

Labor shortage raises retention stakes

Occupations' turnover rates can shed light on the issue

By DAN ROBINSON

The mismatch between the numbers of job seekers and open positions has made retaining good employees both more important and harder in recent years. Recruiting people takes more time and energy, and employees have the leverage to ask for more, knowing that if their current employer doesn't offer what they want, a new one probably will.

To help identify what makes people likely to stick with a certain type of work, although not necessarily for the same employer, we estimated annual turnover percentages for select Alaska occupations in 2022 and ranked them from high to low, as shown on the next page. (See the sidebar on page 7 for methods.)

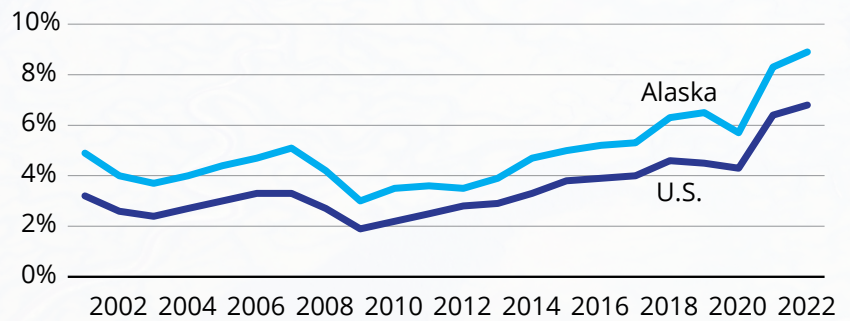
Wages clearly matter — the higher an occupation's wage, the lower its turnover tends to be — but they're not the only thing that matters. Some occupations have higher-than-expected turnover given their relatively high wages, and some have less turnover than we'd expect with their lower wages.

Another twist is that while some workers leave a job because they want to do something different, some want to keep doing the same thing but for someone else. The chart doesn't capture those movements, but we'll talk more about them below. National surveys and reports confirm that wages are also a big part of deciding whether to stay with an employer, but so are factors like a healthy work culture, opportunities for growth, and a clear and compelling sense of purpose.

Job openings near all-time highs

Job openings, as measured by the Bureau of Labor Statistics' Job Openings and Labor Turnover Survey, reached their highest levels ever measured for both the U.S. and Alaska in the years after COVID-19 hit.

Job opening rates jumped in 2021 and 2022



Source: U.S. Bureau of Labor Statistics, Job Openings and Turnover Survey

In the early 2000s, job openings for the country ranged from 3 million to 5 million, and for Alaska, they hovered between 10,000 and 15,000. (To count as an opening, an employer must be recruiting externally for work that a suitable candidate could begin doing right away.)

Job openings have since more than doubled for the U.S., reaching 11.4 million in mid-2022 before coming back down slightly. Alaska job openings followed a similar path, hitting 40,000 in the summer of 2022 before falling marginally but remaining far above historical levels.

The graph above shows that job opening rates for the U.S. and Alaska stayed roughly parallel over the last two decades, with Alaska's rates consistently running one to two percentage points higher.

The pandemic isn't the only reason

In the U.S. as well as Alaska (and nearly all states), job openings had started to rise well before the pandemic. Demographics had already begun to create labor shortages because the large baby boom generation had started aging out of their prime working years in the early 2010s as fewer people aged into their working years to replace them. Demographers had long seen that coming, and labor economists had anticipated it would create a workforce challenge. The

Yearly turnover rates and wages by occupation in Alaska, 2022

Turnover higher than expected, given wages

Turnover lower than expected, given wages

Occupation	Annual turnover rate	Average hourly wage
Cooks, Fast Food	84%	\$15.75
Drywall and Ceiling Tile Installers	82%	\$31.04
Landscaping and Groundskeeping Workers	71%	\$21.04
Highway Maintenance Workers	67%	\$27.94
Laborers/Freight, Stock, Matl Movers, Hand	66%	\$22.14
Dishwashers	65%	\$13.75
Floral Designers	63%	\$21.85
Cooks, Short Order	61%	\$17.35
Fast Food and Counter Workers	61%	\$14.62
Food Preparation Workers	55%	\$16.28
Cooks, Restaurant	54%	\$18.32
Retail Salespersons	51%	\$18.32
Child Care Workers	51%	\$15.93
Cashiers	51%	\$15.92
Radio, Cellular, Tower Equip Install and Repair	50%	\$34.12
Waiters and Waitresses	48%	\$13.11
Construction Laborers	47%	\$25.61
Customer Service Representatives	46%	\$20.92
Janitors/Cleaners, Exc Maids/Housekeepers	45%	\$17.69
Home Health Aides	43%	\$17.58
Bartenders	41%	\$13.67
Tellers	41%	\$19.03
Carpenters	40%	\$34.65
Emergency Medical Technicians	37%	\$25.52
Bus Drivers, School	37%	\$24.57
Maintenance and Repair Workers, General	36%	\$25.53
Bicycle Repairers	36%	\$15.51
Sailors and Marine Oilers	36%	\$30.19
Heavy and Tractor-Trailer Truck Drivers	35%	\$28.61
Butchers and Meat Cutters	35%	\$23.17
Heat, Air Cond, Refrig Mechanics and Installers	34%	\$34.71
Public Relations Specialists	33%	\$33.09
Water/Wastewater Treatment Plant/Sys Opers	32%	\$32.90
Dental Assistants	32%	\$25.21
Massage Therapists	30%	\$50.01
Child, Family, and School Social Workers	30%	\$30.46
Dentists, General	28%	\$83.77
Police and Sheriff Patrol Officers	27%	\$41.21
Technical Writers	27%	\$32.75

Occupation	Annual turnover rate	Average hourly wage
Animal Control Workers	27%	\$26.14
Operating Engineers/Other Const Equip Opers	26%	\$33.14
Clinical and Counseling Psychologists	25%	\$48.02
Surveyors	25%	\$40.58
Graphic Designers	25%	\$25.15
Aircraft Mechanics and Service Technicians	23%	\$37.12
Optometrists	23%	\$86.77
Petroleum Engineers	23%	\$71.91
Middle School Teachers, Except Special Ed	22%	NA
Electricians	22%	\$38.78
Chiropractors	22%	\$56.74
Accountants and Auditors	21%	\$39.34
Correctional Officers and Jailers	21%	\$32.66
Psychiatrists	21%	\$94.76
Dietitians and Nutritionists	21%	\$36.99
Bus Drivers, Transit and Intercity	20%	\$27.61
Machinists	20%	\$31.54
Occupational Therapists	20%	\$48.46
Computer Network Support Specialists	20%	\$42.61
Registered Nurses	19%	\$49.67
Sheet Metal Workers	19%	\$41.32
Network/ Computer Systems Administrators	19%	\$43.08
Derrick Operators, Oil and Gas	18%	\$35.68
Elementary School Teachers, Exc Special Ed	18%	NA
Secondary School Teachers, Exc Special Ed	18%	NA
Database Administrators	18%	\$44.25
Dental Hygienists	17%	\$54.70
Physical Therapists	17%	\$50.23
Environmental Engineers	16%	\$51.31
Physician Assistants	16%	\$69.45
Speech-Language Pathologists	16%	\$43.56
Explosives Wkrs, Ordnance Handling, Blasters	15%	\$33.06
Judicial Law Clerks	15%	\$26.06
Computer Programmers	14%	\$46.85
Lawyers	14%	\$57.98
Loan Officers	14%	\$36.43
Pharmacists	12%	\$70.39
Civil Engineers	12%	\$52.39
Architectural and Civil Drafters	9%	\$35.48
Architects, Except Landscape and Naval	8%	\$48.93

NA=Hourly wage data not available for these occupations.

Sources: Alaska Department of Labor and Workforce Development, Research and Analysis Section; and U.S. Bureau of Labor Statistics, Occupational Employment and Wage Statistics

pandemic accelerated the imbalance by prompting many older workers to retire earlier than they otherwise would have.

Because the increase in job openings was at first driven by normal retirements and then exacerbated by pandemic-driven early retirements, it's almost certain to persist as these powerful demographic forces continue to play out.

More open jobs than seekers

It has been typical historically to have more

unemployed people looking for work than job openings, as the graph on the next page shows. In the early 2000s, Alaska and the U.S. both had between 1.5 and 2.5 unemployed job seekers for every open job.

Nationally, the ratio soared during the Great Recession of 2007-2009, peaking at 5.8. Job satisfaction also hit record lows during that period, as measured by a survey The Conference Board has conducted since 1987.

The number of unemployed people per open job also rose in Alaska during those years, but not by much, as the national recession's effects on Alaska

were minor and brief.

By 2022, the usual ratio had flipped and Alaska and the U.S. both averaged about two open positions for every job seeker, numbers that haven't changed significantly so far in 2023.

Turnover patterns and outliers

Looking in detail at the turnover data by occupation shows that occupations with high turnover typically had low hourly wages, with a few exceptions highlighted in orange. Occupations highlighted in green were also outliers; they had lower turnover than one would expect if wages were the only thing that mattered.

The highest annual turnover rate in 2022 was 84 percent for fast-food cooks. That means if 100 were necessary to staff the state's fast food restaurants, 84 left the occupation over the year and needed to be replaced. The lowest turnover was 8 percent for architects.

Physically demanding jobs tended to have higher turnover

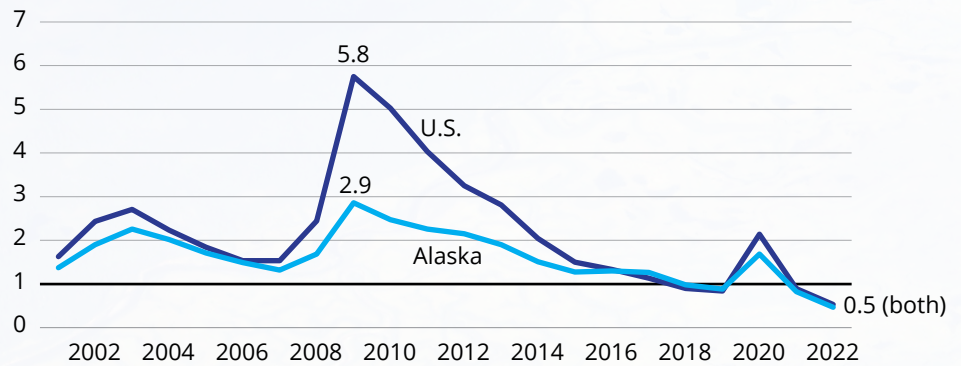
Four of the occupations highlighted for high turnover despite their high wages required physically difficult work. For example, drywall and ceiling tile installers handle and move materials, climb, lift, balance, and stoop. Similar physical requirements characterize the jobs of highway maintenance workers; radio, cellular, and tower equipment installers and repairers; and carpenters.

When the work is outside, as it is for several of those occupations, it can mean harsh weather on top of the physically demanding tasks, especially in Alaska.

Dentists' rates unusually high

Dentists' average hourly wage was one of the highest reported, but their annual turnover rate of 28 percent was higher than average. (For all occupations with at

Unemployed people per job hit a low in 2022



Source: U.S. Bureau of Labor Statistics

least 100 workers in 2022, the average rate was 33 percent.) While our data can't pinpoint the reasons for these rates, several factors are probably relevant.

Multiple national studies in the field over the years have found high levels of job stress and burnout. Another likely contributor is the fact that practicing dentistry doesn't differ much between states and dentists are in high demand, enabling them to move around to find their preferred combination of wages, working conditions, and quality of life. (When someone leaves Alaska, they are counted as having left the occupation whether or not they continue working in that occupation in another state.)

Finally, Alaska doesn't have a dental school. Alaskan dentists have to leave the state at least for their training years, which might weaken their roots here, and dentists who come from elsewhere would have notably less connection to Alaska at the outset of their practice in the state.

Jobs where creating appears key

Annual turnover for bartenders was less than half that of fast-food cooks despite the low average hourly wages. Tips are one likely reason. Total wages for bartenders would be significantly higher if tips could be captured accurately.

Bartending is particularly appealing to some, judging by the data. In addition to the social aspect, bartenders often seek special mixology training and many view their work as a craft.

This type of job and the identity that can come with it might be inherently more satisfying to people than the tasks required in other similar-wage jobs, many

of which require repetitive and physically difficult or dangerous tasks.

Low turnover among architectural drafters probably also says something about the satisfaction of creating or producing and the working conditions of that job. And given that architects are the only occupation with less turnover than architectural drafters, it seems there's something satisfying about designing buildings.

Unusual work with lower turnover

A few of the occupations highlighted in green hint at their unique character or the passion they inspire in certain people. Working in a bicycle shop as a bike repairer, for example, has one of the lowest hourly wages shown but turnover just above average.

While dangerous conditions can lead to higher turnover, explosives workers have one of the lowest turnover rates in the table, suggesting some people are especially interested in that job and those who take it, knowing full well what's involved, are more likely to stick with it even though the wages aren't high.

Some have disincentives to quit

Unique disincentives to leave a job with a defined term appear to factor into some occupations' lower rates.

Judicial law clerks are often hired for a single year or sometimes two. When their clerkships end, they tend to move on to higher-paid legal positions. Despite the relatively low wages, there are disincentives to leave during that one- or two-year period because it's a well-understood term of work, a reference from the judge they clerked for is valuable to young lawyers, and leaving in the middle of a clerkship could raise eyebrows among future legal employers.

There's some similarity to teachers in those respects.

Child care is especially relevant

One occupation of special interest in recent years is child care workers. Alaska and the nation have a widely acknowledged acute shortage of child care workers and facilities. That makes it harder for parents of young children to work, which exacerbates the worker shortage.

At 51 percent, child care turnover is well above

About the data

The data we used to produce estimated annual turnover rates came from Alaska's Occupational Database, which is a longitudinal data set that includes quarterly employment, wages, and occupational codes for nearly all Alaska employers. State unemployment insurance laws mandate that employers provide that information, which makes it robust and comprehensive.

To calculate annual turnover, we identified the number of people who worked in an occupation in 2022 and then divided it by the number who worked in that occupation during the quarter with the highest worker count.

For example, if 1,000 people worked as an accountant at some point in 2022, and the highest number who worked in any quarter was 800, we'd divide 1,000 by 800 to get 1.25, which would equate to a turnover rate of 25 percent.

We used the quarter with the highest worker count as an approximation of what full employment would be for that occupation in that year, given that Alaska's economy is unusually seasonal. That helps separate growth or seasonal high points from turnover, as not all hires qualify as turnover.

Occupations' tasks are taken from the U.S. Department of Labor's O*NET database.

average. The average hourly wage of \$15.93 was about half the overall average of \$31.79.

Those numbers are bleak, but the data at least hint at the appeal of taking care of children. Nine out of the 12 occupations with higher turnover than child care workers pay more. In other words, those other workers make more money — nearly twice as much in a few cases — but still have higher turnover rates than child care workers.

Some dot-connecting is required

While some influences on turnover rates are clear, the precise reasons certain occupations have high turnover can't be teased out because individual workers have their own circumstances, opportunities, and

preferences. And sometimes it's the boss, coworkers, or other factors that have little to do with the occupation. Different companies' turnover rates for the same occupation can vary widely, so what motivates a worker to stay or leave is partly tied to the specifics of the employer rather than the work itself.

Employer-specific turnover for fast-food cooks, for example, ranged from 167 percent to 0 percent among the hundred-plus Alaska fast-food restaurants that employed those workers in 2022. A preliminary analysis suggests the restaurants that paid more had lower turnover, but other hard-to-measure factors undoubtedly played a role, too.

Higher wages tend to mean lower turnover, but there are exceptions. And sometimes, it's the employer.

What recent national studies offer

National surveys and retention studies have been plentiful recently, given the difficulty employers now have filling open positions. Many of these sources identify raising wages as the most obvious and effective thing employers can do to improve retention, but some cite other factors as critical.

Massachusetts Institute of Technology analyzed millions of online profiles to identify employees who had recently left their employer for any reason and found toxic culture was the top reason workers quit.¹ Some of the attributes of a toxic culture include disrespectful treatment and unethical behavior.

MIT's analysis found that a toxic work culture was one of the four factors that were at least three times more likely to contribute to attrition than compensation. The other three were job insecurity, failure to distinguish between high performers and low performers when it came to recognition and rewards, and high levels of innovation.

Connecting high innovation with high turnover may seem surprising, and it was to the study's authors, but they found that with high levels of innovation came faster-paced work, longer hours, and more stress. Workers who rated their employers high on innovation were also likely to rate them low on work-life balance and a manageable workload.

A 2023 LinkedIn report found that 93 percent of employers were concerned about employee retention.

¹Toxic Culture is Driving the Great Resignation, MIT Sloan Management Review, January 11, 2022

The top five factors people considered when weighing a new job were:

1. Pay and benefits
2. Flexibility to work when and where they want
3. Challenging and impactful work
4. Opportunities for career growth within the organization
5. Opportunities to learn and develop new skills

The report found that younger workers placed especially high value on opportunities to learn and build skills and that workers over 50 placed more value than younger workers on challenging and impactful work.²

Harvard Business Review has been surveying employees for 20 years across a wide range of industries and job types, asking what they want and what contributes to their workplace satisfaction. They reported in 2021³ that the following six measures had the greatest influence:

1. Incentivizing loyalty by updating compensation packages, but also doing things like offering one-time bonuses and helping pay down student loans.
2. Providing growth opportunities, which are especially important to high performers.
3. Making it clear what the organization is trying to achieve, i.e., having and communicating a purpose beyond just profit or a paycheck.
4. Prioritizing culture and connection, which solidifies workers' connection to the organization and makes them more productive.
5. Investing in employees and their families by doing things like helping with child care and providing more paid time off.
6. Embracing flexibility in work environments in terms of place, time, job descriptions, career paths, and qualifications for positions.

Dan Robinson is chief of the Research and Analysis Section. Reach him in Juneau at (907) 465-6040 or dan.robinson@alaska.gov.

²LinkedIn, 2023 Workplace Learning Report

³Harvard Business Review, 6 Strategies to Boost Retention Through the Great Resignation