a rural environment with a high investment in technology, these numbers would have very different significance than for a franchise owner with a chain of restaurants in an urban area.

This reality may explain why restructuring often results in business plans that work well on paper, but don't translate to specific people and organizations. Unrealistic job roles, talent shortages, work activities that don't provide opportunity or motivation, and organizational layering that prevents strategic planning or engagement are all examples of how a restructuring plan can be short-circuited. Compounding this is the continuous patching and micro-adjustments that agile organizations need in order to succeed in rapidly changing marketplaces. To that end, organizational benchmarks can help HR become a more effective

strategic partner in the decision-making process — from day-to-day running of the business to restructuring.

Analyzing key HR metrics such as employee turnover, wages, promotional opportunities, span of control and organizational hierarchy are absolutely critical and can help companies understand, identify and correct underlying weaknesses in the organization. For example, turnover rates combined with average wages may be an indicator of whether there is an engagement or pay issue. Similarly, promotional activity combined with span-of-control data can provide insight into how well an organization trains its employees to take on added responsibility, as well as insight into opportunities within the organization.

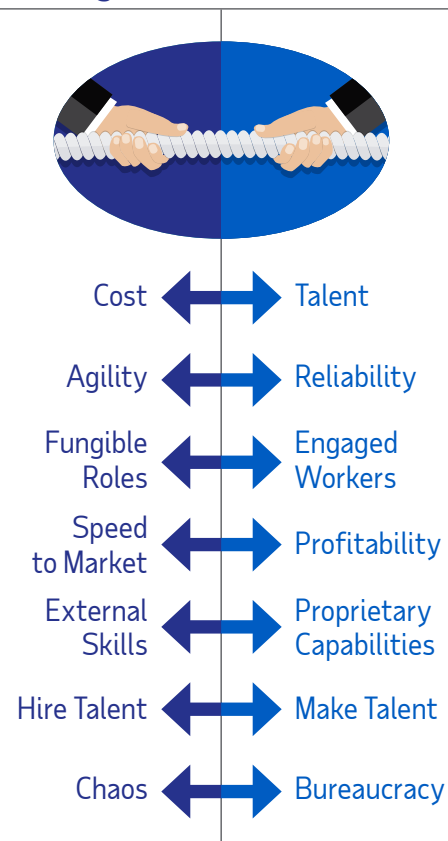
The first annual ADPRI State of the Workforce Report presents national trends as well as detailed organizational metrics by industry and firm size. **For the first time, decision makers have access to organizational benchmarks to compare against their own internal HR statistics.**

Although this data can present new insights to HR leaders, we would like to provide a word of caution to readers. The organizational benchmark metrics in this report should be viewed as data points for comparison, not objectives or goals. These HR metrics provide numbers for comparison; however, they do not offer analytics for why your organization's metrics may differ. Only the reader can provide analytics to gain insights regarding key differences. In the section that follows, we provide an overview on how to use and interpret organizational metrics.

Understanding Organizational Metrics

Organizational design is the art of compromise. Each employer faces its own unique circumstances that drive organizational decisions. The result is that most organizational metrics reflect the tensions of competing demands.

Organizational Tensions



For this reason, it can be misleading to talk about an objective “ideal” level of turnover or an “ideal” span of control. Even within specific industries, an employer may have a compelling business reason to vary from peer norms. High or low variance compared to a benchmark is not necessarily good or bad. Rather, organizational choices should be deliberate and aligned with strategy.

Insight comes from linking organizational benchmark results to other business indicators. A budget hotel chain may actively cultivate an organizational design with higher turnover, lower wages and high employee/supervisor ratios as part of their core business model. A luxury hotel resort, on the other hand, will hire, train and groom staff for long-term careers, with trained specialists to support events and functions. As long as your organization's variance from industry norms is deliberate and the strategic and financial consequences are well understood, there should be no reason to consider reorganization to meet these metrics. It's when an employer varies from benchmark norms for no apparent reason that management may wish to investigate further.

Organizational analysis starts with a few simple questions:

How do our organizational metrics compare against industry benchmarks in this report? Are we high, low or similar to other organizations?

- For metrics where we differ significantly from benchmark averages, is there a compelling business reason why we should be different?
- How does our mission, strategy, product, business model, location, markets, etc. require us to manage people differently than other organizations?

If there isn't a compelling business reason for being different from other organizations, is there evidence that our organization has a potential competitive advantage or underlying weakness?

Before taking any action based on benchmarks, employers should carefully evaluate their own operations to understand the significance of benchmark results.

This report provides analysis of HR characteristics in two sections. The National Overview section provides a high-level overview of HR metrics at the national level, inclusive of all industries and all firm sizes (of at least 50 employees). The Industry Deep Dive section delves into HR metrics in more detail for each industry sector, presenting data by demographics (age and gender), tenure and hierarchy/managerial levels.

Section 3

Data and Methodology

Unlike traditional organization studies that rely on survey data, the ADPRI 2019 State of the Workforce Report is derived from aggregated and anonymous de-identified HR data records.



The ADPRI 2019 State of the Workforce Report is based on January 2018 data of anonymized HR and payroll records of about 13 million employees from 30,000 firms across eight sectors in the United States. Firms with 50+ employees from the following sectors were included in this study: Construction, Education & Health, Finance & Insurance, Information, Leisure & Hospitality, Manufacturing, Professional & Business Services, Trade/Transportation/Utilities and Resources & Mining.*

The data sample used in this report compares well against U.S. Bureau of Labor Statistics (BLS) survey data in terms of age, gender and regional distribution. The employee distributions within these demographic

* Resources & Mining was not included in the Industry Deep-Dive section due to sample size limitation.

The data used in this research compare well with the U.S. Bureau of Labor Statistics (BLS) data:

Age	ADP Employee Distribution	BLS Employee Share
<25 yrs	13%	13%
25-34 yrs	25%	23%
35-54 yrs	42%	42%
55+ yrs	20%	22%

Gender	ADP Employee Distribution	BLS Employee Share
 Female	47%	47%
 Male	53%	53%

ADP employee distribution based on January 2018 time period. BLS employee share based on December 2017 time period.

factors closely mimic the BLS survey data, which represent the U.S. labor force very well. This research evaluated the dataset along several dimensions, including age, gender, tenure, compensation level, industry and firm size. The industry mix does not exactly mirror that of the total United States across all industries. However, the data are robust and represent each industry well.

The following key HR metrics were calculated: Hierarchy, Promotion Rate, Turnover Rate and Span of Control

To determine each organization's **Hierarchy** reporting structures, anonymized employee manager relationships were identified, including managers without subordinates.

Once each firm's hierarchy was established, **Promotion Rates** were determined. Since promotion rates are defined as the proportion of the employee population who were promoted over a one-year period, metrics were measured against January 2017 data to calculate the promotion rates year over year.

The **Turnover Rate** is defined as the proportion of the total employee base that was separated from their jobs over a one-month period. Both voluntary and involuntary turnover rates were determined by reviewing the reason employment was terminated.

The **Span of Control** is determined by simply counting the number of direct reports under each manager. The manager's span of control, or the number of subordinates a supervisor has, was derived from the organizational structure within each firm.

Data and Methodology

Statistics have been calculated and rounded up to the nearest percentage or value. For example, an age calculation of 40.6 would be rounded up to age 41 and would be reflected in the “41 to 50” age range. In another example, if a firm had an average of 6.8 direct reports per manager, this number would be rounded up to 7 and would be reflected in the range of “7 to 9” direct reports.

A look at a few additional key metrics: Age, Gender, Tenure, Firm Size and Wages

In addition to the four key metrics (Promotion Rates, Turnover Rate, Span of Control and Hierarchy) there are a few other critical metrics in this report.

Age: Employee age is a significant indicator of workforce tenure and maturity, as well as a causal factor for many aspects of employee behavior, including overall turnover. Younger workers tend to have greater wage sensitivity and may be more mobile. Older workers often have greater self-knowledge and may be more willing to accept financial trade-offs to achieve better work-life balance.

Gender: Women make up 48 percent of the total U.S. workforce, and it is critical for employers to attract, retain and engage women in the workplace in order to compete. To the extent that organizational metrics reveal unfairness in pay or promotional opportunities between genders, employers may be putting themselves at risk by accepting an unbalanced organizational environment.

Tenure: Employee tenure is a distinctive variable that can predict key strengths and weaknesses within the workforce. A high-tenured workforce is more likely to achieve the skill mastery required to perform core work duties, although the downside may be a workforce with more bureaucratic thinking and a more parochial or inward focus.

Firm Size: Firm size is often directly related to the specialization and complexity of individual job roles. Larger firms are more likely to achieve scalability and maturity around corporate G&A functions, and they are often better able to offer higher wages and benefits to their employees. Smaller firms may have less maturity and greater job role ambiguity, since highly experienced workers are more likely to switch interchangeably into different job roles.

Wages: Industry wage data can be a powerful tool; however, one must also look at other organizational metrics. When higher wages occur in conjunction with a track record of business performance, higher pay may be viewed as an advantage. Nonetheless, an employer who offers relatively lower wages, but has low turnover and a reputation as a great place to work, may also achieve competitive advantage — especially in margin-sensitive industries.

How to use and interpret Organizational Metrics — a quick introduction

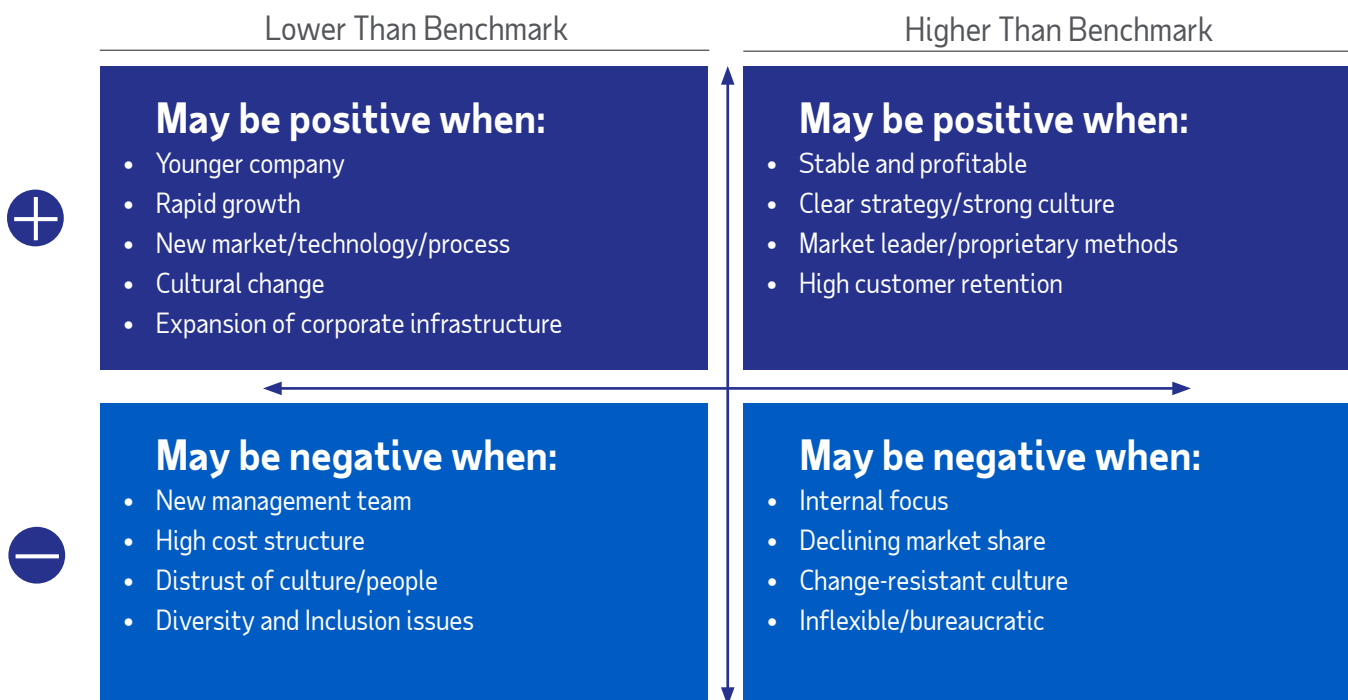
Key HR metrics can provide significant clues into the overall health of an organization. Tracking HR metrics within an organization — and comparing them to peers and national benchmarks — can provide a solid indication of the company’s strengths and opportunities for development.

Promotion Rate

Tracking the promotion rate of a company is important for assessing career opportunities within the organization, and may be associated with revenue growth. High internal promotion rates may indicate best-in-class employment practices, while low promotion rates could reflect organizations that are growing rapidly or undergoing change.

The following charts illustrate considerations regarding positive and negative reasons for benchmark differences:

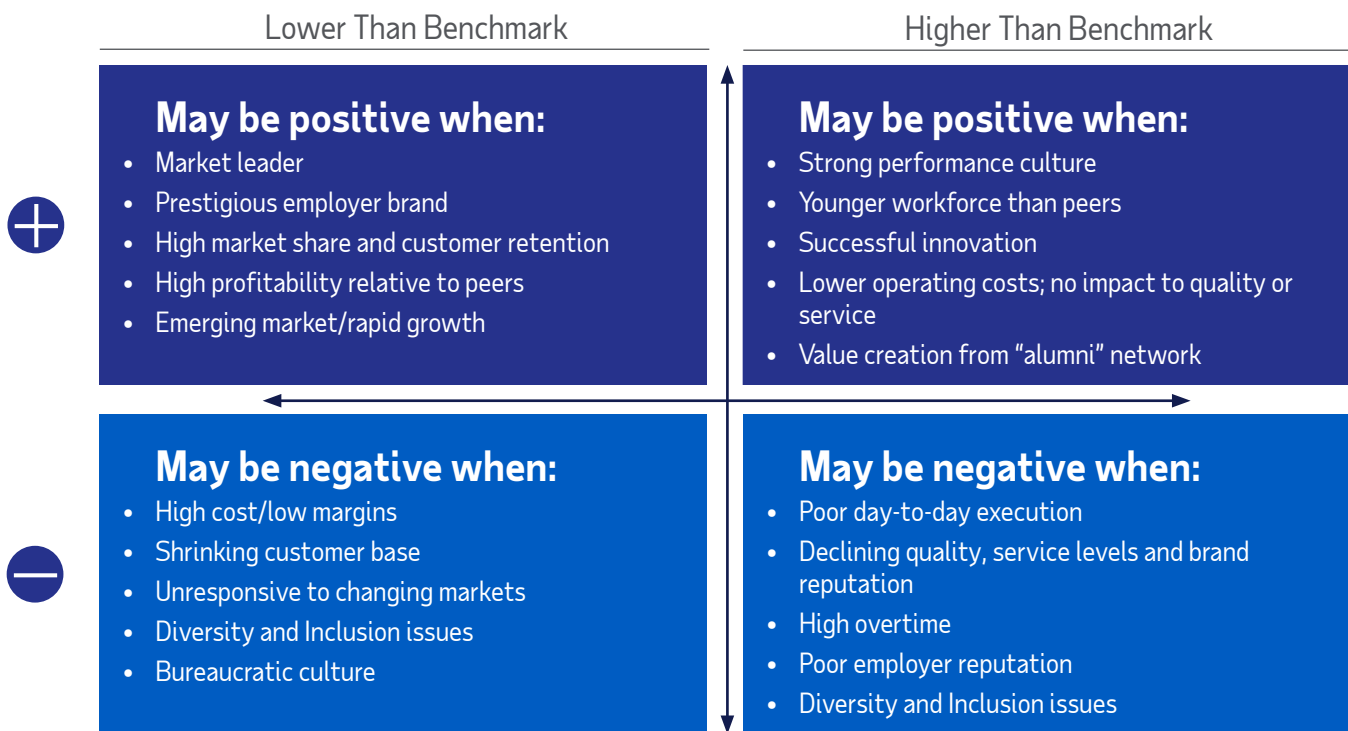
? Your Promotion Benchmark: Good or Bad?



Turnover Rate

Turnover sometimes has a negative connotation; however, it is a natural part of the employee life cycle and organizational renewal. When reviewing turnover rates compared with peers in the industry, rates may reflect either positive or negative reasons for the differences, as illustrated below.

? Your Turnover Benchmark: Good or Bad?



Span of Control

There is no such thing as an “ideal” span of control; however, an analysis of where an organization compares to peers can give insight to managers and leadership. The following considerations may offer such insights into differences regarding span of control.

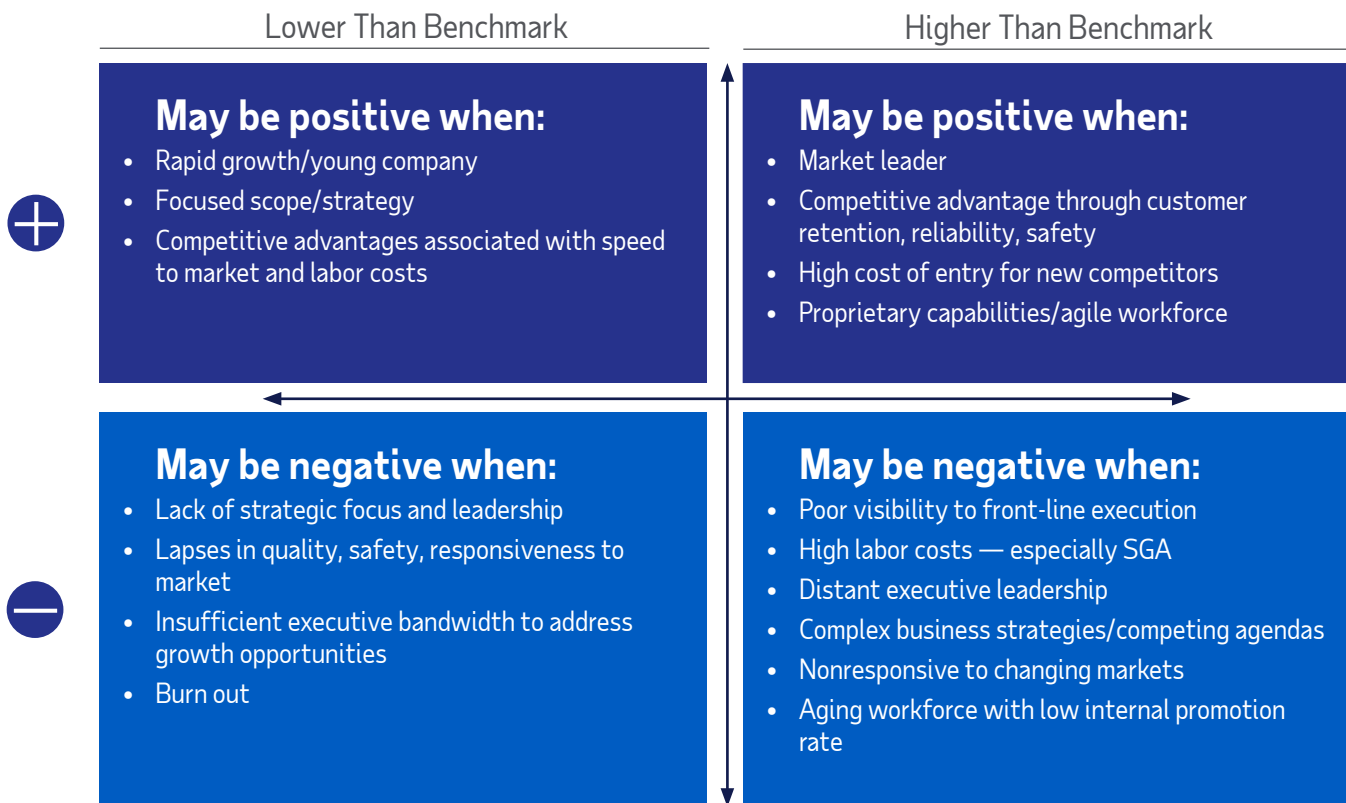
? Your Span of Control Benchmark: Good or Bad?



Hierarchy

The number of organizational layers within a firm can impact the functional operation and efficiency of an organization. Less hierarchy means lower costs, but may also place an undue burden on supervisors and executives if there are not sufficient layers to perform work efficiently. The following chart illustrates considerations regarding positive and negative reasons for benchmark differences:

? Your Hierarchy Benchmark: Good or Bad?



Section 4

National Overview







National Overview

Summary Statistics

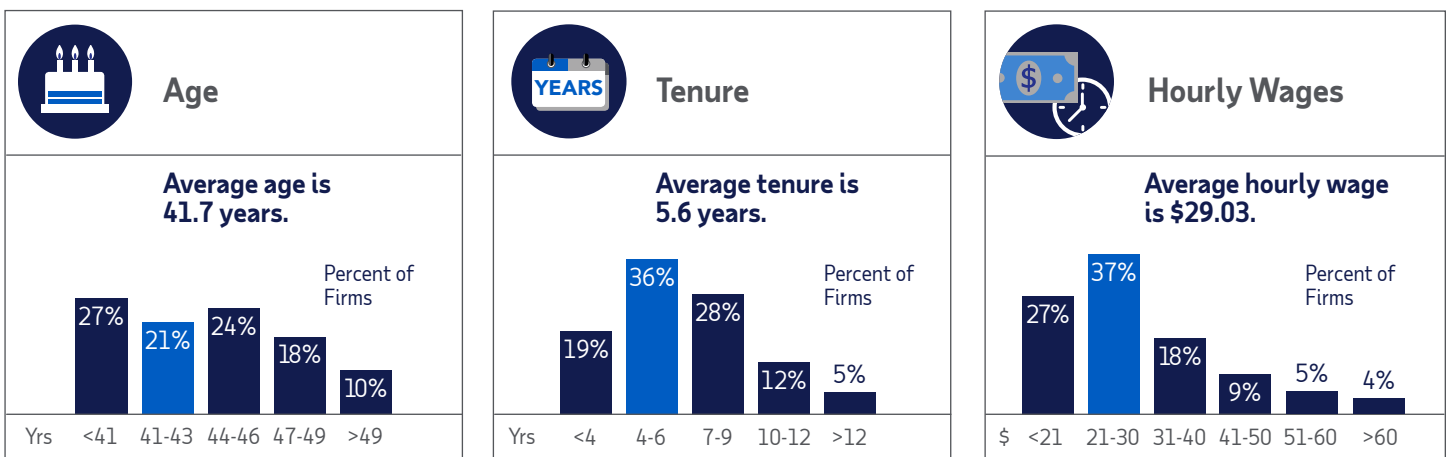
The U.S. labor market has seen extremely positive, consistent job growth over the last eight years. In 2018 alone, growth averaged just better than 200,000 jobs per month. However, wage growth has lagged behind, increasing at only about one to two percent annually in the same time frame. In 2018, hourly wages were about \$29 per hour across all sectors. Wages vary greatly across industries, firm size and other demographic factors, which is demonstrated throughout this report.

The overall wage gap between men and women, for example, remains a concern as evidenced by the difference in hourly wages across all sectors. In addition, the difference in wages between managers and non-managers is also quite substantial. The metrics shown in this section of the report represent the averages of all sectors. In Section 5 of this report, a deep-dive view of HR metrics is provided for each sector.

National Averages

	Age (years)	41.7		Monthly Turnover	3.2%
	Tenure (years)	5.6		Span of Control	6.9
	Hourly Wages	\$29.03		Annual Promotion Rate	8.9%
	% Managers	16%			\$47
	% Non-Managers	84%			\$25
	% Male	53%			\$32
	% Female	47%			\$25

Age, Tenure, Hourly Wages (Firm Averages)



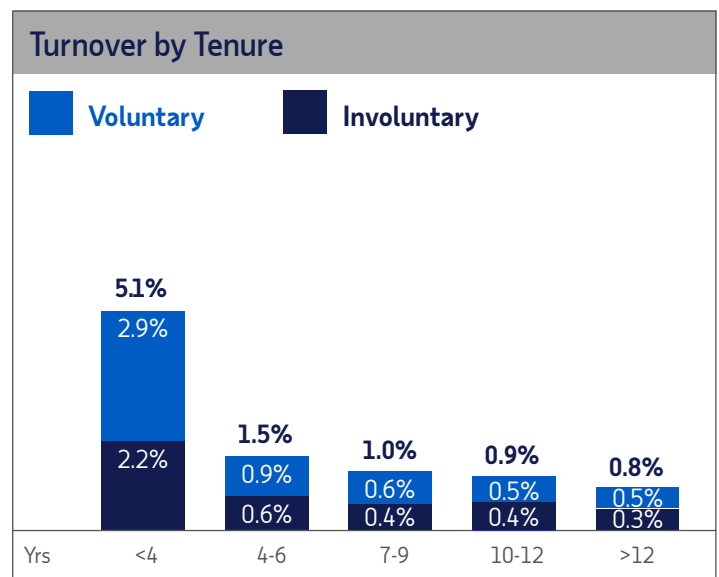
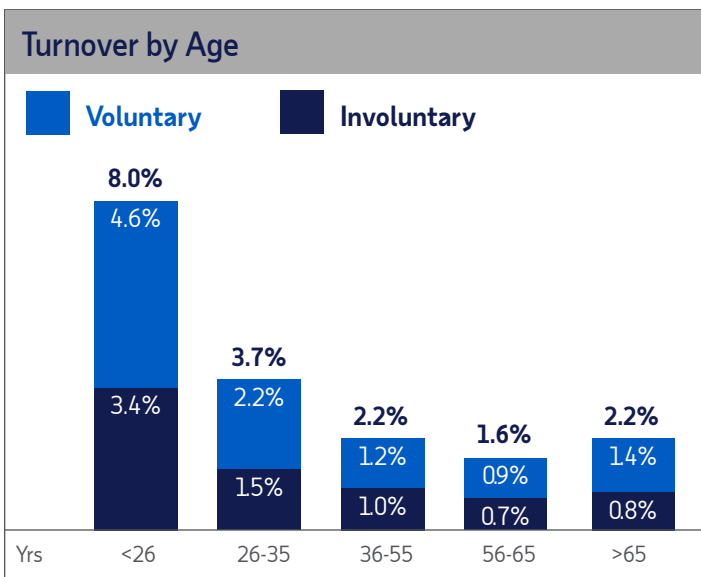
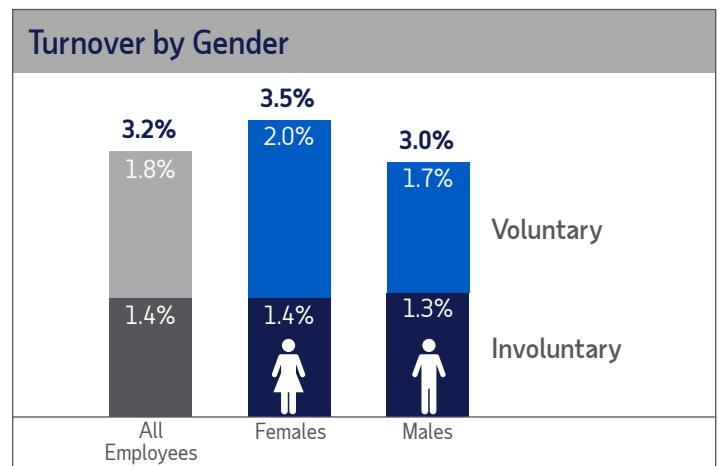
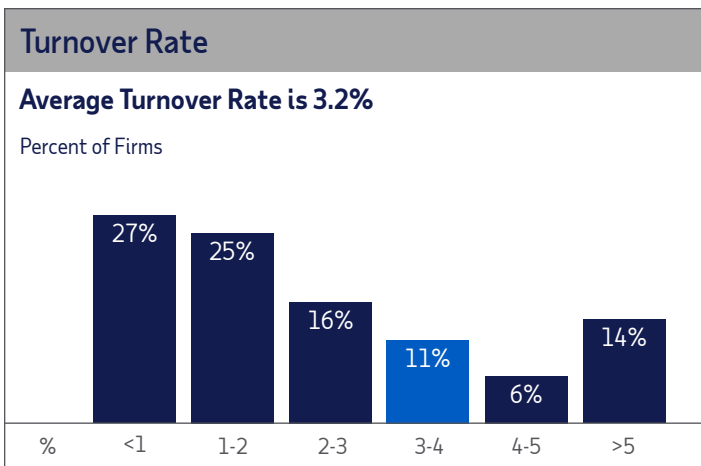
National Overview



Monthly Turnover

The monthly turnover rate is defined as the percentage of employees who separate from their employer, whether for voluntary or involuntary reasons. The total monthly turnover rate is 3.2 percent, of which 1.8 percent left for voluntary reasons and 1.4 percent left for involuntary reasons.

Twenty percent of all firms in this study have a turnover rate of four percent or higher. Between the genders, involuntary turnover is fairly similar, but voluntary turnover for females is slightly higher. By age, turnover is significantly higher among the youngest workers (<26 years old). Their turnover rate is more than two times higher than any other age group.

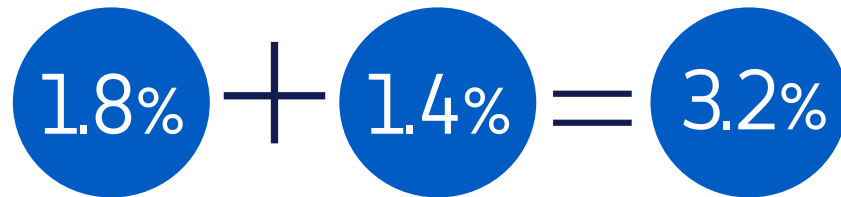


National Overview



Monthly Turnover

Observing the turnover rates by sector shows significant differences. The Trade/Transportation/Utilities sector, which includes retail, exhibits the highest overall monthly turnover at five percent with Leisure & Hospitality not too far behind at 4.4 percent. The Trade/Transportation/Utilities sector is also the only group in which the majority of turnover is due to involuntary reasons. It is also noteworthy that both the Trade/Transportation/Utilities and Leisure & Hospitality industries have the youngest workforce overall. Examining turnover by company size shows that firms with 5,000 employees or more have the highest monthly turnover, which is mostly due to involuntary reasons.



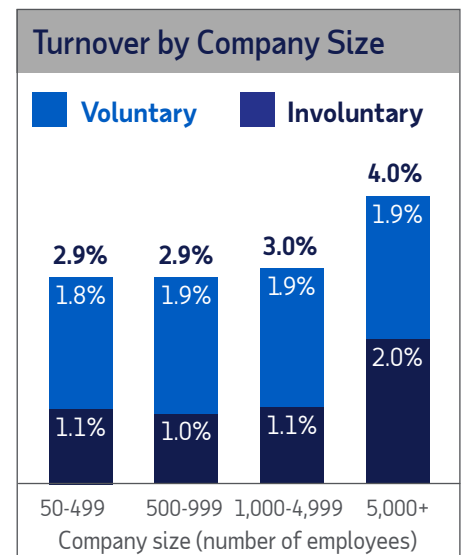
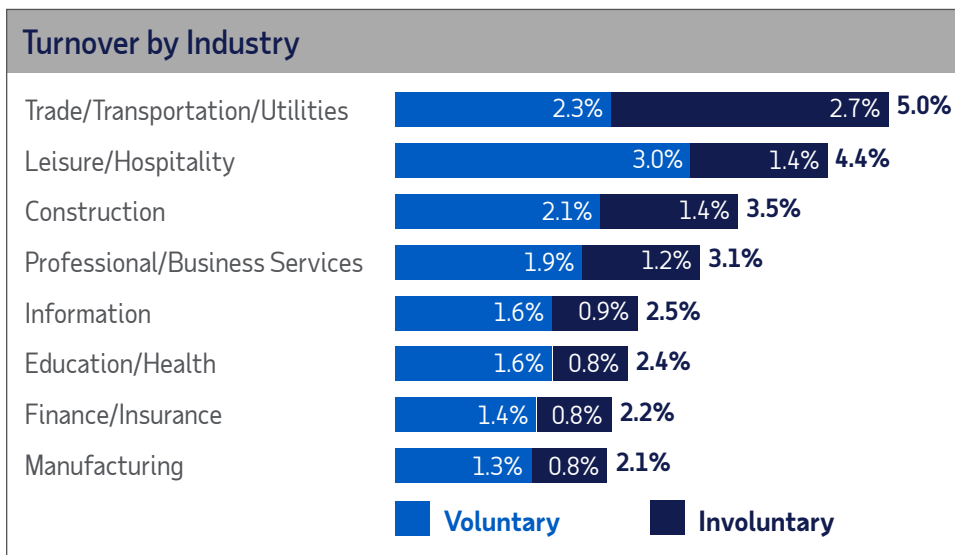
Voluntary Turnover

1. Personal
2. Abandonment, another job
3. Promotion, advancement
4. Education
5. Retirement

Involuntary Turnover

1. Terminated
2. Layoff
3. Seasonal termination
4. Misconduct
5. Low performance

Total Turnover

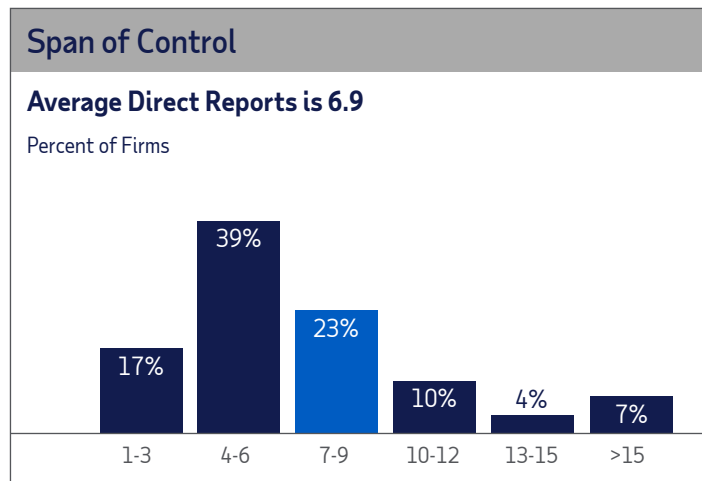


National Overview



Span of Control

The span of control is defined as the number of subordinates, or direct reports, that are under the control of a manager. The average number of direct reports for a manager is 6.9 with 56 percent of firms having an average span of less than seven. The span can vary based on a variety of factors including job complexity, employee skill level and organization size.



In more than 60 percent of companies, managers have between four and nine employees who report to them.

Managers' Span of Control

Reports	1-3	4-6	7-9	10-12	13-15	>15
% Female Managers	42%	39%	38%	39%	39%	40%
% Male Managers	58%	61%	62%	61%	61%	60%

Managers' Percent of Turnover

Reports	1-3	4-6	7-9	10-12	13-15	>15
% Managers' Turnover	1.0%	0.8%	0.7%	0.6%	0.6%	0.6%
% Direct Reports' Turnover	3.5%	2.3%	2.5%	2.7%	2.9%	3.5%

National Overview

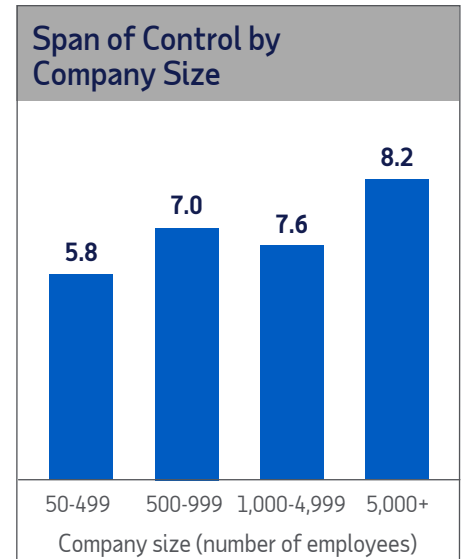
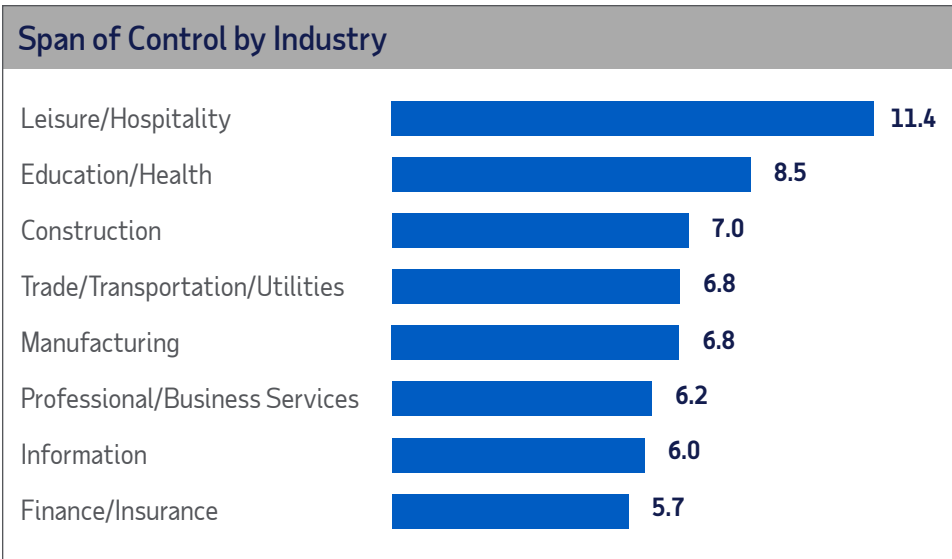


Span of Control

Sectors with unskilled workers, where the job functions tend to be routine and relatively simple, are more likely to have wide spans, as is the case with the Leisure & Hospitality sector, which has the highest overall span of control at 11.4 directs per manager. On the contrary, sectors where the job functions are inherently complex and require a high degree of skill have the narrowest span of control, as is the case for the Finance & Insurance sector, with the lowest span of control at 5.7 directs per manager. The size of a company will also impact the span of control, where smaller companies tend to have more narrow spans and larger companies have much wider spans.



Total Span of Control



National Overview



Annual Promotion Rate

Offering promotions within an organization is key to retaining and motivating valued workers. Promotions and accompanying wage increases vary across the sectors. The Leisure & Hospitality segment has the lowest annual promotion rate of all sectors at 5.8 percent, but has the highest percentage of wage-level increase due to a promotion.

The Information sector exhibits the highest overall promotion rate on an annual basis at 11.1 percent, with an average promotion wage increase of 17.4 percent. This represents a significant increase since salaries in the Information sector reflect some of the highest hourly wages of all sectors.

6.9

Years to first manager promotion

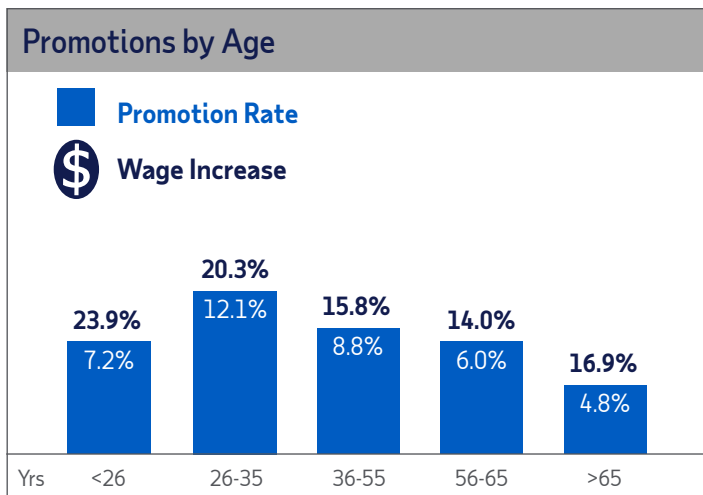
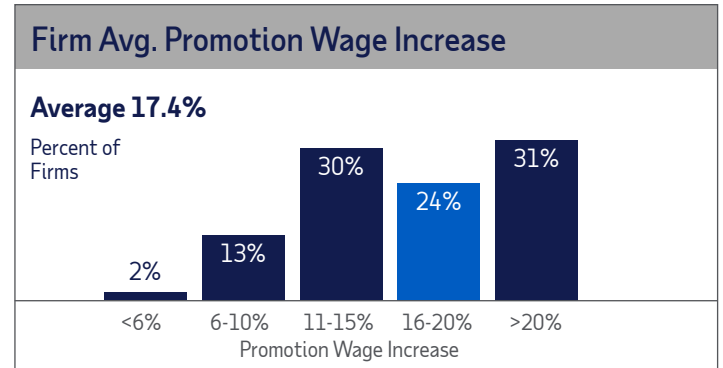
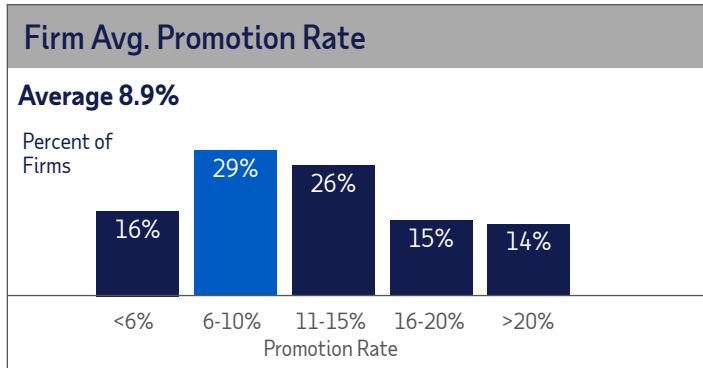
6.6 Female

7.3 Male

Promotions by Gender

Female **8.4%** Promotion Rate
17.4% Wage Increase

Male **9.3%** Promotion Rate
17.4% Wage Increase



17.4%

Total Promotion Wage Increase

10%

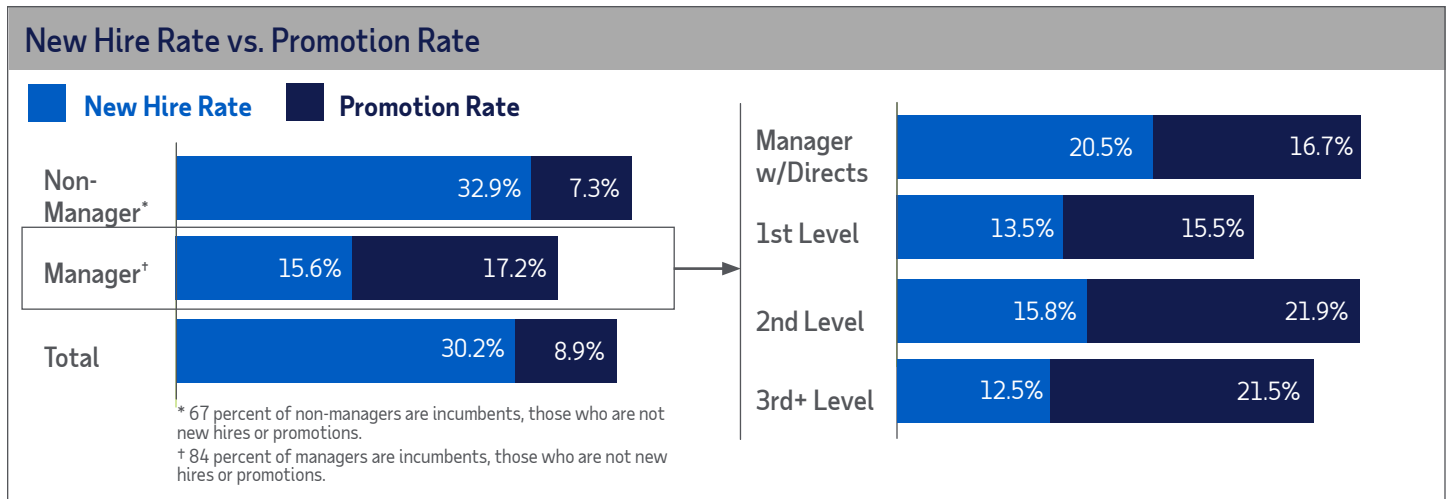
Companies between 1,000 & 4,900 have the highest promotion rate

National Overview



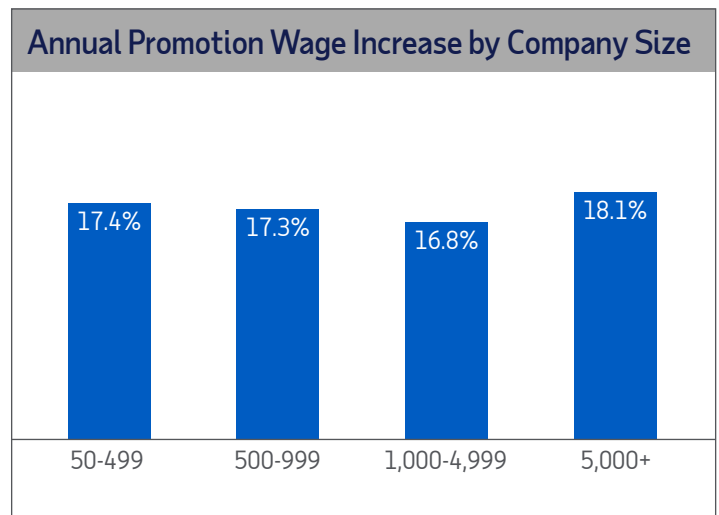
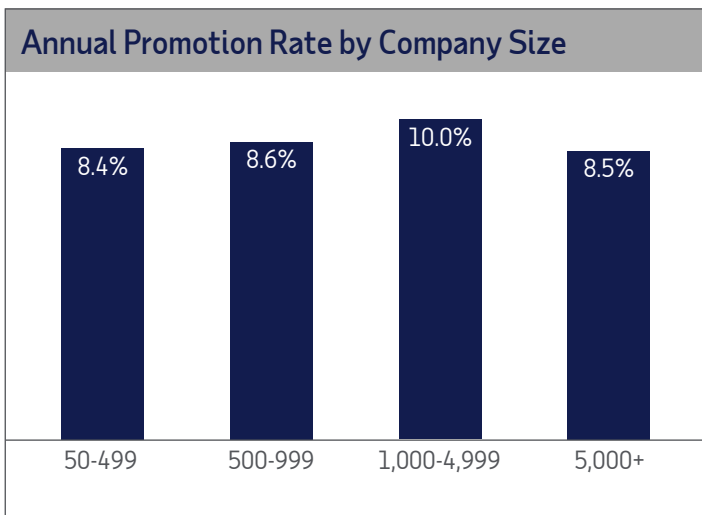
Annual Promotion Rate

Firms are more likely to promote internal employees for management positions. Overall, firms promoted 8.9 percent of employees, while new hires made up a much larger portion at 30.2 percent. At the supervisory levels, firms promoted more internally than they hired externally — 17.2 percent of managers are promoted, while 15.6 percent are new hires.



New hires are defined as an employee hired within one year.

When comparing companies of differing sizes, those with between 1,000 and 4,999 employees promote their employees at a higher rate (10 percent), compared with all other company sizes.

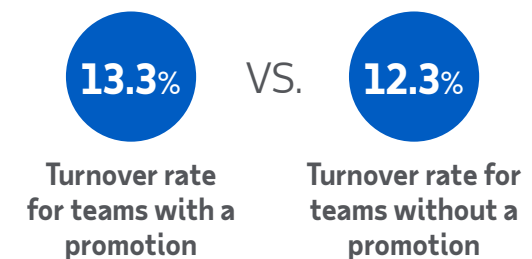
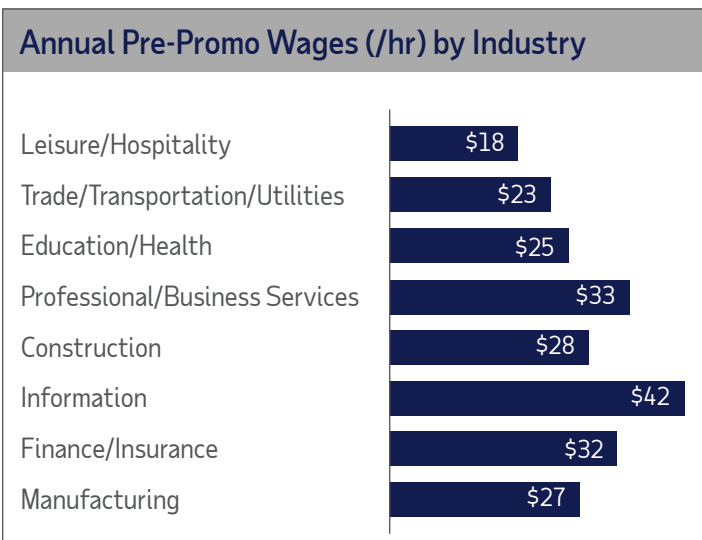
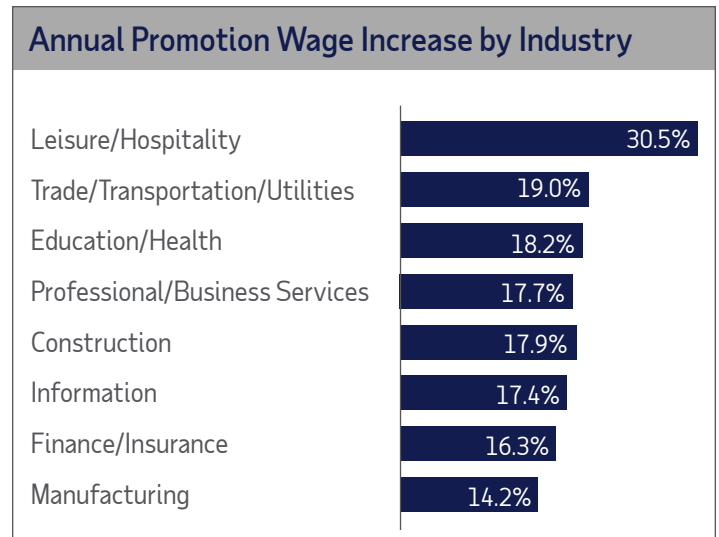
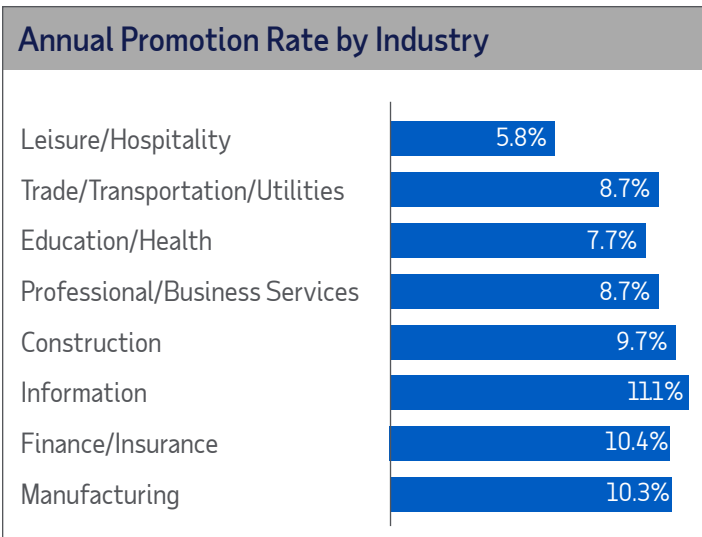


National Overview



Annual Promotion Rate

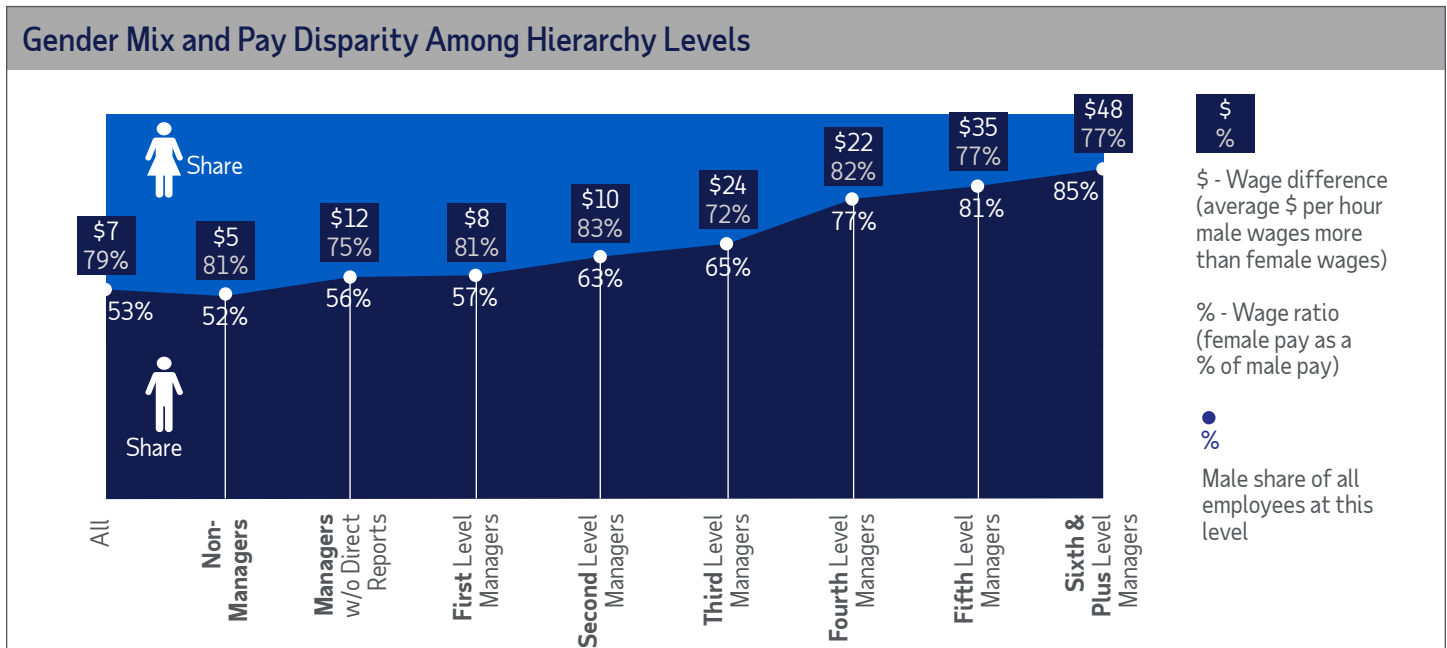
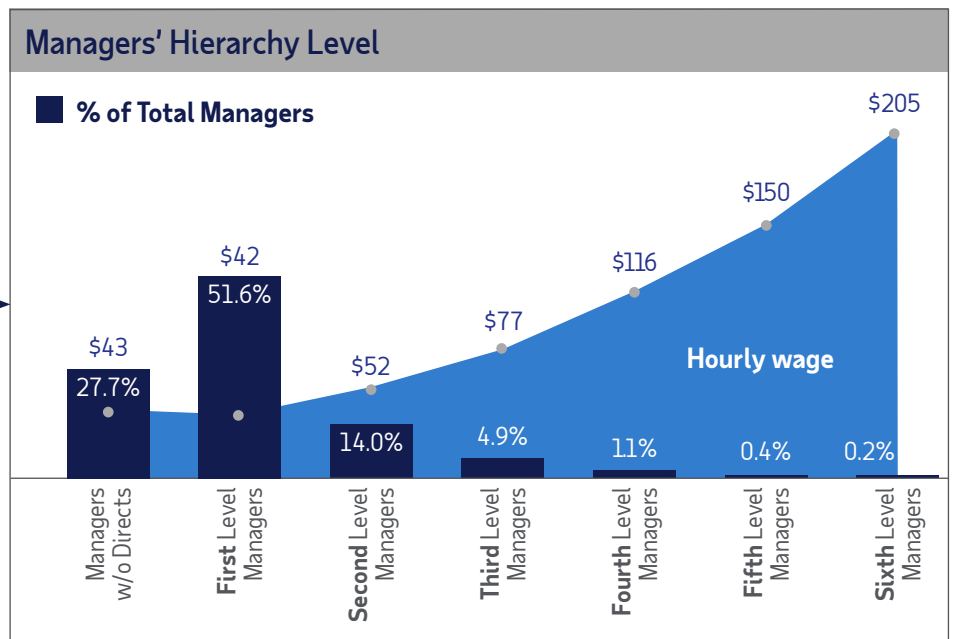
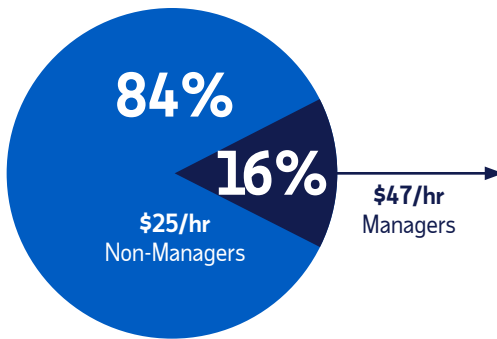
The effect of promotions on turnover within teams of three or more employees was also analyzed. There does appear to be evidence that promotions can actually increase turnover rates for other members of a team when another team member is promoted. The voluntary turnover rate within teams, where at least one employee was promoted, was higher than those teams where no promotion occurred (13.3 percent versus 12.3 percent, annually).



National Overview

Hierarchy

Hierarchy levels within an organization are defined as the “rungs of a ladder” representing the chain of command from the bottom to the top of an organization. Non-managers make up the majority of the workforce at 84 percent, while managers account for 16 percent. Further dissection of the manager pool shows that the majority of managers (51.6 percent) are first-level managers — people who directly supervise only non-managers. Approximately 27 percent are managers who do not have any direct reports. The remaining managers, roughly 20 percent, are supervisors of other managers.









National Overview

Climbing the Hierarchy

	Percent of Employees			Wage in \$			Percent of Turnover			Percent of Promotions		Span of Control
	Level Share	Female	Male	Total	Female	Male	Turnover	Voluntary	Involuntary	Promotions	Associated Wage Increase	
Total	100.0	47.3	52.7	29.03	25.20	32.08	3.2	1.9	1.4	8.9	17.4	6.9
6 th + Level Managers	0.04	14.9	85.1	205.26	164.29	212.42	0.6	0.3	0.3	28.5	12.9	7.7
5 th Level Managers	0.1	18.6	81.4	149.92	121.15	156.51	0.7	0.5	0.2	27.4	13.7	7.9
4 th Level Managers	0.2	23.3	76.7	115.69	98.81	120.83	0.7	0.4	0.3	26.7	12.8	7.9
3 rd Level Managers	0.8	35.4	64.6	77.24	61.16	85.20	1.6	0.8	0.7	18.8	13.6	8.0
2 nd Level Managers	2.2	37.3	62.7	52.14	46.15	55.70	1.4	0.8	0.6	21.9	13.2	8.3
1 st Level Managers	8.3	43.1	56.9	41.57	36.76	45.13	1.4	0.8	0.6	15.6	16.9	6.5
Managers w/o Directs	4.5	44.3	55.7	42.88	36.22	48.02	2.5	1.5	1.0	16.8	15.6	N/A
Non-Managers	83.9	48.4	51.6	25.28	22.48	27.59	3.6	2.0	1.5	7.3	19.1	N/A

National Overview

Report Card for National Firms

	National Average	National (1,000+ Firms)	Your Firm (enter your statistics here for comparison)
 Age (years)	41.7	41.1	
 Tenure (years)	5.6	5.4	
 Hourly Wages	\$29.03/hr	\$28.41/hr	
% Managers	16% \$47/hr	16% \$42/hr	
% Non-Managers	84% \$25/hr	86% \$26/hr	
% Male	53% \$32/hr	51% \$32/hr	
% Female	47% \$25/hr	49% \$25/hr	
 Monthly Turnover	3.2%	3.4%	
 Span of Control	6.9	7.9	
 Annual Promotion Rate	8.9%	7.3%	

Section 5
Industry Deep Dive







Construction

Construction

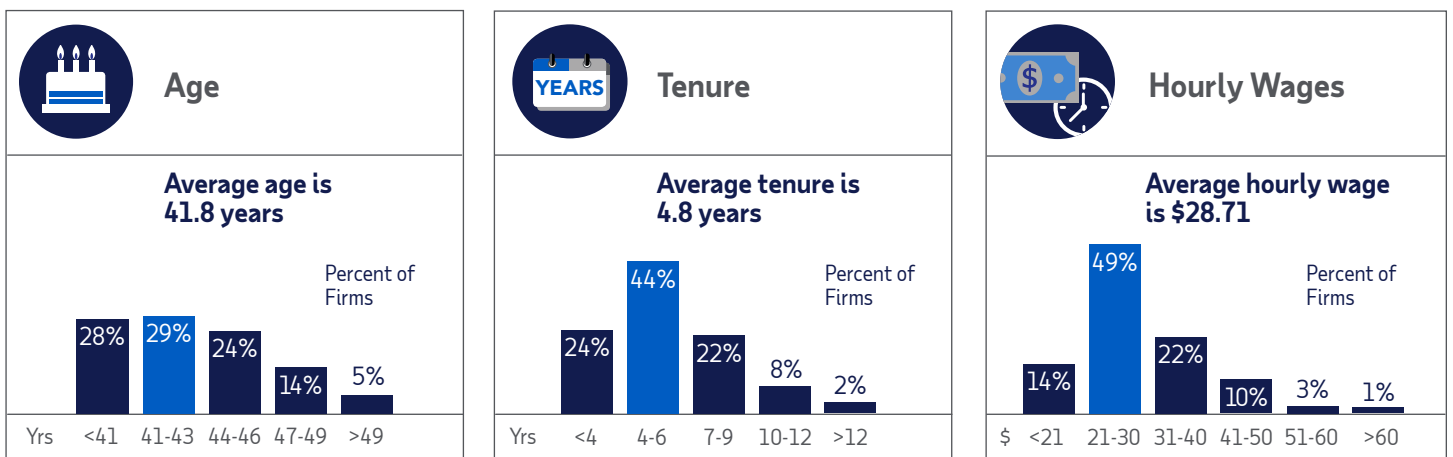
Sectoral Summary Statistics (Averages)

Construction is a relatively small sector comprised primarily of small businesses with fewer than 50 employees. Construction work is highly seasonal, with peak employment during the summer months. Investment in public infrastructure and rebuilding after natural disasters can dramatically boost demand for skilled and unskilled construction workers within specific geographic areas.

It is important to note that the current opioid epidemic in the United States has had a substantial impact on the construction sector, creating significant shortages of workers in some locations. Wages within the sector are slightly above average compared with the overall labor market, with hourly wages averaging just under \$29 per hour. Notably, wages are growing faster in construction than in all other industries. Males represent 74 percent of the construction workforce and, on average, earn \$5 more per hour than females within the sector.

	Age (years)	41.8		Monthly Turnover	3.5%
	Tenure (years)	4.8		Span of Control	7.0
	Hourly Wages	\$28.71		Annual Promotion Rate	9.7%
	% Managers	17%			\$48
	% Non-Managers	83%			\$25
	% Male	74%			\$30
	% Female	26%			\$25

Age, Tenure, Hourly Wages (Firm Averages)



Construction

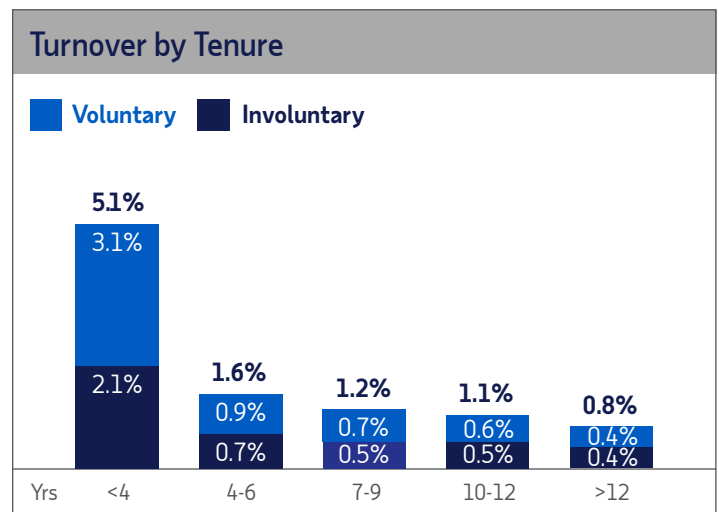
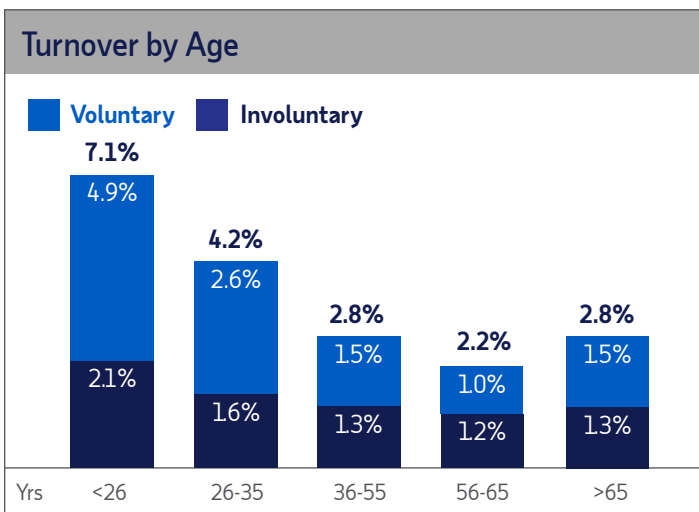
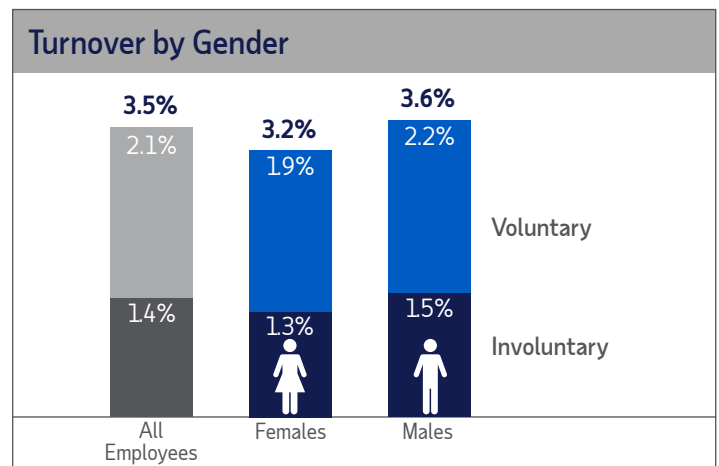
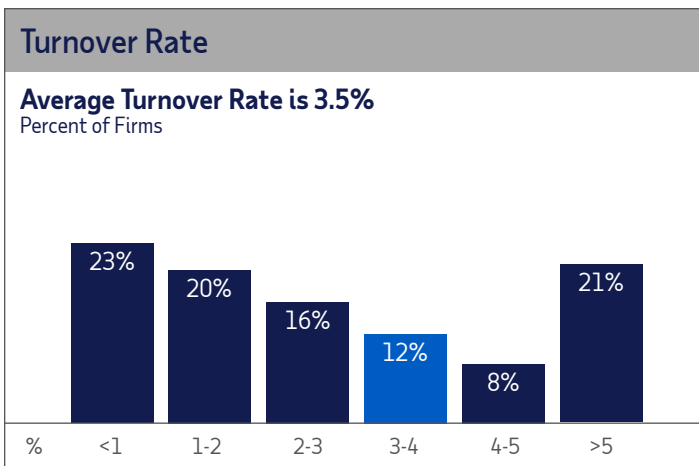


Monthly Turnover

Monthly turnover within the construction sector is moderately high, compared with all other sectors, at 3.5 percent total turnover each month.

Males have a higher rate of turnover than females for both voluntary and involuntary purposes.

Turnover by age is highest for those under the age of 26; however, overall turnover decreases with time. When considering tenure, turnover is highest for those with fewer than four years on the job. Turnover sharply decreases with more than four years' tenure.



Construction

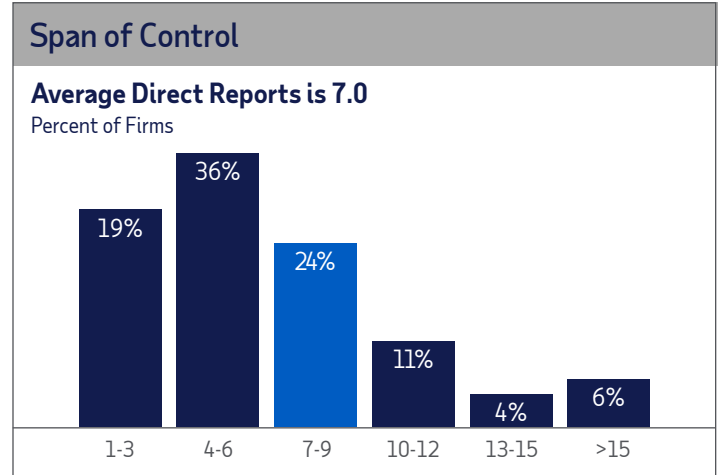


Span of Control

The average span of control within the construction industry averages seven direct reports per manager.

Managers with high spans of control are more likely to be males than females, whereas low spans tend to be females when comparing to the overall gender mix.

Employee turnover tends to be higher when a manager's span of control is 10 or more employees.



In more than 60 percent of companies, managers have between four and nine employees who report to them.

Managers' Span of Control						
Reports	1-3	4-6	7-9	10-12	13-15	>15
% Female Managers	35%	26%	23%	23%	19%	20%
% Male Managers	65%	74%	77%	77%	81%	80%

Managers' Percent of Turnover						
Reports	1-3	4-6	7-9	10-12	13-15	>15
% Managers' Turnover	1.3%	1.0%	0.6%	0.6%	1.0%	0.5%
% Direct Reports' Turnover	3.7%	3.0%	2.7%	3.4%	3.4%	3.7%

Construction



Annual Promotion Rate

Promotions within the construction sector average 9.7 percent annually — with an average wage increase of 17.9 percent due to a promotion.

Males have an advantage when it comes to promotion rates, but women receive a slightly higher wage increase when a promotion takes place.

Promotion rates peak between the ages of 26 and 35 years of age and decrease steadily after that point. The time it takes for a non-manager to reach the manager level within a construction firm averages 6.4 years.

Construction firms fill their management roles more via promotions than hiring external candidates — where promoted managers make up 18.2 percent of all managers, and new hires make up only 15.5 percent of the manager pool.

6.4

Years to first manager promotion

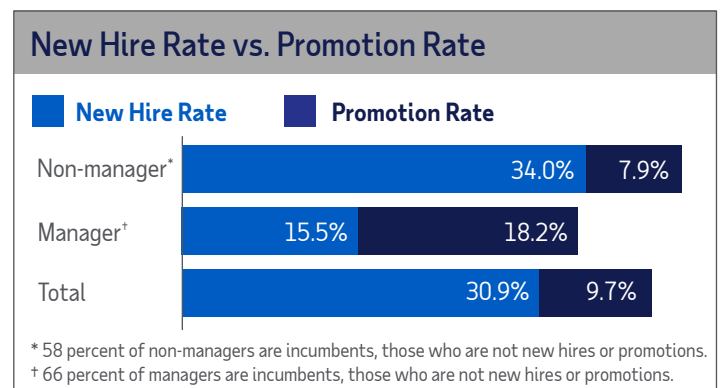
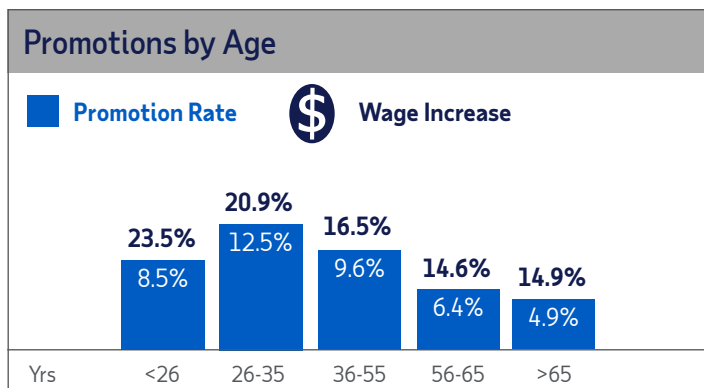
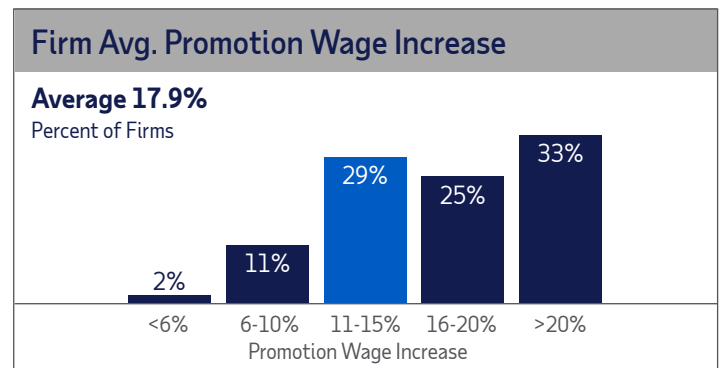
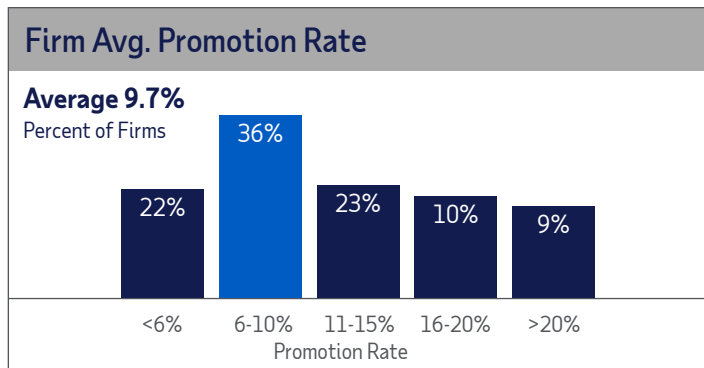
6.3 Female

6.5 Male

Promotions by Gender

Female **9.1%** Promotion Rate
18.2% Wage Increase

Male **9.9%** Promotion Rate
17.8% Wage Increase



New hires are defined as an employee hired within one year.







Construction

Climbing the Construction Ladder

	Percent of Employees			Wage in \$			Percent of Turnover			Percent of Promotions		Span of Control
	Level Share	Female	Male	Total	Female	Male	Turnover	Voluntary	Involuntary	Promotions	Associated Wage Increase	
Total	100.0	25.6	74.4	28.71	25.17	29.83	3.5	2.1	1.4	9.7	17.9	7.0
6 th + Level Managers	0.04	9.1	90.9	188.69	176.15	189.76	1.3	0.0	1.3	13.2	15.1	7.8
5 th Level Managers	0.1	6.6	93.4	154.43	108.43	157.72	0.0	0.0	0.0	21.1	17.2	6.8
4 th Level Managers	0.2	13.3	86.7	117.51	94.35	120.98	1.1	0.3	0.8	26.8	15.8	7.6
3 rd Level Managers	0.6	16.5	83.5	94.18	80.51	96.82	0.6	0.4	0.3	19.4	13.1	8.3
2 nd Level Managers	2.0	22.9	77.1	61.52	55.17	63.39	1.0	0.5	0.5	28.4	11.6	9.0
1 st Level Managers	7.6	31.9	68.1	44.14	37.62	47.11	1.2	0.7	0.6	16.2	20.1	6.3
Managers w/o Directs	6.8	26.6	73.4	40.88	33.94	43.27	3.1	1.9	1.2	17.3	15.0	N/A
Non-Managers	82.7	25.2	74.8	24.53	21.62	25.41	3.8	2.3	1.6	7.9	19.8	N/A

Construction

Report Card for Construction Firms

	Construction Average	Construction (1,000+ Firms)	Your Firm (enter your statistics here for comparison)
 Age (years)	41.8	41.3	
 Tenure (years)	4.8	4.7	
 Hourly Wages	\$28.71/hr	\$28.43/hr	
% Managers	17% \$48/hr	21% \$47/hr	
% Non-Managers	83% \$25/hr	79% \$23/hr	
% Male	74% \$30/hr	69% \$30/hr	
% Female	26% \$25/hr	31% \$25/hr	
 Monthly Turnover	3.5%	3.5%	
 Span of Control	7.0	8.4	
 Annual Promotion Rate	9.7%	11.5%	

Section 5
Industry Deep Dive







Education & Health

Education & Health

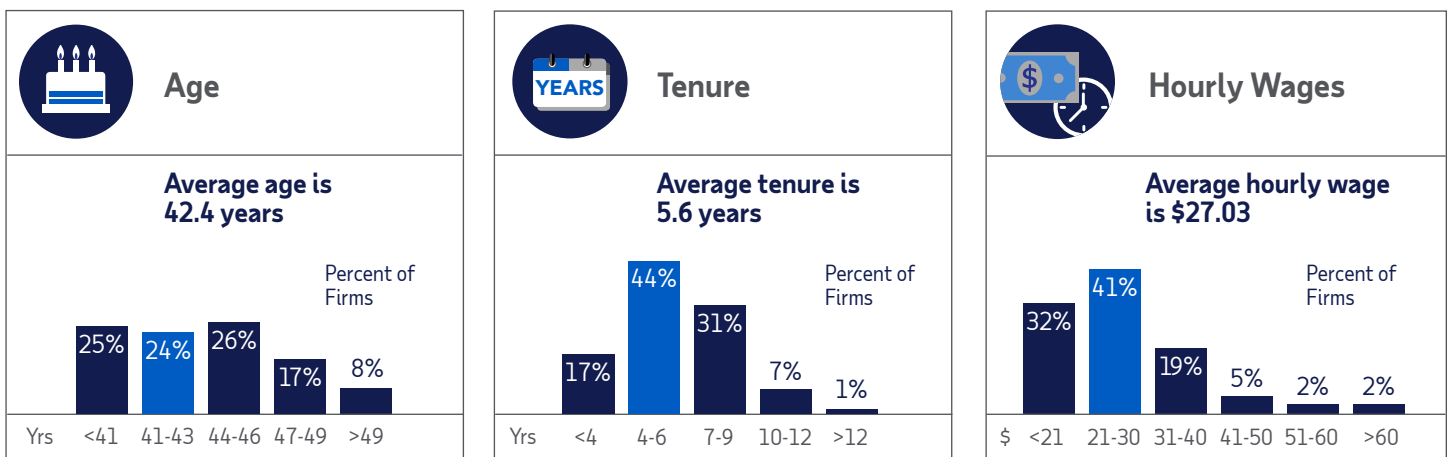
Sectoral Summary Statistics (Averages)

The Education & Health sector is labor-intensive relative to other industries, with the majority of services delivered by a fairly narrow band of well-defined job roles, including teachers, physicians, nurses and support staff. A significant portion of this sector is employed through not-for-profit and government entities, and bargaining units may represent key job classes.

Because payroll costs for employers in this sector often exceed 60 percent of total operating costs, employers within this sector tend to be more sensitive to wage variation than other sectors. The workforce in this sector is dominated by women, who make up close to 75 percent of all workers. Even though males make up only 25 percent of this sector, they have a significant advantage in hourly pay, making \$34 per hour versus \$25 for women, which represents a 36 percent difference. Overall, the average pay within the sector is slightly lower compared to other industries at \$27 per hour.

	Age (years)	42.4		Monthly Turnover	2.4%
	Tenure (years)	5.6		Span of Control	8.5
	Hourly Wages	\$27.03		Annual Promotion Rate	7.7%
	% Managers	13%			\$42
	% Non-Managers	87%			\$25
	% Male	36%			\$34
	% Female	74%			\$25

Age, Tenure, Hourly Wages (Firm Averages)



Education & Health



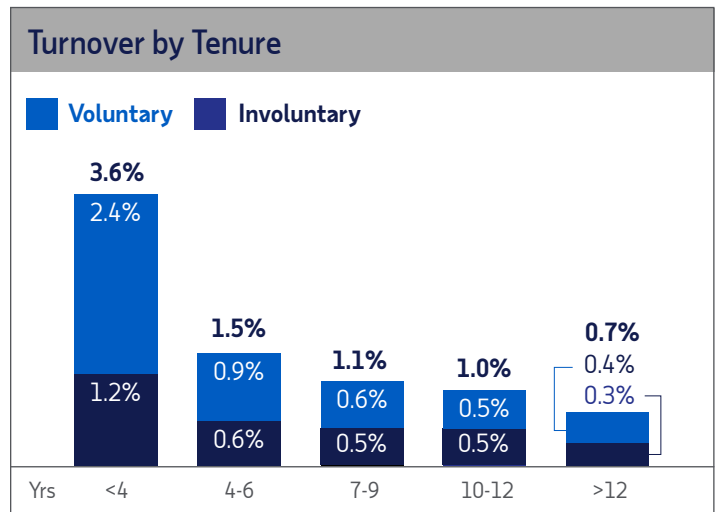
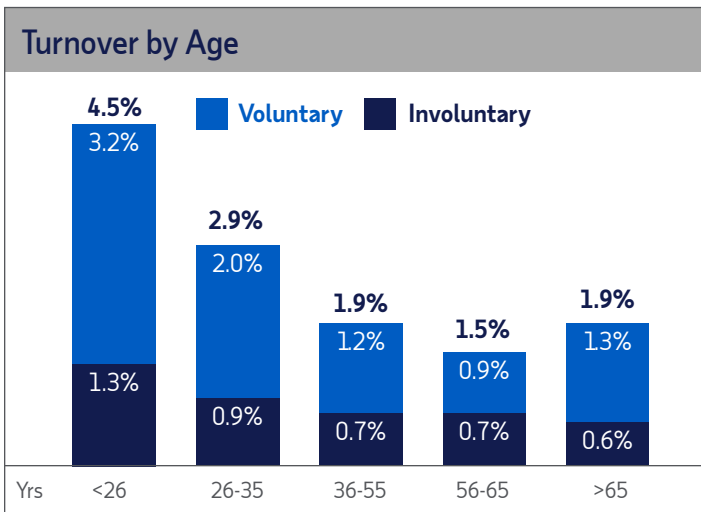
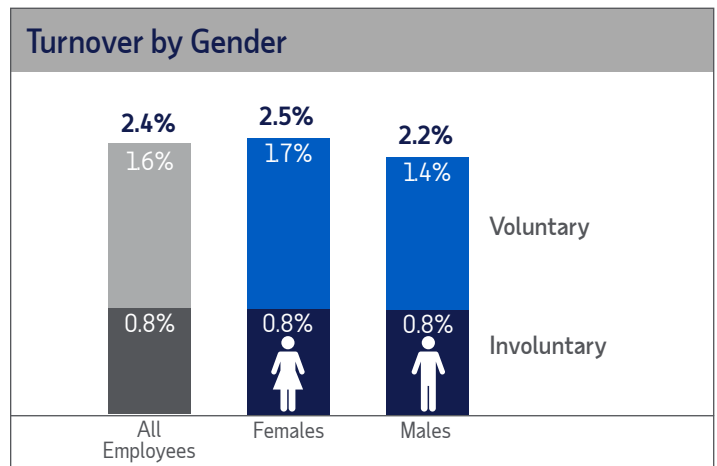
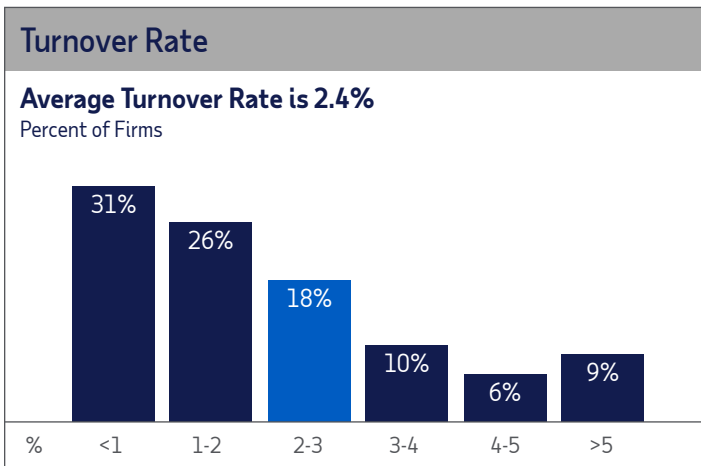
Monthly Turnover

The average monthly turnover rate within the Education & Health industries is 2.4 percent, which is among the lowest of all industries in this study.

Females exhibit a higher turnover rate than males, leaving at a rate of 2.5 percent, whereas turnover for males is 2.2 percent each month.

Turnover in the Education & Health sector is significantly higher for younger workers. For those age 26 or younger, the turnover rate is 4.5 percent. However for those age 26 and up, the turnover rate is three percent or less.

When looking at the turnover rate compared with the length of time on the job, rates for workers with fewer than four years of tenure are significantly higher at 3.6 percent versus 1.1 percent for those with four years or more of tenure.



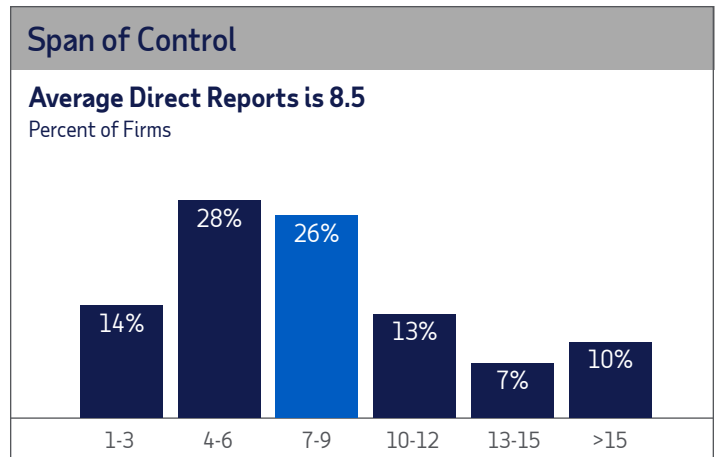


Span of Control

The average span of control for managers in the Education & Health fields is 8.5 direct reports, which is among the highest, second only to the Leisure & Hospitality sector. This is consistent with job roles in this sector being well-defined and able to be performed semiautonomously.

Turnover rates do not vary greatly among employees with high or low spans of control, as seen in some industries. Employees of managers with a span of one to three direct reports have the highest turnover rates among the cohorts at 2.7 percent. Employee turnover remains relatively flat under those managers who have four or more direct reports.

Managers with a low span of control (between one and three direct reports) are slightly more likely to turn over compared to managers with a higher number of reports.



In more than 50 percent of companies, managers have between four and nine employees who report to them.

Reports	1-3	4-6	7-9	10-12	13-15	>15
% Female Managers	65%	66%	67%	69%	72%	74%
% Male Managers	35%	34%	33%	31%	28%	26%

Reports	1-3	4-6	7-9	10-12	13-15	>15
% Managers' Turnover	1.0%	0.7%	0.7%	0.6%	0.7%	0.6%
% Direct Reports' Turnover	2.7%	2.1%	2.1%	2.2%	2.1%	2.3%



Annual Promotion Rate

The average promotion rate in this sector is 7.7 percent, which ranks second lowest among the industries studied. When a promotion does take place, the average wage increase is 18 percent. Because management overhead is low in this sector, there are likely to be fewer supervisory positions available for front-line workers.

As gender relates to promotions, males exhibit a slightly higher promotion rate compared to females, but both genders have very similar promotion wage increases.

Regarding age, promotion rates peak during the ages of 26 to 35. Wage increases are the highest at the age of 35 or lower and remain very flat after 35 years of age.

6.9

Years to first manager promotion

6.9 Female

6.9 Male

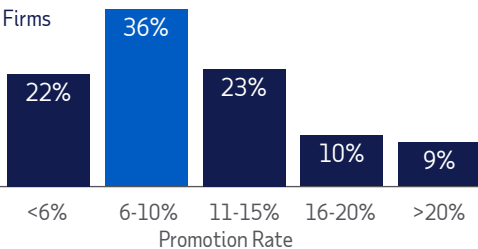
Promotions by Gender

Female **7.5%** Promotion Rate
18.3% Wage Increase

Male **8.1%** Promotion Rate
18.1% Wage Increase

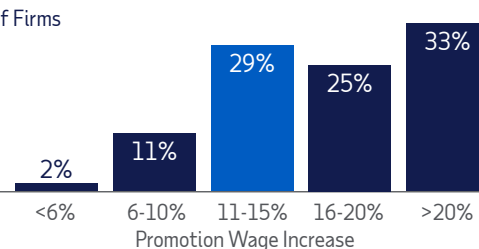
Firm Avg. Promotion Rate

Average 7.7%
Percent of Firms



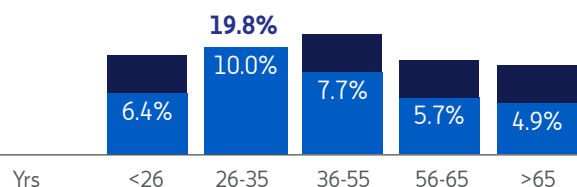
Firm Avg. Promotion Wage Increase

Average 18.2%
Percent of Firms



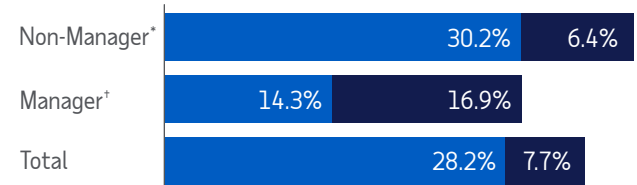
Promotions by Age

■ Promotion Rate \$ Wage Increase



New Hire Rate vs. Promotion Rate

■ New Hire Rate ■ Promotion Rate



* 63 percent of non-managers are incumbents, those who are not new hires or promotions.
† 69 percent of managers are incumbents, those who are not new hires or promotions.

New hires are defined as an employee hired within one year.







Education & Health

Climbing the Education & Health Ladder

	Percent of Employees			Wage in \$			Percent of Turnover			Percent of Promotions		Span of Control
	Level Share	Female	Male	Total	Female	Male	Turnover	Voluntary	Involuntary	Promotions	Associated Wage Increase	
Total	100.0	73.8	26.2	27.03	24.66	33.53	2.4	1.6	0.8	7.7	18.2	8.5
6 th + Level Managers	0.03	34.8	65.2	168.55	132.30	187.85	0.0	0.0	0.0	25.4	10.0	7.9
5 th Level Managers	0.1	42.2	57.8	118.80	98.57	133.64	0.7	0.3	0.3	28.2	14.3	8.1
4 th Level Managers	0.2	49.0	51.0	93.12	80.82	104.91	0.5	0.3	0.2	27.5	14.5	9.8
3 rd Level Managers	0.5	57.3	42.7	71.73	61.98	84.72	0.9	0.6	0.3	23.5	13.4	9.7
2 nd Level Managers	1.6	66.4	33.6	49.28	44.68	58.34	1.4	0.8	0.6	23.8	13.2	10.7
1 st Level Managers	6.9	71.1	28.9	36.89	34.16	43.48	1.5	0.8	0.7	15.0	18.0	7.9
Managers w/o Directs	3.5	67.2	32.8	39.61	34.62	49.64	2.4	1.6	0.8	15.9	15.0	N/A
Non-Managers	87.1	74.6	25.4	24.57	22.75	29.77	2.5	1.7	0.9	6.4	20.1	N/A

Education & Health

Report Card for Education & Health Firms

	Education & Health Average	Education & Health (1,000+ Firms)	Your Firm (enter your statistics here for comparison)
 Age (years)	42.4	42.3	
 Tenure (years)	5.6	5.8	
 Hourly Wages	\$27.03/hr	\$27.56/hr	
% Managers	13% \$42/hr	13% \$42/hr	
% Non-Managers	87% \$25/hr	87% \$25/hr	
% Male	36% \$34/hr	25% \$34/hr	
% Female	74% \$25/hr	75% \$25/hr	
 Monthly Turnover	2.4%	2.5%	
 Span of Control	8.5	10.2	
 Annual Promotion Rate	7.7%	8.3%	

Section 5
Industry Deep Dive







Finance & Insurance

Finance & Insurance

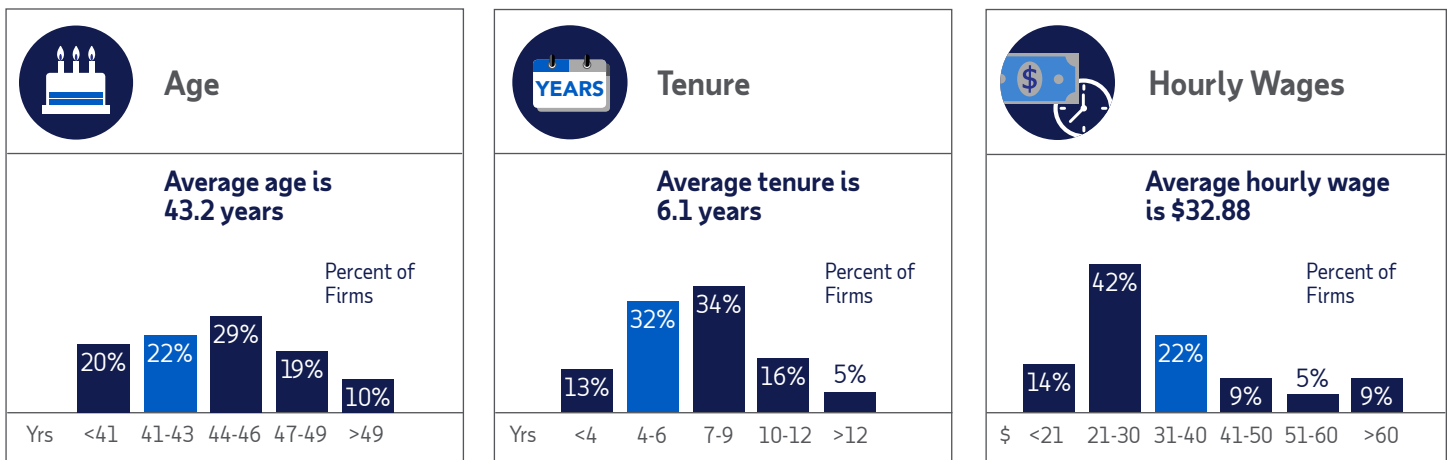
Sectoral Summary Statistics (Averages)

The Finance & Insurance sector employs a broad range of workers, including highly paid IT, financial, sales and actuarial professionals, as well as workers in customer service and office administration. With direct accountability for assets under management, the integrity and reliability of workers in this sector is critical. Employees may require specific background checks and/or licensure to hold specific jobs.

While women make up 56 percent of all workers in this sector, the finance sector also exhibits the second-largest gender pay gap of any industry at \$13 per hour, similar to the gap in the Information industry. Average hourly wages track with the overall labor market, while the average age in this sector is slightly higher at 43.2 years.

	Age (years)	43.2		Monthly Turnover	2.2%
	Tenure (years)	6.1		Span of Control	5.7
	Hourly Wages	\$32.88		Annual Promotion Rate	10.4%
	% Managers	20%			\$54
	% Non-Managers	80%			\$28
	% Male	44%			\$40
	% Female	56%			\$27

Age, Tenure, Hourly Wages (Firm Averages)



Finance & Insurance



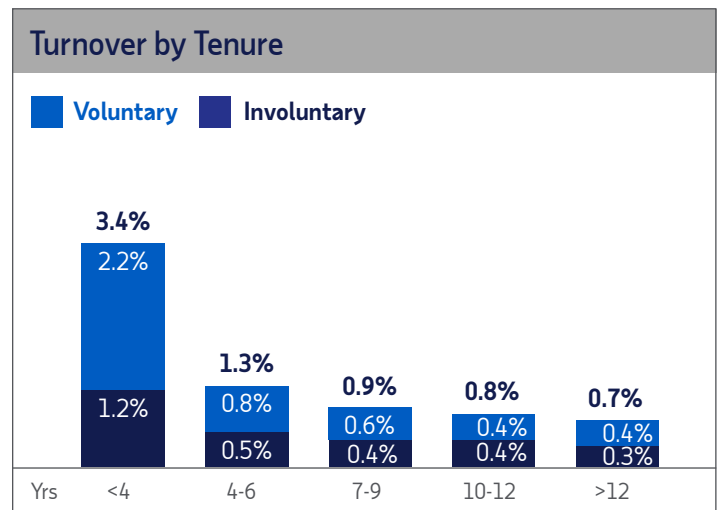
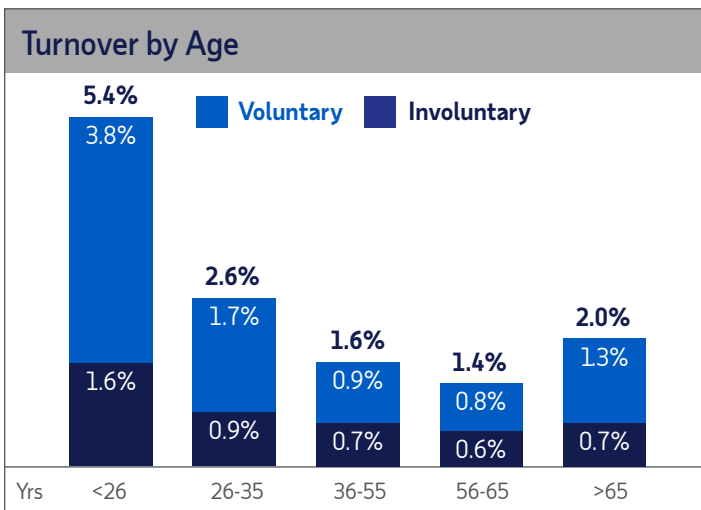
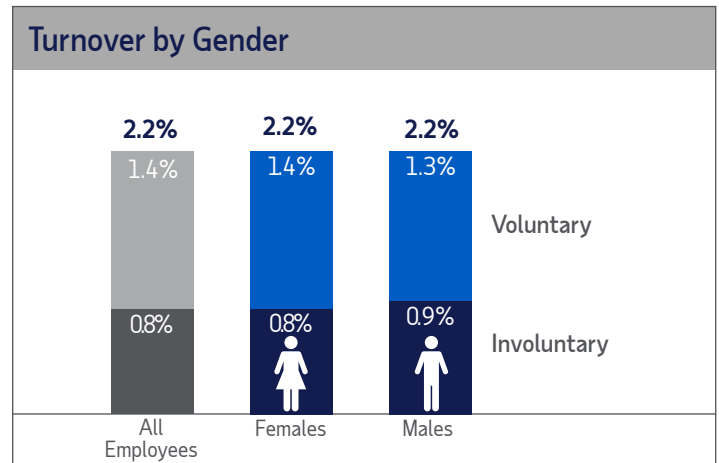
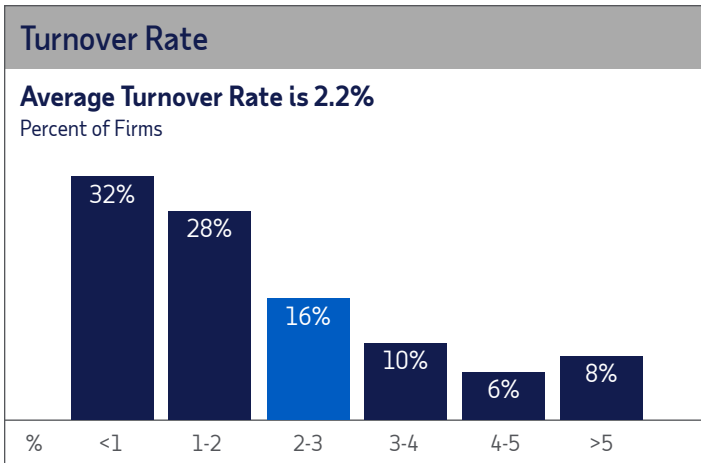
Monthly Turnover

Monthly turnover within the Finance & Insurance sector ranks among the lowest compared with all industries, with 60 percent of all firms having a turnover rate of two percent or less. Low turnover is consistent with an industry that values employee reliability.

Like other sectors, employee turnover declines with age and tenure. Younger workers, age 25 or less, are over two times more likely to turn over than any other age group in this sector.

When looking at length of time on the job, workers with fewer than four years of tenure are over three times more likely to turn over compared with those who have four or more years of tenure.

Both females and males in the Finance & Insurance sector experience turnover at an equal rate (2.2 percent per month).



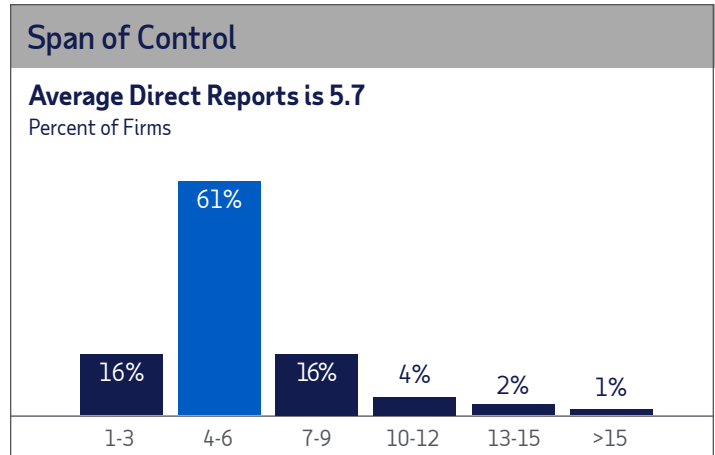


Span of Control

The span of control within the Finance & Insurance areas ranks the lowest of all industries. This may be due to both the complexity of job functions within the sector, as well as the need to sign off on decisions involving the control, investment and disbursement of money.

Managerial span of control does not appear to have an impact on employee turnover rates.

While employees of managers with 15+ direct reports show somewhat higher turnover rates, employees of managers at all other levels of span of control have very similar turnover rates.



In more than 60 percent of companies, managers have between four and nine employees who report to them.

Managers' Span of Control						
Reports	1-3	4-6	7-9	10-12	13-15	>15
% Female Managers	52%	51%	49%	50%	50%	48%
% Male Managers	48%	49%	51%	50%	50%	52%

Managers' Percent of Turnover						
Reports	1-3	4-6	7-9	10-12	13-15	>15
% Managers' Turnover	0.8%	0.5%	0.5%	0.4%	0.3%	0.5%
% Direct Reports' Turnover	2.2%	1.9%	2.0%	2.0%	2.2%	2.5%



Annual Promotion Rate

The average promotion rate within this sector is 10.4 percent, with an average wage increase of 16.3 percent when a promotion occurs.

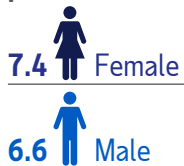
Regarding gender, males have a slight advantage over women in obtaining a promotion in this sector, and males are more likely to have a larger wage increase upon receiving a promotion.

Promotion rates are highest between the ages of 26 and 35 and decrease over time. Wage increases due to a promotion are highest at age 25 or less and decrease over time.

The average length of time a non-manager must wait for a first promotion into management is 7.1 years, which is among the longest of all industries.

7.1

Years to first manager promotion

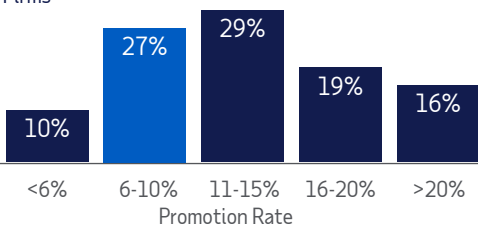


Promotions by Gender



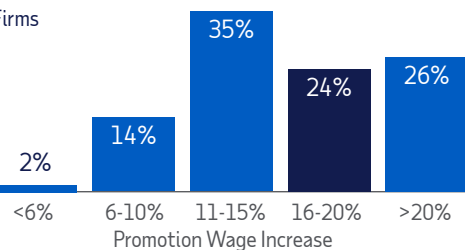
Firm Avg. Promotion Rate

Average 10.4%
Percent of Firms



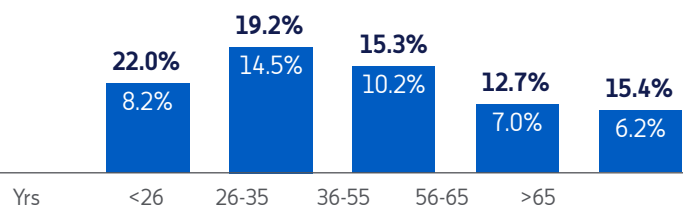
Firm Avg. Promotion Wage Increase

Average 16.3%
Percent of Firms



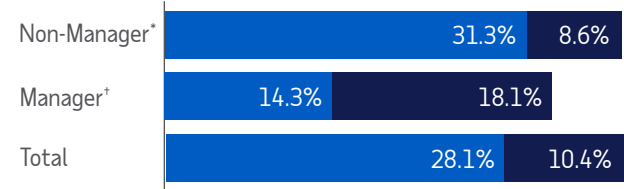
Promotions by Age

■ Promotion Rate \$ Wage Increase



New Hire Rate vs. Promotion Rate

■ New Hire Rate ■ Promotion Rate



* 60 percent of non-managers are incumbents, those who are not new hires or promotions.
† 68 percent of managers are incumbents, those who are not new hires or promotions.

New hires are defined as an employee hired within one year.







Finance & Insurance

Climbing the Finance & Insurance Ladder

	Percent of Employees			Wage in \$			Percent of Turnover			Percent of Promotions		Span of Control
	Level Share	Female	Male	Total	Female	Male	Turnover	Voluntary	Involuntary	Promotions	Associated Wage Increase	
Total	100.0	56.3	43.7	32.88	27.36	39.80	2.2	1.4	0.8	10.4	16.3	5.7
6 th + Level Managers	0.07	14.4	85.6	231.10	201.99	236.03	0.3	0.1	0.1	32.9	11.0	7.7
5 th Level Managers	0.1	20.3	79.7	165.16	134.17	173.12	0.6	0.5	0.1	30.5	10.8	7.7
4 th Level Managers	0.3	28.9	71.1	126.11	104.59	134.89	0.3	0.2	0.1	28.4	11.8	7.4
3 rd Level Managers	1.1	33.3	66.7	91.69	73.56	100.82	0.5	0.3	0.2	22.6	13.2	6.9
2 nd Level Managers	3.0	46.6	53.4	64.04	51.56	74.91	0.8	0.5	0.3	23.1	12.7	6.5
1 st Level Managers	9.7	55.5	44.5	45.69	37.96	55.32	0.9	0.5	0.4	17.0	16.3	5.3
Managers w/o Directs	5.7	50.4	49.6	45.33	36.34	54.38	2.4	1.5	0.9	15.8	16.6	N/A
Non-Managers	80.0	57.6	42.4	27.47	24.01	32.04	2.4	1.5	0.9	6.4	20.1	N/A

Finance & Insurance

Report Card for Finance & Insurance Firms

	Finance & Insurance Average	Finance & Insurance (1,000+ Firms)	Your Firm (enter your statistics here for comparison)	
 Age (years)	43.2	43.5		
 Tenure (years)	6.1	6.0		
 Hourly Wages	\$32.88/hr	\$32.33/hr		
% Managers	20%	\$54/hr	18%	\$50/hr
% Non-Managers	80%	\$28/hr	82%	\$28/hr
% Male	44%	\$40/hr	43%	\$39/hr
% Female	56%	\$27/hr	57%	\$27/hr
 Monthly Turnover	2.2%	2.0%		
 Span of Control	5.7	6.6		
 Annual Promotion Rate	10.4%	10.9%		

Section 5
Industry Deep Dive







Information

Information

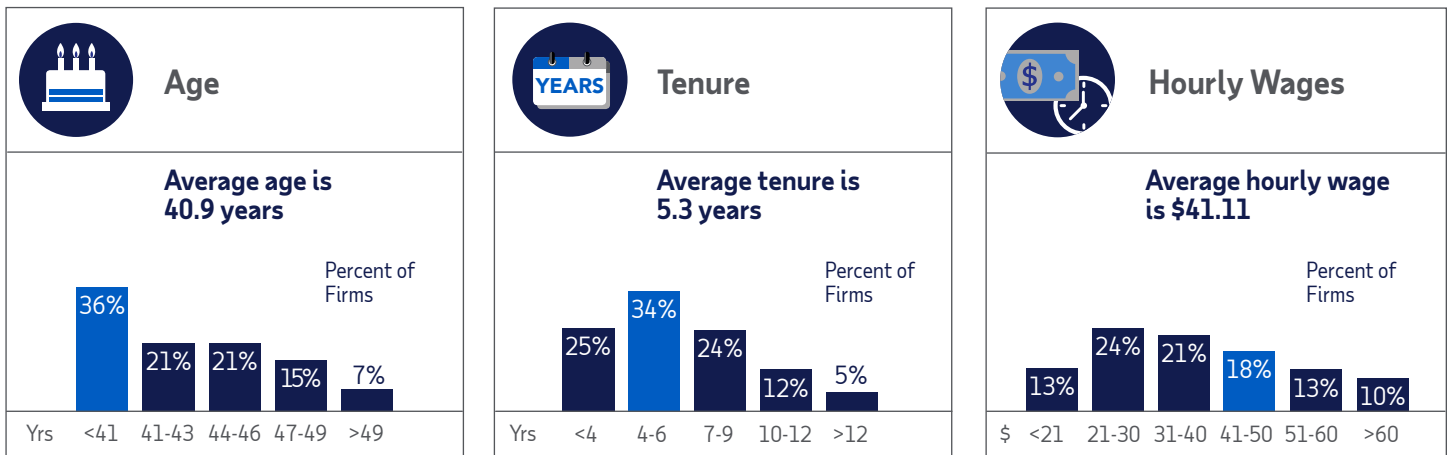
Sectoral Summary Statistics (Averages)

The Information sector employs primarily highly skilled workers. Competitive advantage is driven by short product cycle times and high reliability, rather than low margins. Competition for talent between start-up ventures and established business is extreme. However, the Information sector is more likely to outsource all nonessential activities, employ high-wage temporary contractors and support employment in remote locations through network infrastructure. As a result, this sector has the highest average wages at \$41/hour, but less variation in pay/skill sets than other sectors.

The gender pay gap represents the largest pay difference among the industries in this report, with a \$15 per hour gap favoring male workers. Information workers also tend to be younger compared to other sectors with an average age of just under 41 years old.

	Age (years)	40.9		Monthly Turnover	2.5%
	Tenure (years)	5.3		Span of Control	6.0
	Hourly Wages	\$41.11		Annual Promotion Rate	11.1%
	% Managers	19%			\$56
	% Non-Managers	81%			\$38
	% Male	59%			\$47
	% Female	41%			\$32

Age, Tenure, Hourly Wages (Firm Averages)





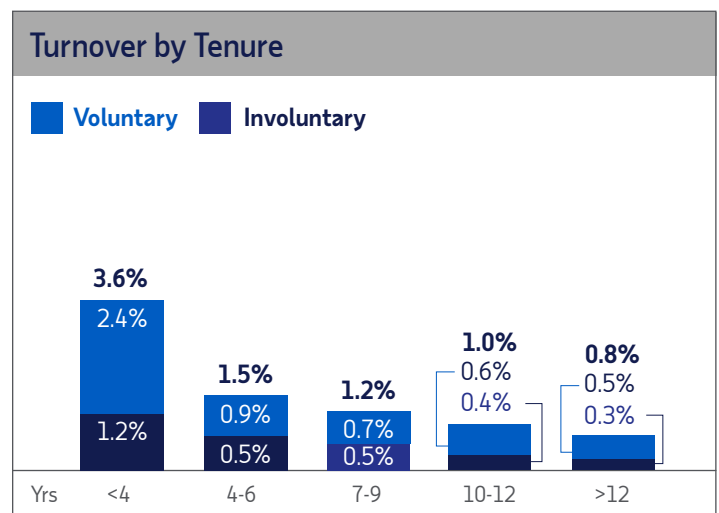
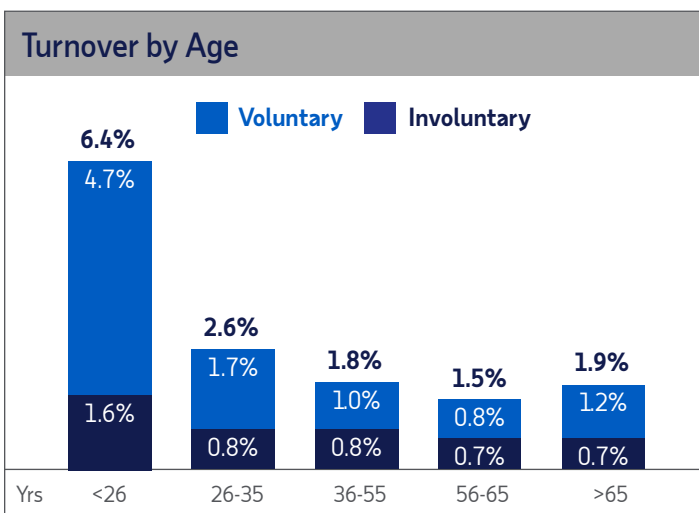
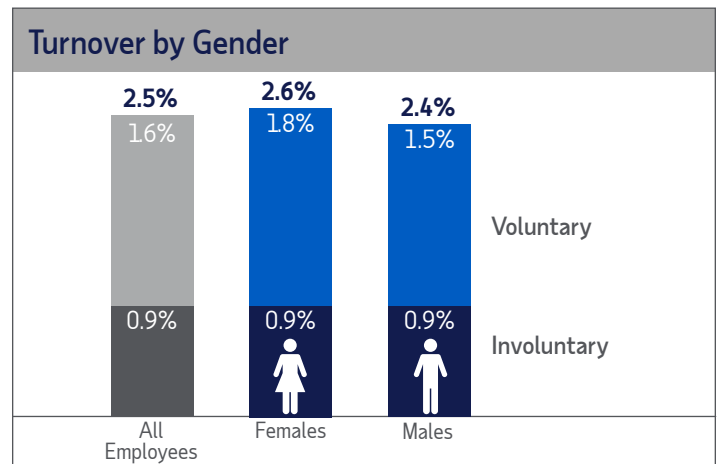
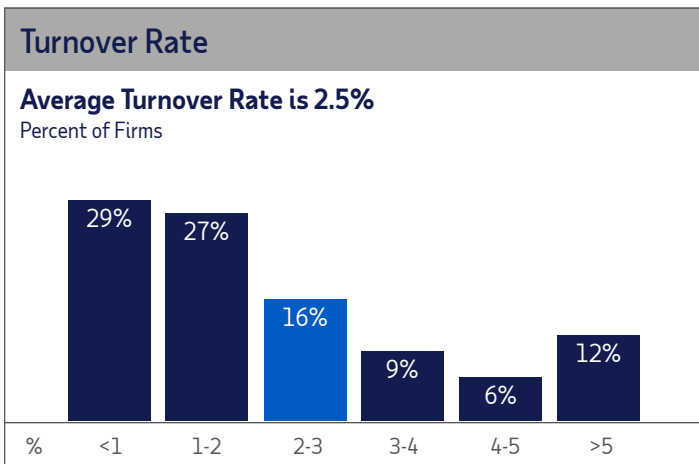
Monthly Turnover

The average total turnover rate within the Information industry is 2.5 percent. However, the data does not reflect the extensive use of highly skilled temporary workers.

Turnover rates vary only slightly between males and females, with rates of 2.6 percent and 2.4 percent, respectively. The small difference stems from voluntary turnover, where men have a slightly higher rate than women.

Younger workers, age 25 or less, are over two times more likely to turn over than any other age group within the Information sector.

Workers with fewer than four years of tenure are over two times more likely to turn over compared with those who have four or more years of tenure.



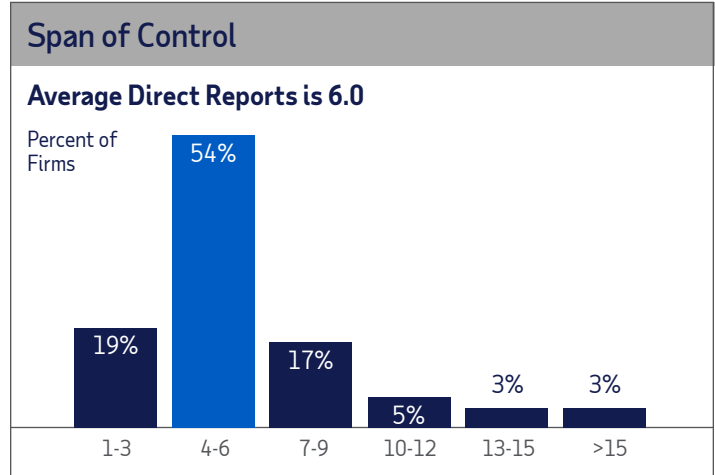


Span of Control

Most Information firms have an average span of control of four to six direct reports per manager. This short span likely reflects the close supervision and teamwork required to develop and support complex products and services.

Female managers are more likely to have either very low or very high spans of control (fewer than four or more than 15 employee direct reports).

While manager turnover decreases with an increasing span of control, the turnover rate for their corresponding subordinates increases steadily as the manager's span increases.



In 90 percent of companies, managers have nine or fewer employees who report to them.

Managers' Span of Control						
Reports	1-3	4-6	7-9	10-12	13-15	>15
% Female Managers	39%	33%	31%	32%	31%	41%
% Male Managers	61%	67%	69%	68%	69%	59%

Managers' Percent of Turnover						
Reports	1-3	4-6	7-9	10-12	13-15	>15
% Managers' Turnover	1.5%	1.0%	0.7%	0.8%	0.6%	0.6%
% Direct Reports' Turnover	2.0%	2.4%	2.4%	2.8%	3.0%	3.5%



Annual Promotion Rate

At 11.1 percent, Information firms are more likely to promote from within to fill manager positions. This is the highest among all industries and suggests that prior knowledge of the employer's proprietary technology and working culture are important attributes for managerial positions.

The average wage increase due to a promotion is 17 percent, which is squarely in the middle of other industries on a percentage basis. However, because wages for Information jobs are already high, this results in the largest increase in pay in absolute dollars (\$7/hour) among all sectors.

Males tend to be promoted more often than females, but females receive a slightly higher wage increase when given a promotion.

5.7

Years to first manager promotion

6.0 Female

5.6 Male

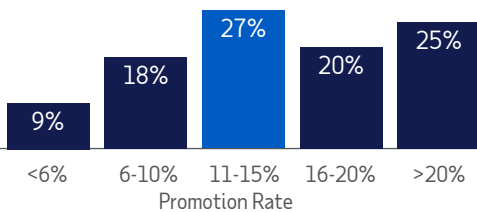
Promotions by Gender

Female **10.1%**
Promotion Rate
17.9%
Wage Increase

Male **11.8%**
Promotion Rate
17.2%
Wage Increase

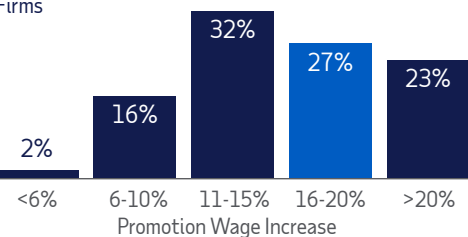
Firm Avg. Promotion Rate

Average **11.1%**
Percent of Firms



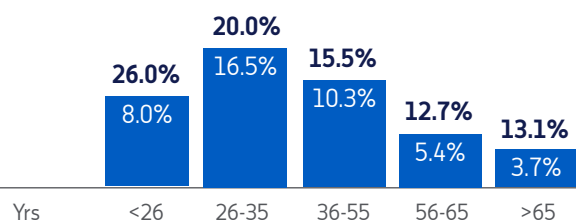
Firm Avg. Promotion Wage Increase

Average **17.4%**
Percent of Firms



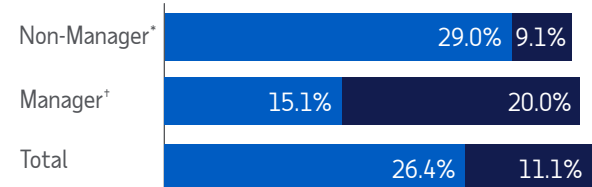
Promotions by Age

Promotion Rate Wage Increase



New Hire Rate vs. Promotion Rate

New Hire Rate Promotion Rate



* 62 percent of non-managers are incumbents, those who are not new hires or promotions.
† 65 percent of managers are incumbents, those who are not new hires or promotions.

New hires are defined as an employee hired within one year.







Information

Climbing the Information Ladder

	Percent of Employees			Wage in \$			Percent of Turnover			Percent of Promotions		Span of Control
	Level Share	Female	Male	Total	Female	Male	Turnover	Voluntary	Involuntary	Promotions	Associated Wage Increase	
Total	100.0	41.4	58.6	41.11	32.07	46.85	2.5	1.6	0.9	11.1	17.4	6.0
6 th + Level Managers	0.05	12.4	87.6	210.56	152.65	218.74	1.3	1.3	0.0	32.7	21.7	7.8
5 th Level Managers	0.1	15.1	84.9	170.64	123.37	178.97	0.2	0.2	0.0	29.0	18.4	7.7
4 th Level Managers	0.3	19.2	80.8	133.84	117.29	137.81	1.6	0.9	0.8	28.4	15.7	6.8
3 rd Level Managers	0.9	27.3	72.7	93.87	78.98	99.51	1.1	0.6	0.5	24.3	13.5	6.6
2 nd Level Managers	2.5	36.3	63.7	66.22	57.15	71.45	1.3	0.6	0.7	24.7	13.6	6.9
1 st Level Managers	7.8	39.2	60.8	50.94	45.45	54.47	1.3	0.7	0.7	18.6	17.2	5.5
Managers w/o Directs	7.5	39.6	60.4	47.87	41.07	52.28	2.6	1.6	1.0	18.9	14.1	N/A
Non-Managers	80.9	42.3	57.7	37.39	28.43	43.14	2.6	1.7	0.9	9.1	18.9	N/A

Information

Report Card for Information Firms

	Information Average	Information (1,000+ Firms)	Your Firm (enter your statistics here for comparison)
 Age (years)	40.9	41.0	
 Tenure (years)	5.3	5.4	
 Hourly Wages	\$41.11/hr	\$41.47/hr	
% Managers	19% \$56/hr	15% \$49/hr	
% Non-Managers	81% \$38/hr	85% \$40/hr	
% Male	59% \$47/hr	58% \$48/hr	
% Female	41% \$32/hr	42% \$31/hr	
 Monthly Turnover	2.5%	2.1%	
 Span of Control	6.0	7.4	
 Annual Promotion Rate	11.1%	11.3%	

Section 5
Industry Deep Dive







Leisure & Hospitality

Leisure & Hospitality

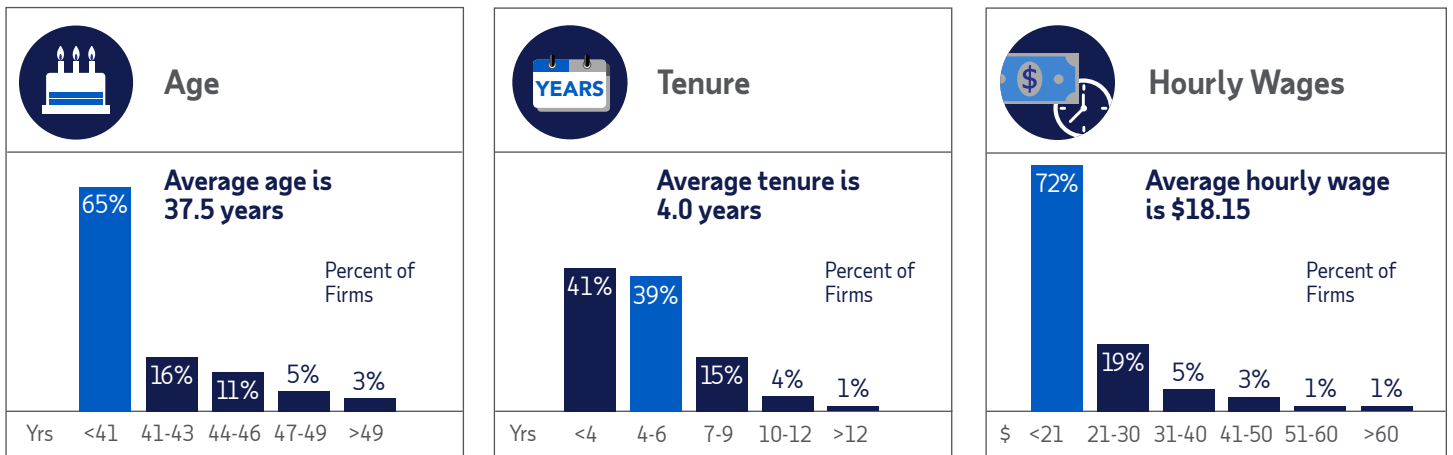
Sectoral Summary Statistics (Averages)

The Leisure & Hospitality sector includes hotels, restaurants, amusement parks and theaters, as well as other businesses related to arts, entertainment and recreation. This sector has the youngest workers (at an average age of 38) and the lowest wages (at an average hourly wage of \$17) among all sectors. Leisure & Hospitality jobs are often seasonal in nature, and staffing depends on varying levels of demand — sometimes even on a daily basis. As a result, 60 percent of all jobs within this sector are part-time positions, and many of these jobs are subject to fluctuating work schedules. These attributes contribute to the high turnover rate within the industry at 4.4 percent per month.

While the Leisure & Hospitality sector has experienced substantial job growth in the United States over the past decade, key labor pools for part-time workers (e.g., 16- to 24- year-old workers) have shrunk compared to 10 years ago, creating potential labor shortages.

	Age (years)	37.5		Monthly Turnover	4.4%
	Tenure (years)	4.0		Span of Control	11.4
	Hourly Wages	\$18.15		Annual Promotion Rate	5.8%
	% Managers	12%			\$34
	% Non-Managers	88%			\$15
	% Male	49%			\$20
	% Female	51%			\$16

Age, Tenure, Hourly Wages (Firm Averages)



Leisure & Hospitality

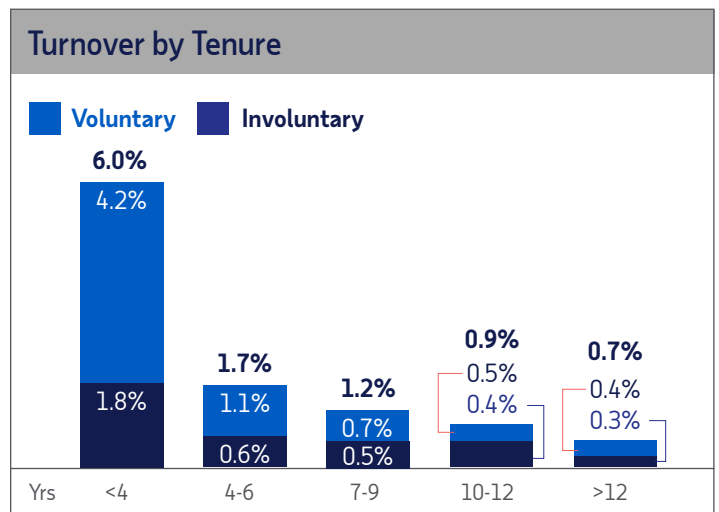
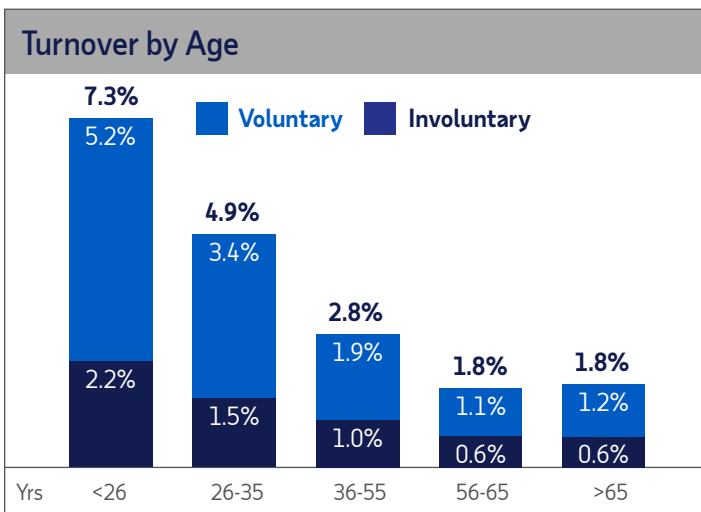
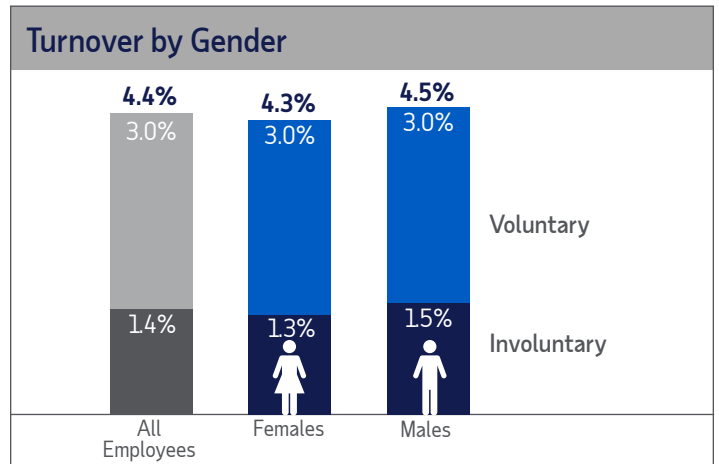
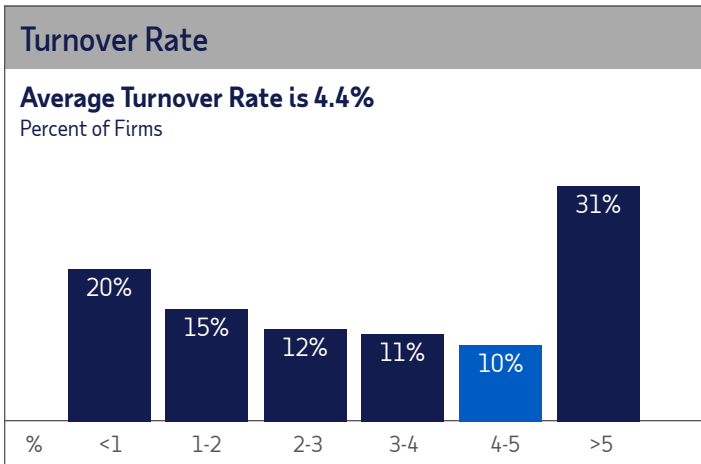


Monthly Turnover

The average monthly turnover rate within the Leisure & Hospitality industry is 4.4 percent. However, a significant portion of all firms, 31 percent of the industry, have an average turnover rate of over five percent.

Between the genders, turnover is fairly similar, with males leaving at a slightly higher rate of 4.5 percent versus 4.3 percent for women.

The turnover rate for workers with fewer than four years of tenure is six percent versus 1.2 percent for those with four years or more of tenure.



Leisure & Hospitality

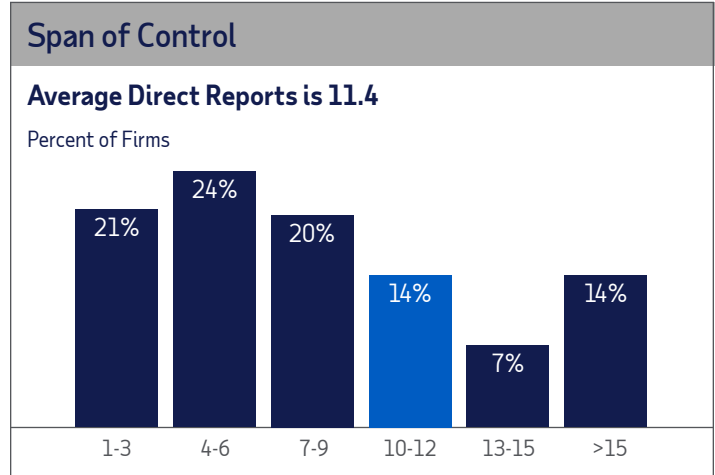


Span of Control

The span of control within the Leisure & Hospitality sector averages 11.3 direct reports for each manager, which is the highest among all industries. A high span of control is often observed in organizations with large numbers of entry-level workers performing well-defined uniform tasks.

Managers with a low span of control (between one and three reports) are more likely to turn over compared to managers with higher spans.

Employees of managers with a span of one to three direct reports have the highest turnover rates among cohorts at 4.5 percent. Turnover increases at each level beyond four to six direct reports, which is to be expected.



In 65 percent of companies, managers have nine or fewer employees who report to them.

Reports	1-3	4-6	7-9	10-12	13-15	>15
% Female Managers	45%	39%	39%	40%	40%	41%
% Male Managers	55%	61%	61%	60%	60%	59%

Reports	1-3	4-6	7-9	10-12	13-15	>15
% Managers' Turnover	1.5%	1.0%	0.9%	0.9%	1.1%	0.7%
% Direct Reports' Turnover	4.5%	3.4%	3.9%	4.2%	4.5%	4.5%

Leisure & Hospitality



Annual Promotion Rate

The firm average promotion rate is 5.8 percent within the Leisure & Hospitality sector, which is the lowest rate among the industries in this report. This is consistent with having a high span of control, meaning there are fewer available supervisory positions per employee.

The wage increase due to a promotion is over 30 percent, which is the highest of all industries, but since Leisure & Hospitality wages are also the lowest, it only represents a modest dollar increase.

Males in this sector have a slightly higher promotion rate than females. However, males have a much larger advantage when receiving a wage increase due to a promotion (34.8 percent for men versus 24.8 percent for women).

4.9

Years to first manager promotion

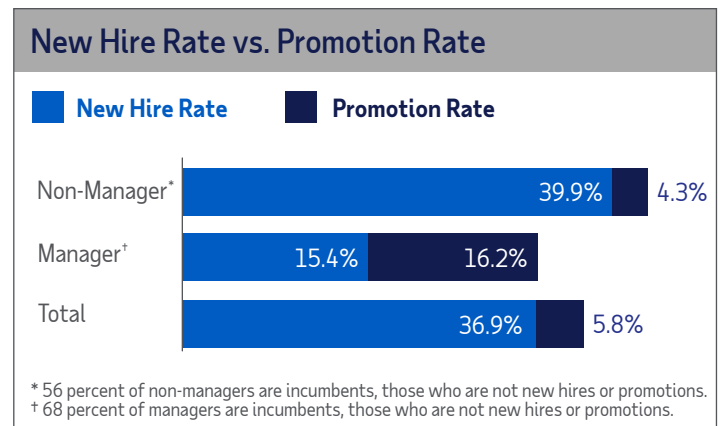
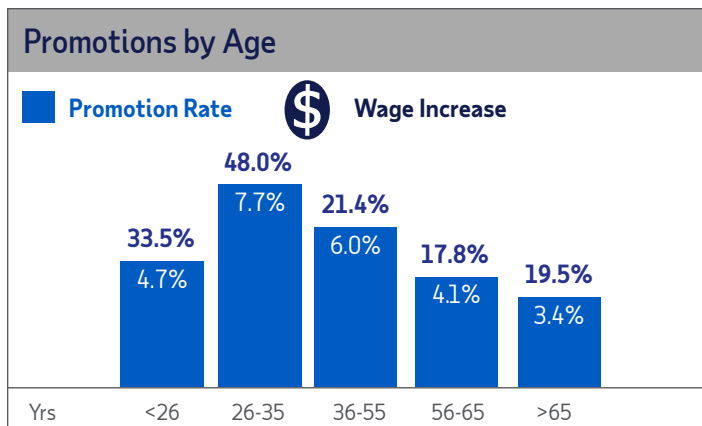
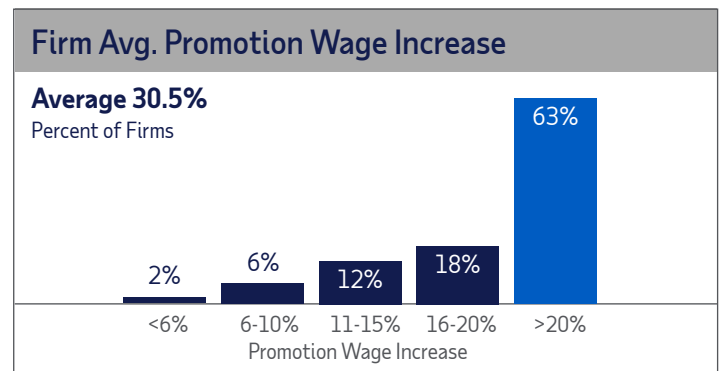
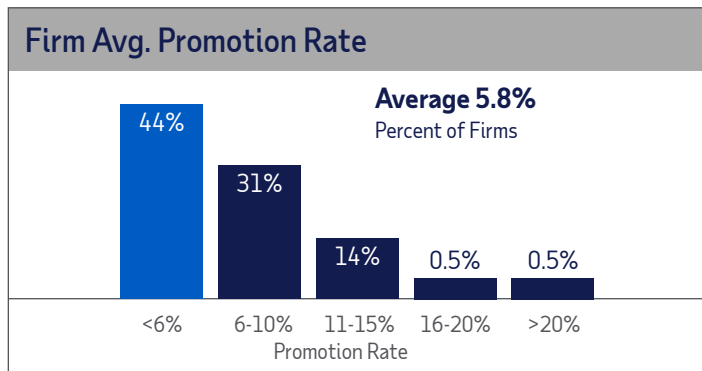
4.8 Female

5.0 Male

Promotions by Gender

Female **5.6%** Promotion Rate
24.8% Wage Increase

Male **5.9%** Promotion Rate
34.8% Wage Increase



New hires are defined as an employee hired within one year.







Leisure & Hospitality

Climbing the Leisure & Hospitality Ladder

	Percent of Employees			Wage in \$			Percent of Turnover			Percent of Promotions		Span of Control
	Level Share	Female	Male	Total	Female	Male	Turnover	Voluntary	Involuntary	Promotions	Associated Wage Increase	
Total	100.0	50.7	49.3	18.15	16.20	19.98	4.4	3.0	1.4	5.8	30.5	11.4
6 th + Level Managers	0.02	15.3	84.7	209.89	166.97	217.81	0.0	0.0	0.0	27.9	24.8	9.0
5 th Level Managers	0.0	24.2	75.8	144.03	114.57	153.60	0.5	0.5	0.0	24.1	19.8	8.5
4 th Level Managers	0.1	24.7	75.3	101.54	85.22	106.94	0.6	0.4	0.2	23.6	14.0	8.0
3 rd Level Managers	0.7	40.1	59.9	49.12	37.15	56.63	1.0	0.4	0.6	11.1	15.8	9.0
2 nd Level Managers	1.5	39.8	60.2	41.80	37.19	44.82	1.6	1.0	0.6	21.5	20.4	11.4
1 st Level Managers	6.1	47.2	52.8	31.16	28.16	33.81	2.2	1.3	0.9	16.0	27.7	11.7
Managers w/o Directs	3.8	48.0	52.0	28.81	25.84	31.48	2.9	1.9	1.0	15.1	28.9	N/A
Non-Managers	87.7	51.3	48.7	14.98	13.77	16.15	4.7	3.3	1.4	4.3	37.9	N/A

Leisure & Hospitality

Report Card for Leisure & Hospitality Firms

	Leisure & Hospitality Average	Leisure & Hospitality (1,000+ Firms)	Your Firm (enter your statistics here for comparison)
 Age (years)	37.5	38.0	
 Tenure (years)	4.0	4.0	
 Hourly Wages	\$18.15/hr	\$17.07/hr	
% Managers	12% \$34/hr	14% \$32/hr	
% Non-Managers	88% \$15/hr	86% \$14/hr	
% Male	49% \$20/hr	47% \$19/hr	
% Female	51% \$16/hr	53% \$15/hr	
 Monthly Turnover	4.4%	4.3%	
 Span of Control	11.4	13.9	
 Annual Promotion Rate	5.8%	6.2%	

Section 5
Industry Deep Dive







Manufacturing

Manufacturing

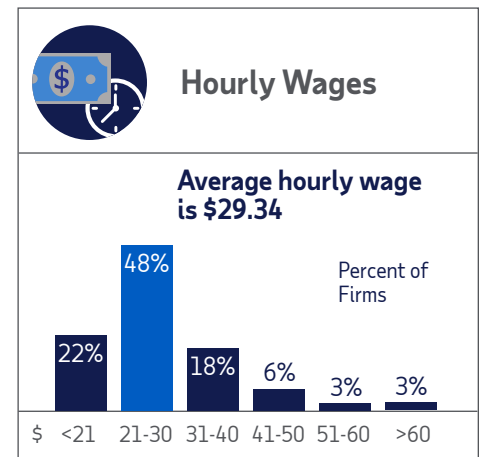
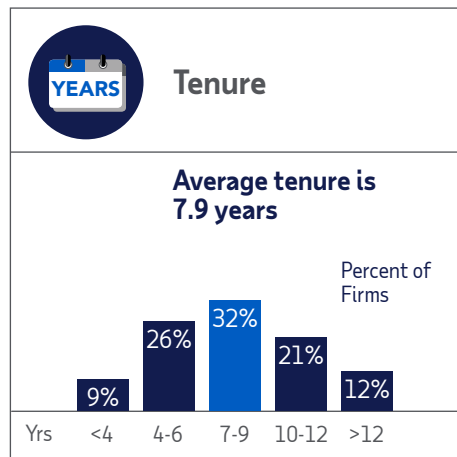
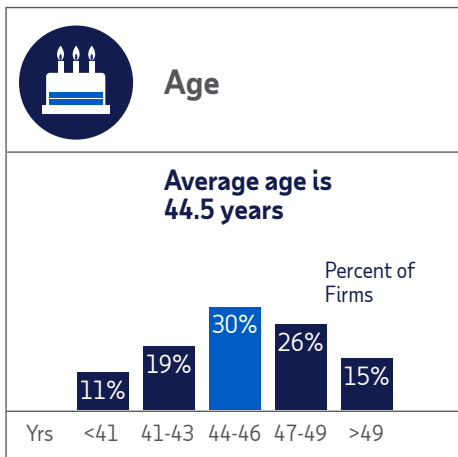
Sectoral Summary Statistics (Averages)

The Manufacturing sector has undergone a transformation in recent years due to investments in automation, artificial intelligence and logistics, all of which have allowed for increased productivity. In this sector, managing hourly labor costs has become less of a priority than attracting and retaining highly skilled workers who are capable of leveraging sophisticated new technologies.

Manufacturing workforces are more likely to be characterized by stable, well-paid and highly skilled workers. Manufacturing workers tend to be older males with an average tenure of eight years with the same company and average earnings of more than \$29 per hour. The Manufacturing sector hires fewer younger workers annually than other sectors; however, turnover tends to be lower due to the specialized training required for proficiency within each specific factory setting and the prevalence of unions in this sector. Manufacturing jobs are primarily concentrated in the south and mid-west regions of the United States where locations of facilities are more likely to be dispersed over wide areas rather than concentrated in one location.

	Age (years)	44.5		Monthly Turnover	2.2%
	Tenure (years)	7.9		Span of Control	6.8
	Hourly Wages	\$29.34		Annual Promotion Rate	10.3%
	% Managers	16%			\$52
	% Non-Managers	84%			\$25
	% Male	69%			\$31
	% Female	31%			\$26

Age, Tenure, Hourly Wages (Firm Averages)



Manufacturing



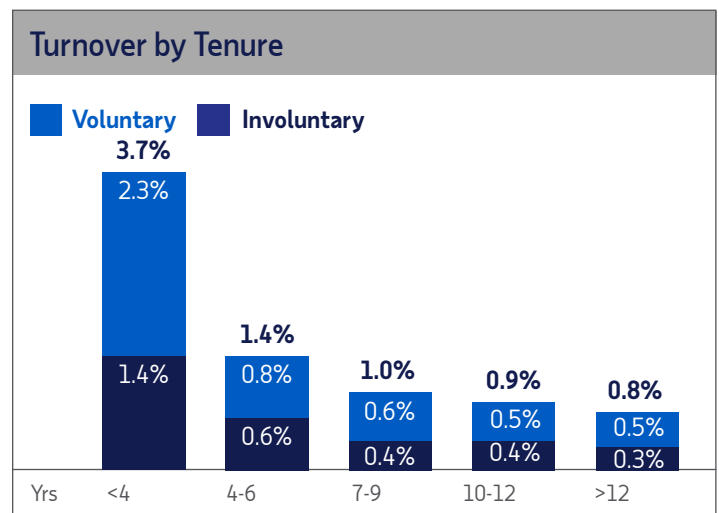
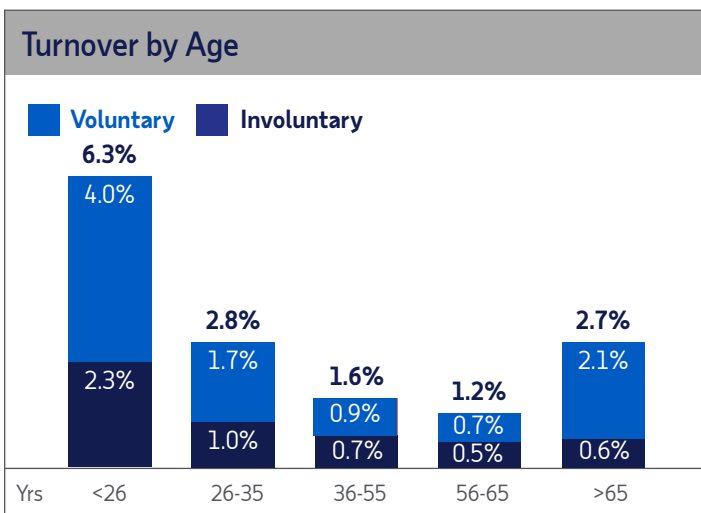
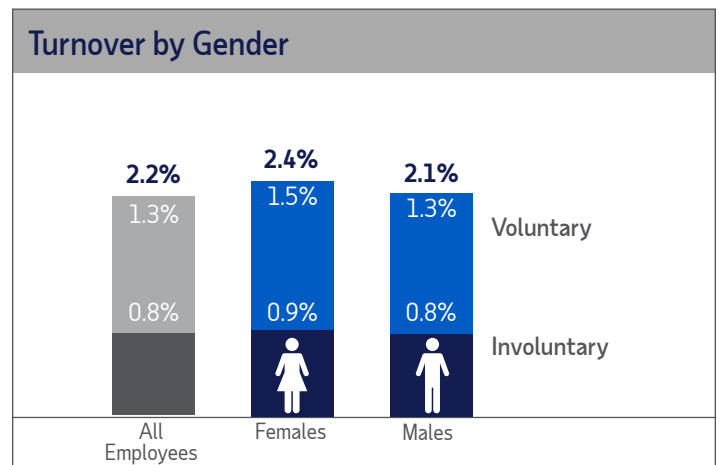
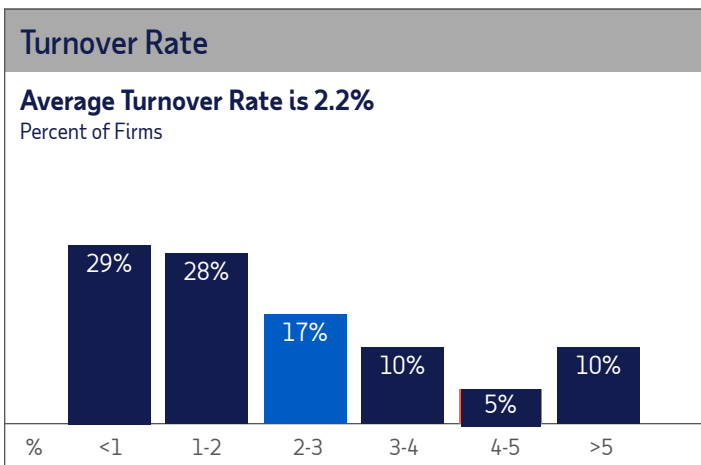
Monthly Turnover

Turnover rates within Manufacturing are the lowest among all industry sectors with an average monthly turnover rate of 2.2 percent.

The majority of Manufacturing companies (57 percent) have an average monthly turnover rate of less than two percent.

Turnover in the Manufacturing sector is closely associated with employee age and tenure. Turnover incidence reduces from 6.3 percent for employees, age 25 years or younger, to 2.8 percent for employees in the 26-to-35-year age band. Similarly, turnover declines by more than 50 percent after three years of service.

Turnover rates, both voluntary and involuntary, are statistically similar between women and men.

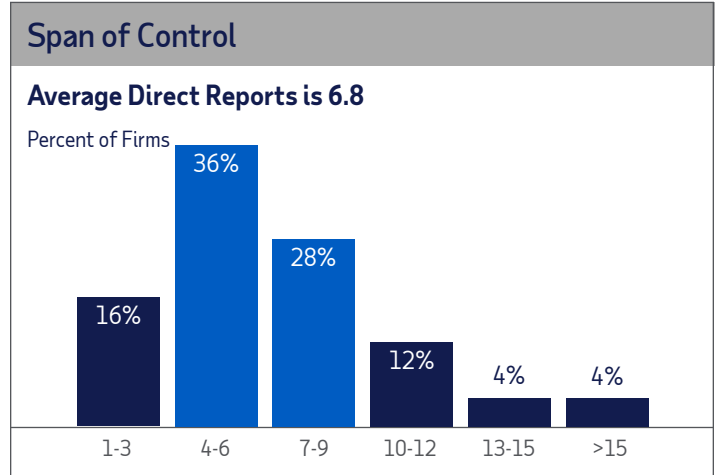


Manufacturing



Span of Control

The average span of control for Manufacturing managers is 6.8 direct reports per manager, with more than 60 percent of companies having an average span of between four and nine. This number is similar when compared with other industries.



In more than 60 percent of companies, managers have between four and nine employees who report to them.

Managers' Span of Control

Reports	1-3	4-6	7-9	10-12	13-15	>15
% Female Managers	29%	23%	19%	18%	16%	16%
% Male Managers	71%	77%	81%	82%	84%	84%

Managers' Percent of Turnover

Reports	1-3	4-6	7-9	10-12	13-15	>15
% Managers' Turnover	1.0%	0.8%	0.7%	0.7%	0.8%	0.6%
% Direct Reports' Turnover	2.0%	2.0%	2.0%	2.2%	2.2%	2.6%

Manufacturing



Annual Promotion Rate

Internal promotion rates for Manufacturing are among the highest rates across all sectors at 10 percent overall. In fact, more than 60 percent of manufacturers exceed the 10 percent promotion rate.

Promotion rates are highest between the ages of 26 and 35 — at 14 percent.

The average time to a first promotion is one of the longest among all industries at over nine years, with female workers being promoted slightly sooner than males.

The percentage of male workers who are promoted versus female workers is consistent with the overall percentage of men and women employed in the sector as a whole.

9.4

Years to first manager promotion

8.4 Female

9.8 Male

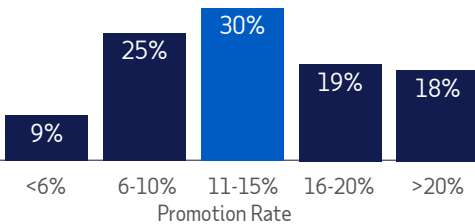
Promotions by Gender

Female **10.0%** Promotion Rate
14.6% Wage Increase

Male **10.4%** Promotion Rate
14.1% Wage Increase

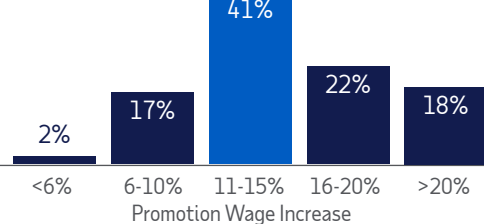
Firm Avg. Promotion Rate

Average 10.3%
Percent of Firms



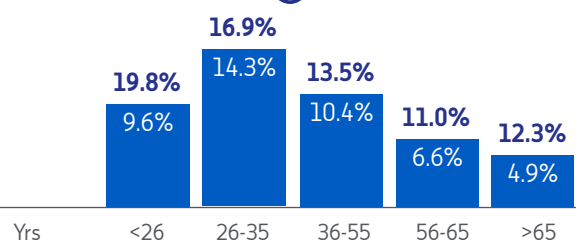
Firm Avg. Promotion Wage Increase

Average 14.2%
Percent of Firms



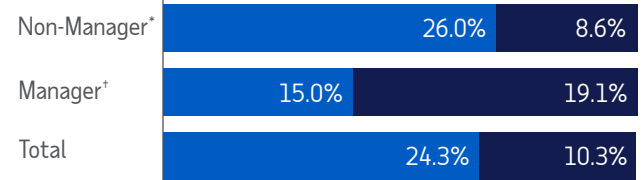
Promotions by Age

Promotion Rate Wage Increase



New Hire Rate vs. Promotion Rate

New Hire Rate Promotion Rate



* 65 percent of non-managers are incumbents, those who are not new hires or promotions.
† 66 percent of managers are incumbents, those who are not new hires or promotions.

New hires are defined as an employee hired within one year.







Manufacturing

Climbing the Manufacturing Ladder

	Percent of Employees			Wage in \$			Percent of Turnover			Percent of Promotions		Span of Control
	Level Share	Female	Male	Total	Female	Male	Turnover	Voluntary	Involuntary	Promotions	Associated Wage Increase	
Total	100.0	30.5	69.5	29.34	26.04	30.70	2.2	1.3	0.8	10.3	14.2	6.8
6 th + Level Managers	0.04	7.7	92.3	219.42	166.79	223.81	1.0	0.3	0.7	28.6	12.2	7.8
5 th Level Managers	0.1	7.5	92.5	160.39	143.52	161.76	0.9	0.6	0.3	26.1	12.1	7.6
4 th Level Managers	0.2	10.8	89.2	120.26	116.06	120.77	0.9	0.3	0.5	24.8	12.1	7.6
3 rd Level Managers	1.0	27.0	73.0	73.22	55.87	78.72	3.1	1.1	2.0	17.1	13.0	7.3
2 nd Level Managers	2.1	23.2	76.8	60.78	55.76	62.31	1.0	0.5	0.5	23.1	11.8	7.5
1 st Level Managers	8.2	27.8	72.2	46.82	43.78	47.94	1.2	0.8	0.4	17.7	12.8	6.5
Managers w/o Directs	4.4	29.3	70.7	45.46	41.05	47.24	2.3	1.4	0.9	19.8	11.9	N/A
Non-Managers	83.9	31.2	68.8	25.28	22.88	26.29	2.3	1.4	0.9	8.6	15.7	N/A

Manufacturing

Report Card for Manufacturing Firms

	Manufacturing Average	Manufacturing (1,000+ Firms)	Your Firm (enter your statistics here for comparison)
 Age (years)	44.5	44.5	
 Tenure (years)	7.9	8.5	
 Hourly Wages	\$29.34/hr	\$30.38/hr	
% Managers	16% \$52/hr	17% \$49/hr	
% Non-Managers	84% \$25/hr	83% \$27/hr	
% Male	69% \$31/hr	69% \$32/hr	
% Female	31% \$26/hr	31% \$27/hr	
 Monthly Turnover	2.2%	1.9%	
 Span of Control	6.8	7.4	
 Annual Promotion Rate	10.3%	10.8%	







Section 5
Industry Deep Dive

Professional & Business Services

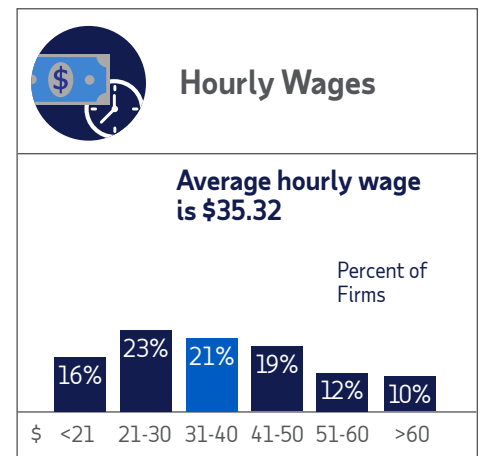
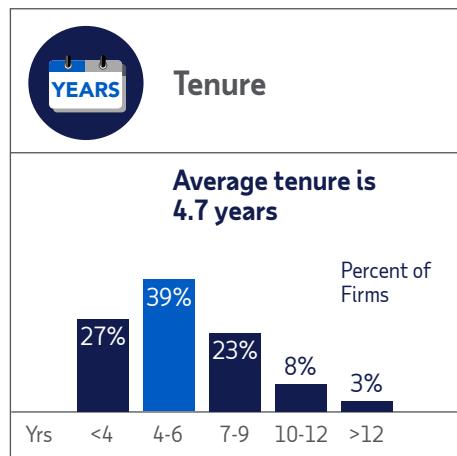
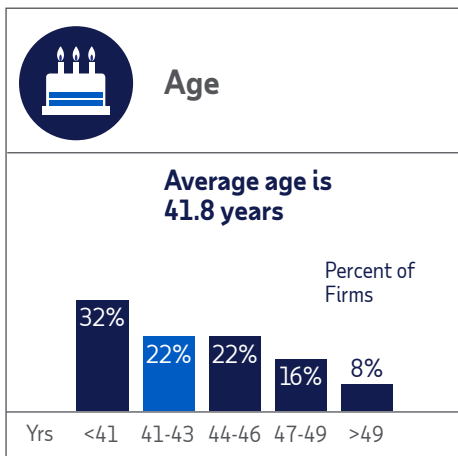
Sectoral Summary Statistics (Averages)

Professional & Business Services include a broad array of advisory and administrative services with a diverse mix of high-paid skilled and low-paid unskilled jobs. The term “services” includes both high-margin businesses such as legal services, consulting and risk management, as well as routine support services such as security, property management, janitorial and BPO services. A key differentiator is that firms within this sector offer their services primarily to other businesses rather than consumers.

While average wages within this sector are among the highest at \$35 per hour, there is also higher variation in wages to accommodate the diverse mix of skills represented within this sector. This broad variation should be considered carefully when comparing the organizational metrics of individual firms to the overall averages represented within the sector. Interestingly, more than 60 percent of this sector is composed of employers with more than 500 employees.

	Age (years)	41.8		Monthly Turnover	3.1%
	Tenure (years)	4.7		Span of Control	6.2
	Hourly Wages	\$35.32		Annual Promotion Rate	8.7%
	% Managers	19%			\$50
	% Non-Managers	80%			\$31
	% Male	55%			\$39
	% Female	45%			\$30

Age, Tenure, Hourly Wages (Firm Averages)





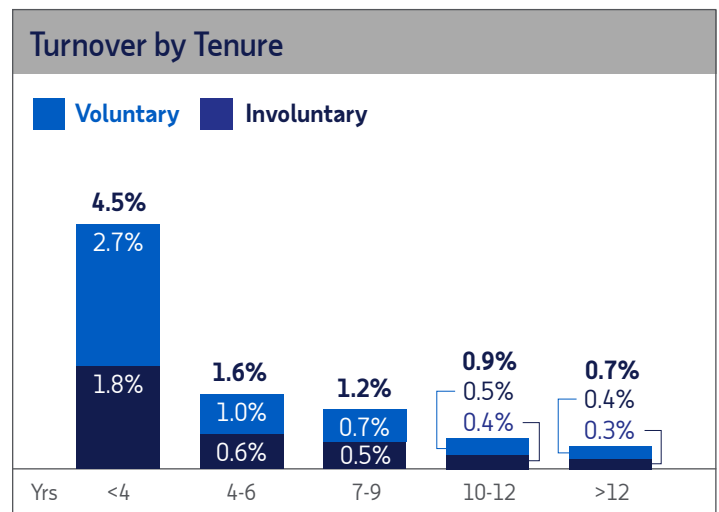
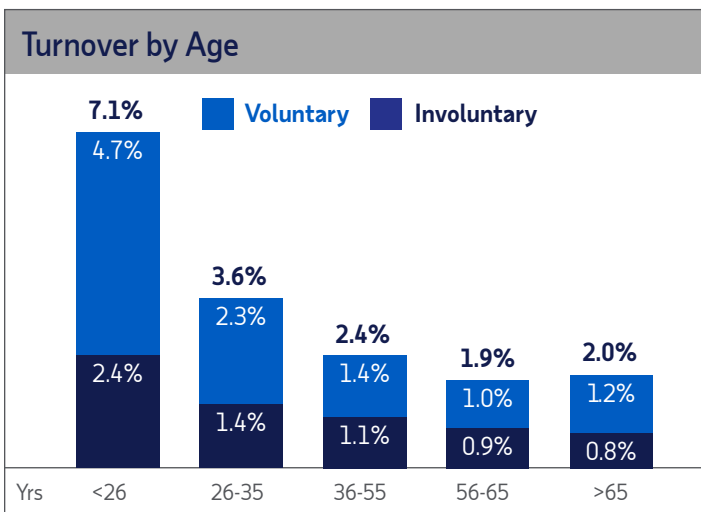
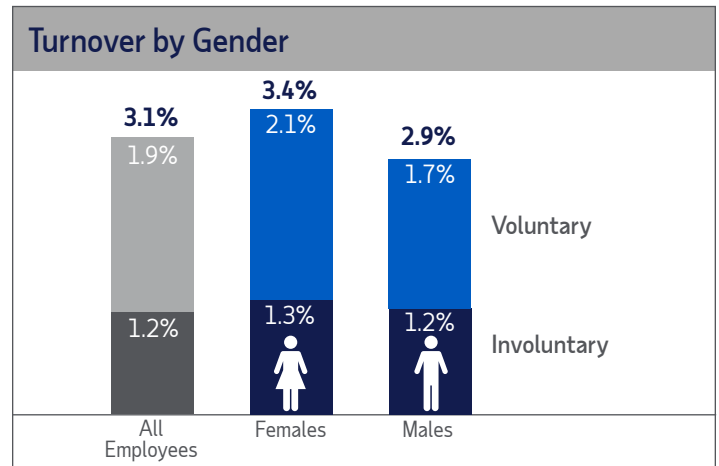
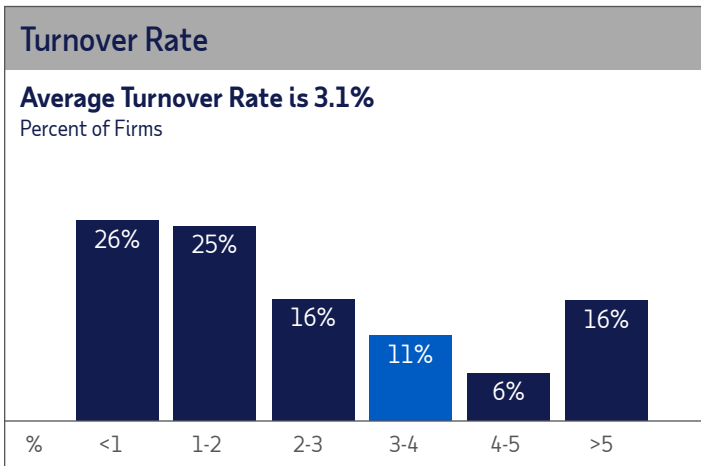
Monthly Turnover

The average total monthly turnover rate within the Professional & Business Services sector is 3.1 percent. Approximately 51 percent of firms have a turnover rate of two percent or less.

The turnover rate for female workers is significantly higher than for male workers (3.4 percent vs. 2.9 percent), which can be attributed to the difference in voluntary turnover where women leave their employer at a rate of 2.1 percent compared to men at 1.7 percent.

The turnover rate for workers with fewer than four years of tenure is 4.5 percent versus 1.2 percent for those with four years or more of tenure.

Workers within the Professional & Business Services sector are more likely to leave their jobs for voluntary versus involuntary reasons.



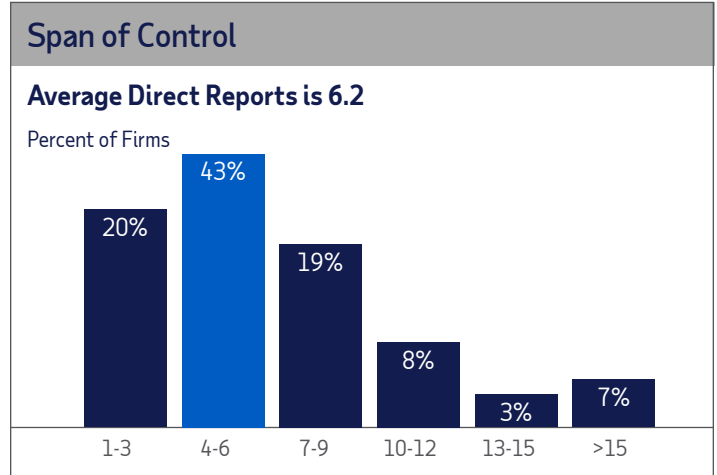


Span of Control

The average span of control for a manager in the Professional & Business Services sector is 6.2 direct reports per manager.

Males make up a larger share of the total managers within the sector and are more likely to manage more direct reports than females.

While manager turnover generally decreases as the number of their direct reports increases, employee turnover tends to increase when their manager's span of control is 10 or more employees.



In more than 60 percent of companies, managers have between four and nine employees who report to them.

Managers' Span of Control						
Reports	1-3	4-6	7-9	10-12	13-15	>15
% Female Managers	41%	36%	34%	35%	35%	36%
% Male Managers	59%	64%	66%	65%	65%	64%

Managers' Percent of Turnover						
Reports	1-3	4-6	7-9	10-12	13-15	>15
% Managers' Turnover	1.0%	0.9%	0.7%	0.5%	0.4%	0.7%
% Direct Reports' Turnover	3.4%	2.2%	2.3%	2.4%	2.5%	3.4%



Annual Promotion Rate

Across all firms in the Professional & Business Services industry, the average promotion rate is 8.7 percent.

Males have a slightly higher rate of promotion within this sector at 8.9 percent versus 8.5 percent for females. Males also see a slightly higher wage increase upon promotion at 18.0 percent versus 17.1 percent for females.

Males and females both wait an average of roughly six years to reach their first managerial promotion. This number is consistent with formal development tracks often found in professional service firms.

5.9

Years to first manager promotion

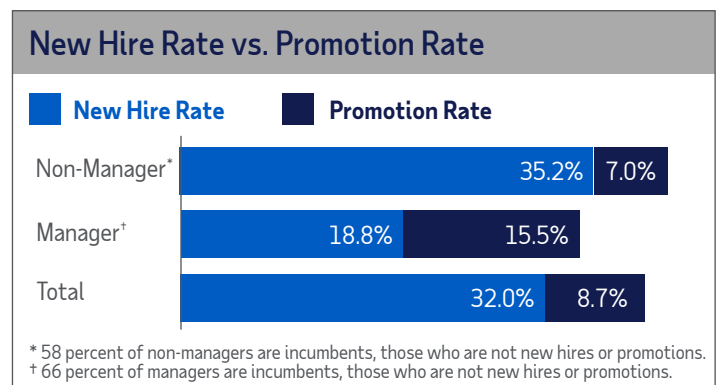
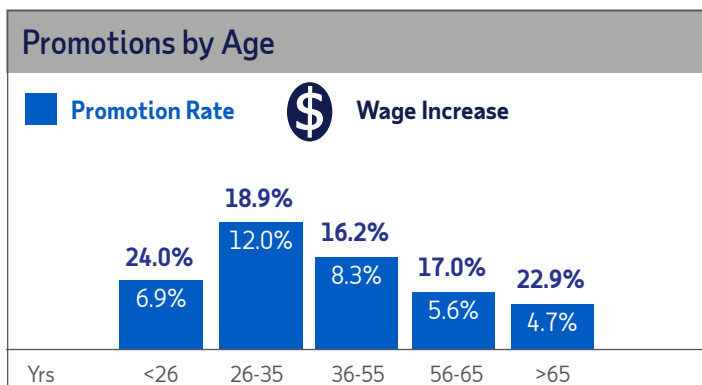
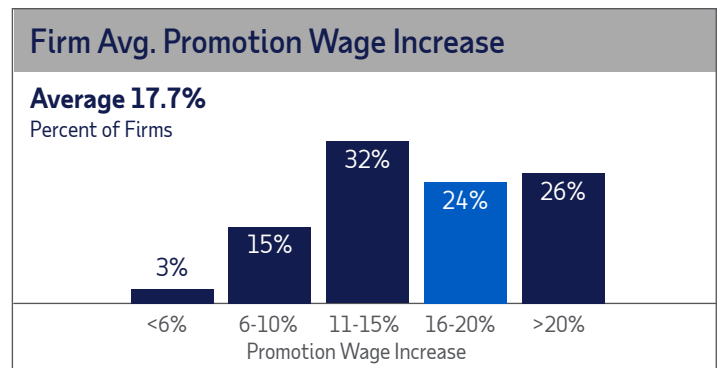
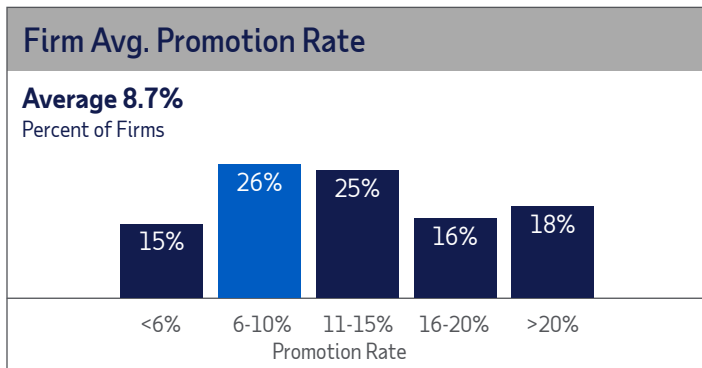
5.9 Female

6.0 Male

Promotions by Gender

Female **8.5%** Promotion Rate
17.1% Wage Increase

Male **8.9%** Promotion Rate
18.0% Wage Increase



New hires are defined as an employee hired within one year.







Professional & Business Services

Climbing the Professional & Business Services Ladder

	Percent of Employees			Wage in \$			Percent of Turnover			Percent of Promotions		Span of Control
	Level Share	Female	Male	Total	Female	Male	Turnover	Voluntary	Involuntary	Promotions	Associated Wage Increase	
Total	100.0	45.0	55.0	35.32	30.37	39.11	3.1	1.9	1.2	8.7	17.7	6.2
6 th + Level Managers	0.04	15.5	84.5	188.30	159.28	193.61	0.5	0.2	0.3	24.6	13.2	7.8
5 th Level Managers	0.1	17.5	82.5	143.66	126.09	147.37	0.8	0.5	0.3	26.3	16.1	8.7
4 th Level Managers	0.2	22.6	77.4	118.36	103.63	122.67	0.7	0.4	0.3	26.0	12.2	7.7
3 rd Level Managers	0.8	32.2	67.8	86.56	73.83	92.67	1.2	0.7	0.6	19.8	14.0	8.5
2 nd Level Managers	3.5	34.3	65.7	41.65	38.68	43.19	2.0	1.1	0.9	17.8	13.9	8.3
1 st Level Managers	10.1	38.4	61.6	47.21	42.05	50.39	1.4	0.6	0.8	14.1	16.0	5.4
Managers w/o Directs	5.3	42.9	57.1	51.57	44.09	57.12	2.4	1.4	0.9	15.5	15.8	N/A
Non-Managers	80.1	46.7	53.3	31.29	27.30	34.52	3.5	2.1	1.3	7.0	19.7	N/A

Professional & Business Services

Report Card for Professional & Business Services Firms

	Professional & Business Services Average	Professional & Business Services (1,000+ Firms)	Your Firm (enter your statistics here for comparison)	
 Age (years)	41.8	41.8		
 Tenure (years)	4.7	4.5		
 Hourly Wages	\$35.32/hr	\$33.10/hr		
% Managers	19%	\$50/hr	21%	\$44/hr
% Non-Managers	80%	\$31/hr	79%	\$30/hr
% Male	55%	\$39/hr	54%	\$36/hr
% Female	45%	\$30/hr	46%	\$29/hr
 Monthly Turnover	3.1%	3.2%		
 Span of Control	6.2	6.9		
 Annual Promotion Rate	8.7%	8.6%		

Section 5
Industry Deep Dive

Trade/Transportation/ Utilities







Trade/Transportation/Utilities

Sectoral Summary Statistics (Averages)

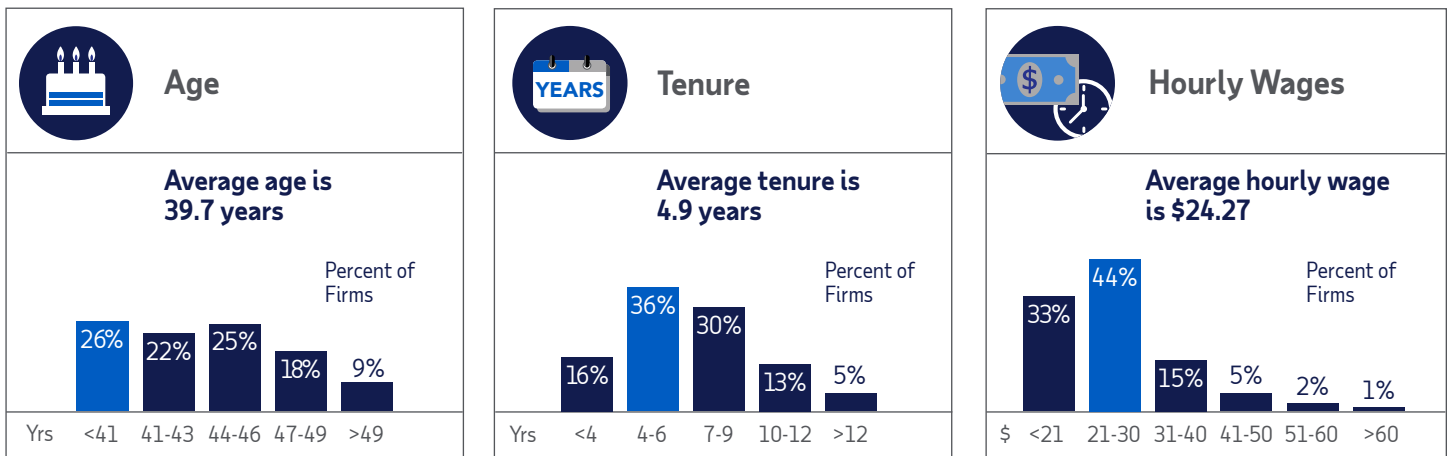
The Trade/Transportation/Utilities sector includes workers from various industries, including wholesale and retail trade. Retail trade constitutes a larger portion of the industry on an employee-share basis compared to wholesale. The industry, as a whole, provides the highest share of labor and makes up over 20 percent of the U.S. private-sector workforce.

Staffing requirements in this sector are more likely to be tied to daily, weekly and seasonal demand cycles, resulting in large percentages of part-time, contingent and seasonal workers. Front-line jobs are often simplified to accommodate rapid training of new and returning employees. In this environment, higher turnover, lower pay and higher spans of control are expected relative to other sectors.

The gender mix within this sector is slightly skewed toward males, who make up 57 percent of all employees.

	Age (years)	39.7		Monthly Turnover	5.0%
	Tenure (years)	4.9		Span of Control	6.8
	Hourly Wages	\$24.27		Annual Promotion Rate	8.7%
	% Managers	15%			\$38
	% Non-Managers	85%			\$21
	% Male	57%			\$26
	% Female	43%			\$21

Age, Tenure, Hourly Wages (Firm Averages)



Trade/Transportation/Utilities

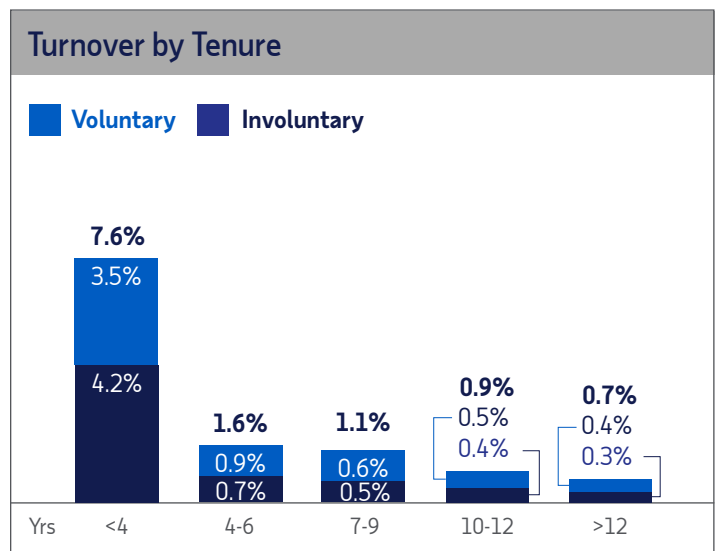
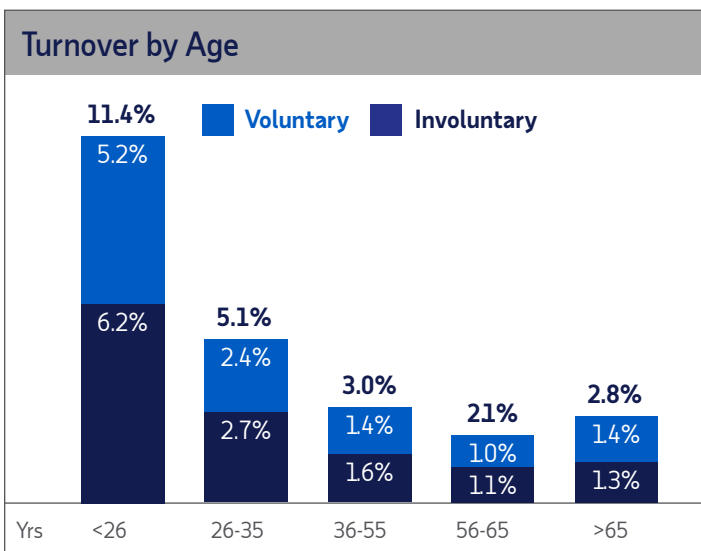
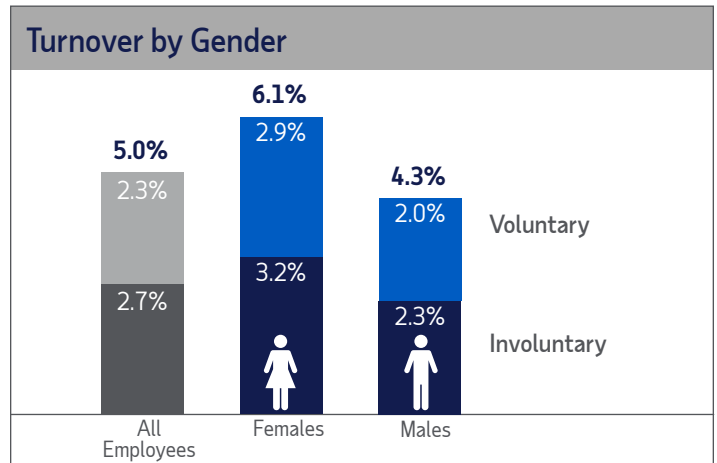
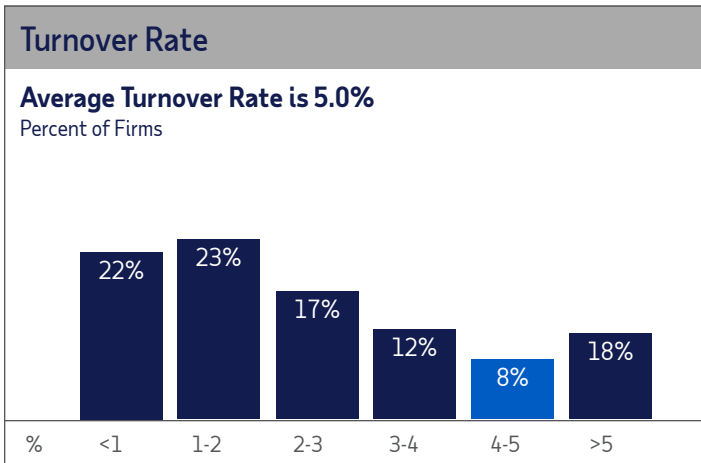


Monthly Turnover

The average total turnover rate within the Trade/Transportation/Utilities industries is five percent. Employees within this sector are slightly more likely to leave their job for involuntary reasons.

Females within the retail trade industry have a significantly higher turnover rate than males (6.1 percent versus 4.3 percent). A potential explanation for this disparity is the substantial presence of female employees in part-time and seasonal retail jobs.

Young workers, age 25 or less, have the highest turnover rate among the industries at 11.4 percent. Young or inexperienced workers, those under 25 years of age or those with fewer than three years of tenure, are also more likely to leave a job for involuntary reasons.





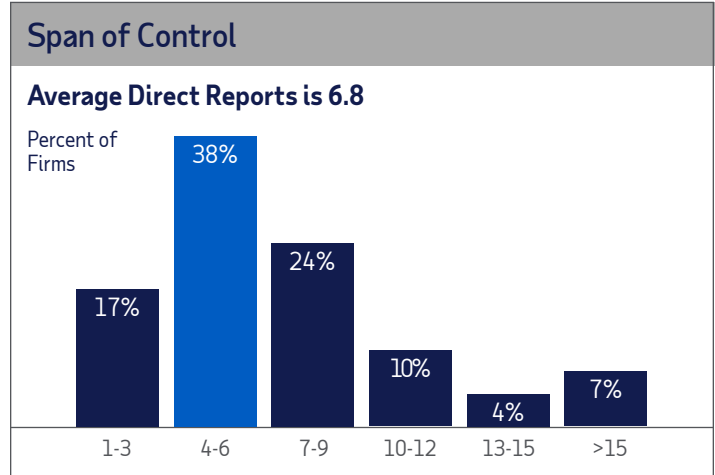
Span of Control

The average span of control for this sector is just under seven direct reports per manager, but there is a high variance based on the type of business.

Males constitute a larger share of the total managers within these industries, making up over 65 percent of all managers, while constituting only 57 percent of the total employee population.

Managers with fewer than 10 direct reports have slightly higher turnover rates compared with managers who have more than 10 direct reports.

Employees of managers with very low or very high spans of control (between one and three direct reports, or greater than 15 direct reports) have higher turnover rates (>5 percent) compared to employees of managers with intermediate spans of control.



In more than 62 percent of companies, managers have between four and nine employees who report to them.

Reports	1-3	4-6	7-9	10-12	13-15	>15
% Female Managers	34%	32%	35%	35%	36%	35%
% Male Managers	66%	68%	65%	65%	64%	65%

Reports	1-3	4-6	7-9	10-12	13-15	>15
% Managers' Turnover	0.9%	0.9%	0.9%	0.6%	0.6%	0.4%
% Direct Reports' Turnover	5.5%	3.0%	3.6%	3.8%	4.2%	5.6%



Annual Promotion Rate

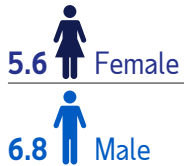
Promotion rates average nearly nine percent within the sector.

Males have a slightly higher average promotion rate of nine percent versus eight percent for females, but females are more likely to reach the manager level more quickly than their male counterparts (5.6 years versus 6.8 years).

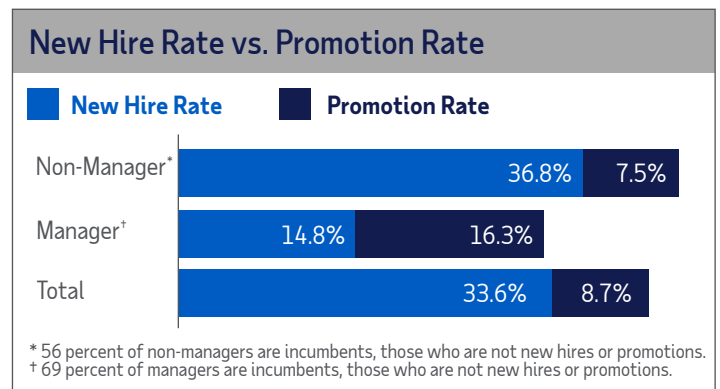
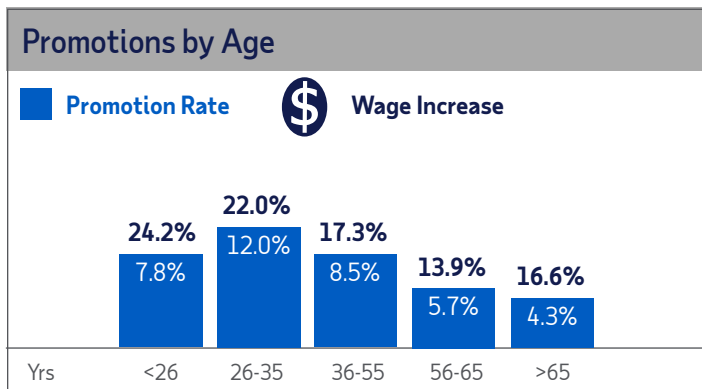
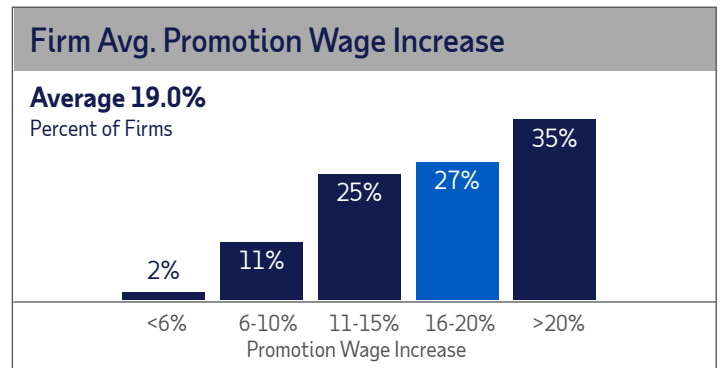
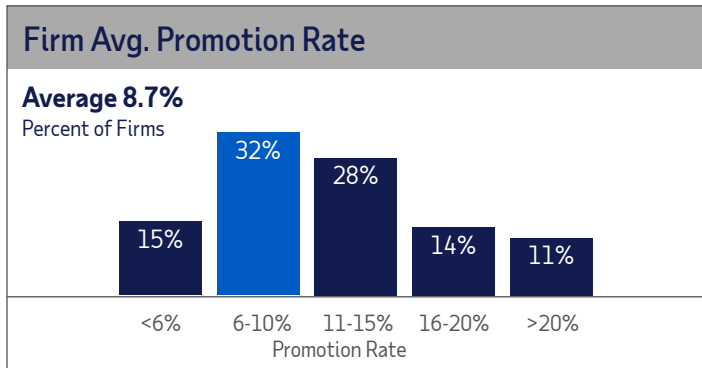
A higher proportion of manager positions is sourced through external candidates rather than promoting from within, compared with other industry sectors.

6.3

Years to first manager promotion



Promotions by Gender



New hires are defined as an employee hired within one year.







Trade/Transportation/Utilities

Climbing the Trade/Transportation/Utilities Ladder

	Percent of Employees			Wage in \$			Percent of Turnover			Percent of Promotions		Span of Control
	Level Share	Female	Male	Total	Female	Male	Turnover	Voluntary	Involuntary	Promotions	Associated Wage Increase	
Total	100.0	42.7	57.3	24.27	20.87	26.31	5.0	2.3	2.7	8.7	19.0	6.8
6 th + Level Managers	0.03	10.4	89.6	203.63	184.67	205.84	0.9	0.5	0.4	29.8	10.4	7.5
5 th Level Managers	0.1	13.2	86.8	147.44	139.05	148.72	0.4	0.4	0.0	27.8	13.3	8.0
4 th Level Managers	0.1	14.8	85.2	112.66	104.72	114.04	0.6	0.5	0.1	28.1	13.2	8.1
3 rd Level Managers	0.7	40.6	59.4	69.59	46.39	81.27	1.5	1.3	0.2	16.4	14.6	8.4
2 nd Level Managers	1.7	31.2	68.8	50.12	45.24	52.32	1.3	0.7	0.5	24.2	12.9	8.9
1 st Level Managers	8.3	38.8	61.2	32.93	29.78	34.87	1.5	0.9	0.6	14.0	20.8	6.3
Managers w/o Directs	3.6	44.0	56.0	34.30	27.61	39.19	2.7	1.6	1.1	17.0	17.7	N/A
Non-Managers	85.5	43.4	56.6	21.46	18.68	23.13	5.6	2.6	3.0	7.5	20.3	N/A

Trade/Transportation/Utilities

Report Card for Trade/Transportation/Utilities Firms

	Trade/ Transportation/ Utilities Average	Trade/ Transportation/ Utilities (1,000+ Firms)	Your Firm (enter your statistics here for comparison)
 Age (years)	39.7	38.3	
 Tenure (years)	4.9	4.3	
 Hourly Wages	\$24.27/hr	\$23.62/hr	
% Managers	15% \$38/hr	14% \$34/hr	
% Non-Managers	85% \$21/hr	86% \$22/hr	
% Male	57% \$26/hr	53% \$26/hr	
% Female	43% \$21/hr	47% \$20/hr	
 Monthly Turnover	5.0%	6.0%	
 Span of Control	6.8	7.1	
 Annual Promotion Rate	8.7%	9.0%	

Section 6

Conclusion

The most significant test for any business leader or organization is strategic execution — the translation of planning into business results. Building an effective strategy can be challenging, but it is an order of magnitude harder to build and structure a cost-effective organization that can actually execute against plan. Moreover, business plans require constant revision in the face of changing market conditions. Organizations must be sufficiently agile to adapt in the face of rapid change. Organizational adaptability plays a crucial role in strategic execution.

But how can we bring more science to the process of organizational design? What measurements matter most? What insights are missing? We know from literally a century of business cases that organizational restructuring — when performed correctly — can unlock extraordinary business value, but organizational change is a high-risk activity. We also know from multiple studies that “agility” — the ability of an organization to sense, adapt and respond to dynamic market conditions — is critical for modern businesses competing in a fast-paced global economy.

The organizational benchmarks and metrics contained in the ADPRI 2019 State of the Workforce Report provide an important step forward in solving this puzzle — a new data set that allows HR professionals to provide strategic guidance around organizational design and strategic workforce planning.

Historically, workforce decisions have been driven by financial data because profitability, productivity and labor cost data are readily available. Measuring and benchmarking financial costs and employee productivity is relatively easy, compared to gaining “bigger picture” insights about the health of the organization and its ability to attract, retain and empower its people.

For most companies, it’s much harder to diagnose critical organizational issues that may be preventing it from

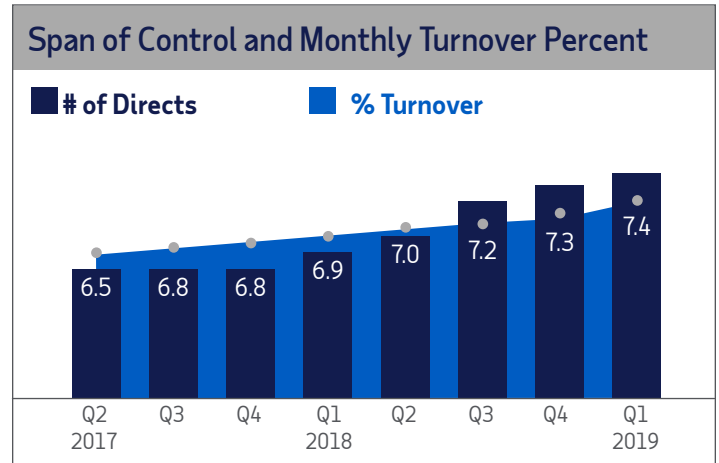
performing at the highest level. And this is where, armed with the right data, the right approach and the right insights, HR professionals can elevate their role and occupy a key seat at the table to help chart a better course toward their organizations’ future.

Tying HR data to company performance

In that respect, the availability of high quality, granular organizational benchmarks from the ADPRI 2019 State of the Workforce Report represents a major advance for HR professionals. Until now, most employers had access only to labor cost and productivity data to guide organizational change and strategic workforce planning — particularly smaller employers.

So how should HR departments use the ADPRI 2019 State of the Workforce Report data? By analyzing 1) turnover rate, 2) promotion rate, 3) span of control and 4) hierarchy benchmarks that employers can tie HR data back to other performance criteria. Does a company have problems with front-line quality and service delivery? Additional organizational data can help tease out the root causes for front-line breakdowns. Are there problems with adaptive response to the marketplace? Organizational data may corroborate a top-heavy or bureaucratic organization. A simple report card approach, demonstrated in the industry sectors, provides an opportunity to plot against benchmarks.

Report Card for National Firms			
	National Average	National (1,000+ Firms)	Your Firm (enter your statistics here for comparison)
Age (years)	41.7	41.1	42.5
Tenure (years)	5.6	5.4	5.8
Hourly Wages	\$29.03/hr	\$28.41/hr	\$26.11/hr
% Managers	16% \$47/hr	16% \$42/hr	15% \$41/hr
% Non-Managers	84% \$25/hr	86% \$26/hr	80% \$23/hr
% Male	53% \$32/hr	51% \$32/hr	49% \$29/hr
% Female	47% \$25/hr	49% \$25/hr	46% \$22/hr
Monthly Turnover	3.2%	3.4%	3.3%
Span of Control	6.9	7.9	7.0
Annual Promotion Rate	8.9%	7.3%	7.8%



Achieving accurate measurements and reliable benchmarks when it comes to these metrics — including how companies are structured; how employees are compensated; how pay and promotions are connected and how employers retain workers— can potentially help organizations illuminate some fundamental issues and opportunities that might otherwise go unnoticed or undetected.

Beyond a benchmark report card, we recommend that HR departments track their key organizational ratios on an ongoing basis, using quarterly dashboards and time plots to allow for continuous monitoring. Human Resources can proactively work with Finance and Operations to look for signs of underperformance and make small continuous adjustments to stay on course. The next chart provides simple visual evidence of a relationship between turnover and span of control. In this instance, HR and Operations can monitor an ongoing initiative to determine if/when an organizational delayering initiative has gone too far.

National and industry-specific insights

compensated; how The ADPRI 2019 State of the Workforce Report also provides insight into national and industry-sector workforce trends. On a national basis, the average monthly turnover rate is 3.2 percent, of which 1.8 percent left their employer for voluntary reasons and 1.4 percent left for involuntary reasons. The average annual promotion rate is 8.9 percent with a promotional wage increase of 17.4 percent. The average span of control is 6.9, implying that a manager has an average of about seven employees as direct reports. From a hierarchy point of view, the workforce is comprised of 84 percent non-managers with an average hourly wage of \$25 and 16 percent managers with an average wage of \$47/hour. These trends, taken together, provide insight into the overall health and competitive nature of the U.S. labor market. However, each industry sector displays its own distinctive patterns. For example, the Manufacturing sector workforce is highly distinctive and different from Leisure & Hospitality, suggesting that best practices for workforce management may not translate well between each sector.

Insights on employee turnover

The study also points to a highly complex relationship between employee turnover and other organizational variables. The average promotion rate, workforce age, tenure, wages and industry growth rate are all highly correlated with employee turnover. However, these variables are also strongly interrelated, and causality isn't necessarily clear. Pay tends to increase with age and experience. Similarly, promotional opportunities and age are disproportionately more important factors for younger workers, but they are decidedly interrelated.

Other organizational factors that impact turnover have competing tensions. A short span of control might be conducive to employee engagement, which presumably would lower turnover. However, if the shorter span of control is tied to higher labor costs, more bureaucracy and lower average wages, we might expect turnover to increase.

Context matters

The final lesson of this study is that organizational metrics can be misleading when taken out of context. More than anything, organizational metrics derive their power when combined with other types of business performance data, going beyond relative performance measures to illuminate directional trends. They may provide clues as to what is going right or wrong and permit adjustments, but they also have the potential to foster a deeper examination of a company's own unique characteristics and circumstances, which can provide additional context when correlated with business performance.

Elevating the role of HR

Ultimately, the availability of these kinds of organizational metrics, their application and their

influence on corporate decision-making suggests that the role of Human Resources will continue to evolve.

Compliance and process efficiency will also continue to drive adoption of new technologies and new business models by HR departments. Automation and outsourced services will further streamline key HR transactional services to reduce costs and maintain compliance with labor laws. This evolution is ongoing and, while its ROI will be measured in terms of labor costs, the real benefits will come in the form of time and energy reallocated to HR's core mission: the attraction, retention and development of talent.

With latent talent shortages and highly dynamic markets, HR departments must also focus on continuous reconfiguration to stay current with the marketplace. And, in this new world, the role of the HR professional has the potential to be elevated beyond tactical and operational to strategic and visionary.

In the HR leader's new role, business literacy and quantitative acumen will become all the more important. Operations, Financial and HR data analytics will be increasingly interpreted side by side. HR practitioners will be expected to collaborate more frequently with their peers in Operations and Finance with data-driven insights.

For these new HR leaders, the future holds new opportunities that are well suited to their experience and expertise. Beyond being another stakeholder at the table, they may now have an opportunity to become key strategists, decision-makers and leaders in a world of work that truly demands their knowledge and insights.

