



2020 Manufacturing Industry Compensation Study

Executive Summary





ABOUT THE MANUFACTURING INDUSTRY COMPENSATION STUDY

With the strong demand for top performers, manufacturers are intent on gaining a competitive edge on building compensation packages designed on attracting and retaining the very best talent.

Now in its third year, the Manufacturing Industry Compensation Study reviews industry compensation from both hourly and salaried employees across multiple industries and job functions. The study also includes information on self-reported benefit packages that employees receive from their employers.

The Manufacturing Industry Compensation Study can be beneficial for many, including:

- **Manufacturers** – Benchmark your organization’s progress toward being an employer or choice
- **Employees** – Recognize your earning potential
- **Students** (or those looking to enter the manufacturing workforce) – Understand compensation and benefits in determining manufacturing is a career opportunity
- **Educators** – Share this information with students

STUDY METHODOLOGY

The sample selection for the Manufacturing Industry Compensation Study has fluctuated over its’ three-year existence. In 2018, the sample was strictly from the SME contact database, while 2019 and 2020 relied more heavily on the Qualtrics Manufacturing panel. This shift in sampling could potentially explain shifts in compensation shown in the data. However, the sample selection from both sources was a random nth name basis, with the only restriction placed on potential respondents was the requirement that they have an email address. No other sampling criteria was used.

Responses were received by SME and cleaned to ensure validity. Hourly employees were asked their hourly rate at \$0.25 increments, while salary employees were asked their annual salary on a \$1,000 basis. A five percent cleaning method was used; the top five percent and bottom five percent of respondents were cleaned to remove outliers. No other cleaning was performed.

To calculate Total Compensation, hourly and salaried respondents were combined. Hourly worker pay rates were annualized (40 hour work week, 52 weeks a year) and combined with Salaried workers to create the Total Compensation metric.

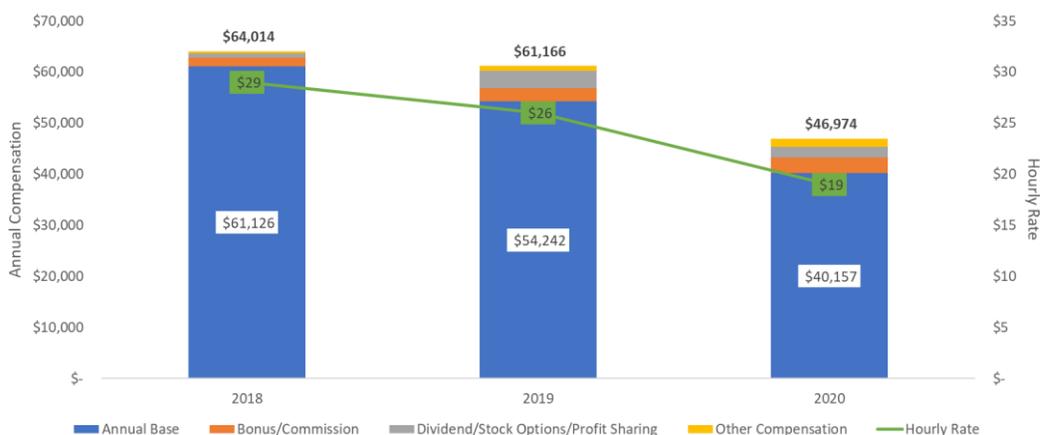


HOURLY WORKERS

These workers have spent less time in the profession, are less experienced, and haven't been employed at their current company for as long. They are also employed by comparably smaller companies and more females are hourly workers than male. About half (51%) are paid weekly, while about a third (38%) are paid every other week.

Over the past three years, both average hourly wage and annualized total compensation for hourly workers has decreased, with a drop in average hourly wages of approximately 27% from 2018 to 2019. This drop resulted in an almost \$14,000 decrease in annual compensation for the average hourly worker. However, despite the decrease in average hourly wages, respondents indicated that their bonuses have increased from an average of \$1,623 in 2017 to \$3,150 in 2019 (a 94% increase) and dividend/stock option/profit sharing payouts increased from \$900 to \$2,059 (a 128% increase) during the same period. The average hourly worker in the manufacturing industry, at a \$19 per hour wage, still makes \$11.75 over the federal minimum wage and approximately \$25,000 more on an annual basis.

GRAPH 1: HOURLY COMPENSATION (TRENDED 2018-2020)



Of those who received an increase, one in four (43%) received an increase between 1 and 5 percent, while fifteen percent received an increase of 6 percent or more (5% by more than 10% increase). Although 73% are satisfied with their current employment, about a third 36% are highly likely to seek employment with another company in the next year.

SALARIED WORKERS

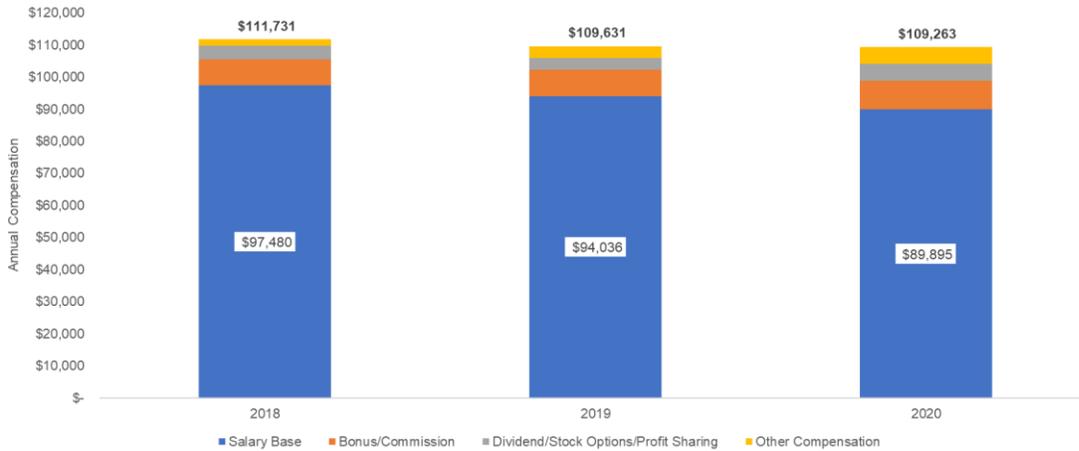
These workers have spent more time in the profession, are more experienced, and have been employed at their current company for much longer. They also have higher education degrees and are more likely to be male. On average salary workers work about 44 hours a week (males tend to work more than females; 45 vs 43 hours respectively) and are usually (47%) paid every other week.

Compensation for salary workers follows a similar trend to hourly workers in that their base pay is significantly lower than previous years, but the main difference is there is significant increase in other forms of compensation (i.e. bonuses, commissions, dividends, etc.) that makes up for the gap in base pay. Two-thirds of employees (67%)



reported receiving an increase in the past year (same reported percentage in 2019). Of those workers, over half (52%) received an increase of 1-5 percent, while 16 percent reported an increase of 6 percent or more, compared with 15% in 2019 and 9% in 2018. Therefore, the salary workers' average compensation of \$109,300, is comparable to previous years (\$109,600 in 2019, \$112,000 in 2018).

GRAPH 2: SALARIED COMPENSATION (TRENDED 2018-2020)



STATISTICS BY SECTION

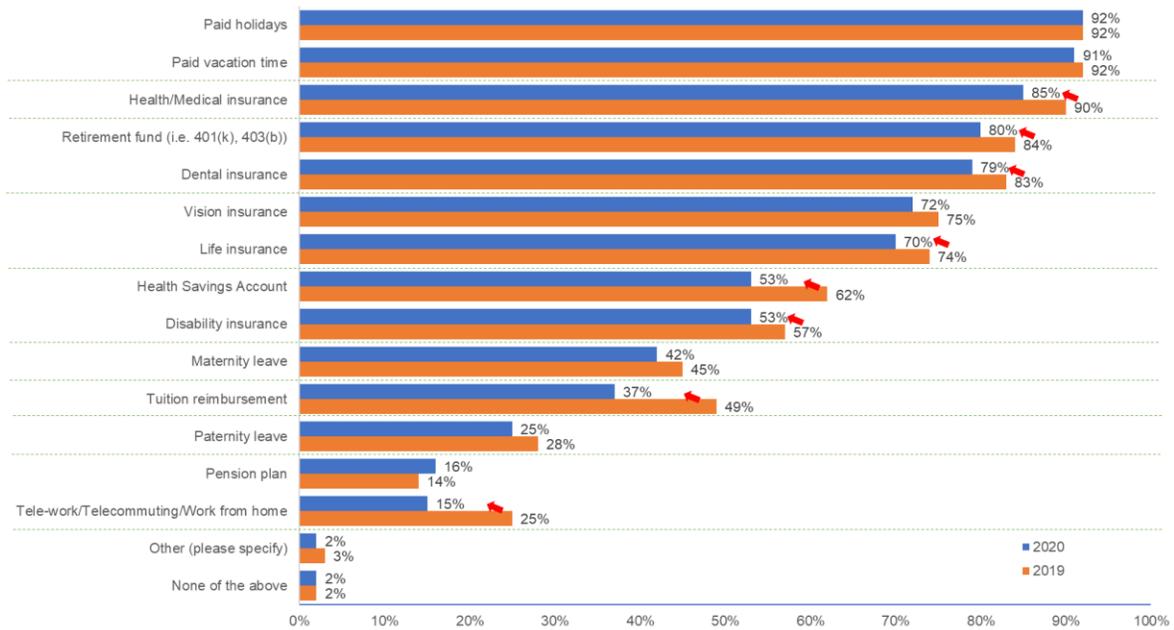
Regardless of whether an employee was hourly or salary, similar expected trends in total compensation were observed. For instance, the higher annual revenue of a company the higher the total compensation of their workers. Older/more experienced workers also received higher total compensation. Not surprisingly, management compensation is at the upper end of the average compensation range. “Manufacturing Engineering Management” ranks as the highest paying management job function, while Product Design & Development consistently is the highest paying job overall. The Northeast leads the nation when it comes to average compensation, where employees report an average compensation package of \$85,000. By contrast, workers in the South report the lowest total compensation of \$78,000, a full \$7,000 less than their Northeast counterparts.

BENEFITS

Over nine-in-ten respondents indicated that their employers provide both paid holidays and paid vacation time, consistent with last years’ study. From 2020 to 2019, respondents indicated that their employers scaled back on over half of the number of benefits tested (57%), including health/medical insurance, retirement funds, dental insurance, life insurance, health savings accounts, disability insurance, tuition reimbursements, and telecommuting. Respondents also indicated that their employers provide, on average, 16 paid vacation days. Hourly employees, on average, are provided 14 paid vacation days, while salaried employees are provided 17. Employers, regardless of hourly or salary classification, provide an average of 5% total retirement contribution to their employees.



GRAPH 3: INDUSTRY BENEFITS TRENDED



Overall, however, employers offer almost all benefits significantly more to salaried employees than hourly employees, with the exception of paid holidays, vision insurance and pension plans.

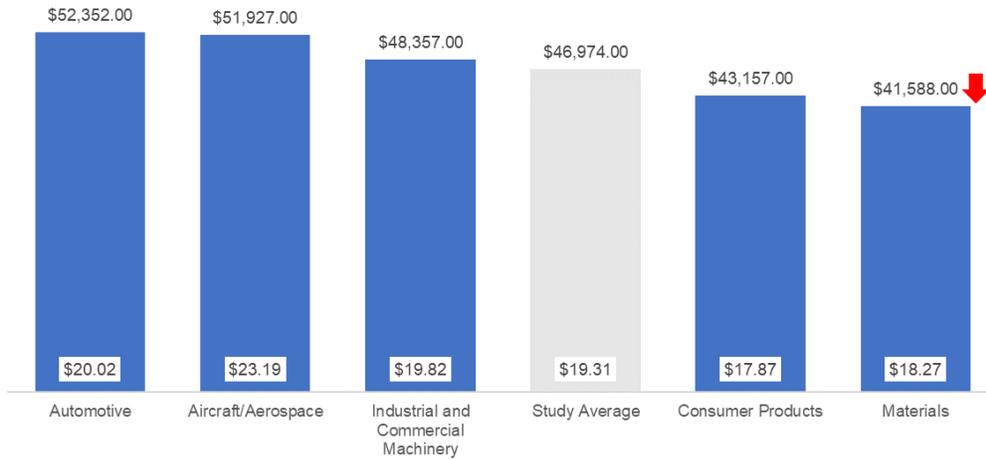
CHART 1: 2020 ANNUAL INDUSTRY BENEFITS (HOURLY VS. SALARY)

	Hourly	Salaried	Study Average
Paid holidays	88%	94%	92%
Paid vacation time	87%	95%	91%
Health/Medical insurance	79%	89%	85%
Retirement fund (i.e. 401(k), 403(b))	70%	88%	80%
Dental insurance	73%	84%	79%
Vision insurance	67%	76%	72%
Life insurance	61%	78%	70%
Disability insurance	44%	60%	53%
Health Savings Account	42%	61%	53%
Maternity leave	33%	49%	42%
Tuition reimbursement	22%	48%	37%
Paternity leave	18%	32%	25%
Pension plan	13%	19%	16%
Tele-work/Telecommuting/Work from home	5%	23%	15%
None of the above	3%	1%	2%
Other	2%	2%	2%



APPENDICIES

APPENDIX 1: 2020 HOURLY COMPENSATION BY INDUSTRY



APPENDIX 2: HOURLY COMPENSATION BY GEOGRAPHIC REGION TRENDED

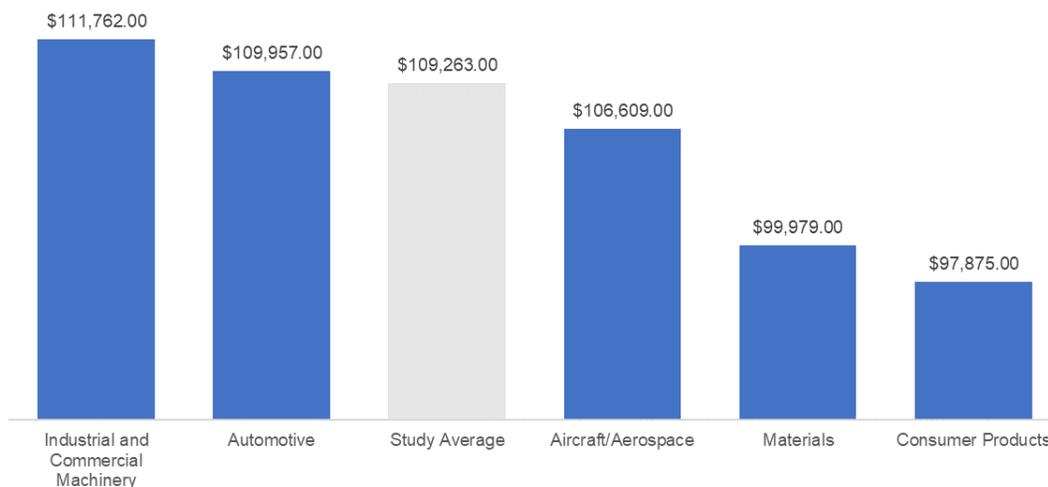
	Midwest	South	Northeast	West	Study Average
2020	\$46,948	\$42,417	\$50,636	\$52,027	\$46,974
2019	\$59,513	\$62,894	\$54,896	\$70,257	\$61,166
2018	\$62,247	\$66,939	\$62,485	\$64,853	\$63,983

APPENDIX 3: HOURLY COMPENSATION BY NUMBER OF EMPLOYEES IN COMPANY





APPENDIX 4: 2020 SALARIED COMPENSATION BY INDUSTRY



APPENDIX 5: SALARIED COMPENSATION BY GEOGRAPHIC REGION TRENDED

	Midwest	South	Northeast	West	Study Average
2020	\$108,716	\$110,974	\$112,899	\$103,877	\$109,263
2019	\$106,728	\$108,512	\$112,489	\$113,786	\$109,632
2018	\$110,184	\$107,028	\$112,756	\$111,672	\$111,827

APPENDIX 6: SALARIED COMPENSATION BY NUMBER OF EMPLOYEES IN COMPANY





CONTRIBUTORS

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ABOUT SME

SME connects manufacturing professionals, academia and communities, sharing knowledge and resources to build inspired, educated and prosperous manufacturers and enterprises. With more than 85 years of experience and expertise in events, media, membership, training and development, and also through the SME Education Foundation, SME is committed to promoting manufacturing technology, developing a skilled workforce and attracting future generations to advance manufacturing.

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