WORKERS ON THE MOVE
EDITORIAL NOTE

The Institute of Labor and Industrial Relations was established in 1946 to "inquire faithfully, honestly, and impartially into labor-management problems of all types, and secure the facts which will lay the foundation for future progress in the whole field of labor relations."

The Institute seeks to serve all the people of Illinois by promoting general understanding of our social and economic problems, as well as by providing specific services to groups directly concerned with labor and industrial relations.

The Bulletin series is designed to implement these aims by periodically presenting information and ideas on subjects of interest to persons active in the field of labor and industrial relations. While no effort is made to treat the topics exhaustively, an attempt is made to answer questions raised about the subjects under discussion. The presentation is non-technical for general and popular use.

Additional copies of this Bulletin and others listed on the back cover are available for distribution.

Robben W. Fleming
Director

Barbara D. Dennis
Editor

I.L.I.R. PUBLICATIONS, BULLETIN SERIES, VOL. 6, NO. 1

UNIVERSITY OF ILLINOIS BULLETIN

Volume 50, Number 11; September, 1952. Published seven times each month by the University of Illinois. Entered as second-class matter December 11, 1912, at the post office at Urbana, Illinois, under the Act of August 24, 1912. Office of Publication, 358 Administration Building, Urbana, Illinois.
Workers on the Move

Labor Turnover in the Defense Economy

By Kenneth Lehmann and C. Edward Weber*

Workers are on the move—to other cities, to other industries, and to other plants. This moving and shifting of workers in and out of the employer's work force is called labor turnover. If excessive, the effect is increased cost to management, to the union, and to the employee himself.

In the defense economy, turnover is becoming a more important problem. Civilian consumption, the defense program, and necessary industrial expansion are placing larger demands upon the economy. Unnecessary quits slow down production, making it difficult for the employer to meet his production goals.

The first section of the bulletin is devoted to an analysis of factors that tend to increase turnover. The second part includes suggestions for management and labor leaders of ways to reduce turnover in order to contribute more fully to the defense needs of the nation.

PART I
WHY IS TURNOVER A PROBLEM?

Past and Present Experience Indicates That Under the Defense Program Turnover Will Increase

Present industrial expansion will accentuate some types of personnel actions and reduce the importance of others. Expanding industry needs an expanding work force, so the hiring aspect will be important. During most of the months of 1951, hiring in manufacturing industries exceeded the total layoffs, quits, and other separations, particularly in the aircraft, machinery and other metalworking industries.¹ This, together with other employment data, points to continued gains in factory employment as defense production is accelerated and output of civilian goods is maintained at high levels.

As employment increases, quits, as a type of separation, become more important. High levels of employment go hand in hand with high quit rates. "It (turnover) is also a function of the availability of alternative employment opportunities."² Since it reflects the amount of voluntary job shifting, the quit rate is one of the most important factors in labor turnover and presents one of the most important challenges to the management of individual firms and to labor leaders.

* Prepared under the direction of Richard C. Wilcock, Assistant Professor of Labor and Industrial Relations.
AVERAGE QUIT AND AVERAGE SEPARATION RATES*
(Per 1,000 Employees; Per Month)

From the chart we see how quit rates became more important as America moved into the mobilization period of the Second World War. Since the initiation of the defense program in 1950, average separations and quit rates again have begun to show an upward trend. As we move toward even greater expansion of our production facilities, the importance of quits can be expected to increase even more.

**Factors in the Economy That Affect Turnover Are Intensified by the Defense Program**

Although a few factors in the economy tend to reduce turnover, there are many more which tend to increase turnover in a defense period.

A primary factor tending to stabilize the work force and thus to *reduce* turnover is union influence. By “belonging” to a group closely allied with their jobs, union members feel an additional attachment to these jobs. By having access to a formally recognized grievance system, many employees have a means of reversing pressures that once might have caused them to quit. These grievance proceedings also can provide management with an index to areas where pressures are building up by providing a channel of communication between employees and employers.

To the extent that unionism tends toward a leveling of wages and conditions of work among different plants in the same industry, some of the inducements for workers to move from plant to plant are removed. Therefore, defense industries may not be able to rely as much on wage differentials to attract additional labor as during World War II.³

Fringe benefits in a particular job tend to encourage a worker to stay on that job. The large number of employees covered by some type of health, welfare, or retirement benefit plan in automotive, steel, coal, railroad, and other industries⁴ may be stabilized in their jobs as a result of these benefits. Nearly four times as many workers are now participating in industrial pension plans than were covered in 1940.

A tight labor market (meaning an abundance of job opportunities) is probably the strongest force tending to *increase* turnover in a defense economy. An estimated 3.6 million additional jobs must be filled in 1952 and 1953. Such expansion will be difficult and “... will result in the tightest labor market experienced since the all-out mobilization effort of World War II.”⁵

When people know that other jobs are easily obtained, they will refuse to endure unpleasant working conditions. Also, in a tight labor market certain employees may become aware of new opportunities elsewhere which will prompt them to change jobs, regardless of their attachment to their present jobs.

Rising prices and higher costs of living play an important role in
influencing turnover. While it is becoming more apparent that people do not stay on jobs solely for the money they earn, it is also true that the employee's financial position is important to him. Increased costs of living can mean increased domestic and social pressures on the employee. If these pressures become great enough, he may start looking around for another job.

Government efforts to divert workers from less essential industries into vital defense manufacturing can increase turnover. Such a program would require certain policies to smooth the transition into defense work. Methods might include wage differentials, defense housing and transportation, child-care centers, and travel and settlement allowances for workers who must move. All of these would represent attempts to induce people to change to essential defense jobs.

The Success of the Defense Program Is Affected by Turnover

The defense program is dependent upon increased production. This means that fuller utilization of the work force is essential. When a man quits his job, time is lost while he seeks another job, and more time is lost introducing him to his new job. Thus the employer's effort to increase production is hampered. However, labor turnover may be beneficial to the defense program when workers in non-essential industries leave their jobs to work in essential industries.

Increased Turnover Means Increased Costs — for Management, for the Union, and for the Worker

For management. A high quit rate can work against efficient use of the work force by creating serious operating problems. Replacing a worker involves, among other things, recruitment office time and expense, employment office time and expense, training time and expense, supervisory attention, inefficient use of machinery, tools and materials, as well as disruption of part of the work force. Hours and dollars spent in replacing a worker who has quit realize little or no return. Thus, excessive turnover can create added operating costs to the business.

Usually the pressures causing one worker to quit do not stop exerting influence on others in the plant. These workers, in turn, may also leave their jobs when the pressures catch up with them.

Continuous change in the membership of a work force can be detrimental to worker morale and efficiency. Turnover, if it means employment of less-skilled workers to replace the quits, can undercut customer good will through delay in fulfillment of orders and inferior standards of production.

In addition, those managers who recognize the values of promoting
employees from within may feel the effects of excessive turnover; if turnover is high, future plant leadership may be lost.

For the union. Excessive turnover deserves serious consideration by the labor union, an organization composed of workers and functioning in an environment of workers. Continuous membership campaigns must be conducted if membership is to be maintained. As an organizer, the shop steward may have to work hard to keep even with labor turnover. As an educator, the union official has to tell and retell his story as fast as turnover demands. This duplication of effort can mean excessive attention to the new workers at the expense of attention to the interests of the older members.

Turnover can create other administrative problems that must be dealt with by the union officials. The shop steward, in his role as a worker, may be among those who quit. Then the union will have to recruit and train a new shop steward. This out-drain of shop stewards and workers can cut into the potential leadership of the union and its solidarity. A rapid influx of workers, caused by the need for replacing those who have left or by expansion of the work force, may tend to bunch a large number of workers at the low end of the seniority list. Such a bunching of workers can cause difficulties in settlement of disputes concerning seniority. These examples serve to illustrate the turnover problems that unions may have to face.

For the workers. Probably the party most affected by turnover is the terminating employee himself. Consider what happens to a person when he quits a job. Usually he is induced to change jobs because of one or two factors. Either he has been exposed to a working situation unpleasant enough to cause him to seek a new job or he is attracted into taking a new job by such inducements as higher pay, better opportunity for promotion, a more "suitable" type of work, or greater job security.

Few workers are in a position to know all the facts about a prospective "new" job and, therefore, a worker considering a new job is not able to make a precise comparison between that job and the one he already has. The question in his mind, "Shall I keep my present job or take my chances on another one?" shows that he is dissatisfied with his present job and is willing to "take his chances" on a new one.

Usually the worker does not have another job when he quits. Therefore, before he finds his new job there is a period of temporary unemployment when he and his family are without income.

Turnover can prevent the maximum utilization of the work force by creating time- and money-consuming operating problems for both labor and management leaders. Turnover affects the worker by creating problems of personal adjustment and temporary unemployment.
Turnover Can Have Beneficial Effects

However, while excessive turnover may be harmful to management, unions, and the worker, all turnover is not harmful. It may be valuable and a certain amount of turnover during a mobilization period is unavoidable.

People will quit jobs to take better positions elsewhere or to enter military service. At the local plant level a certain amount of turnover is beneficial when it brings employees with new skills and fresh ideas into an organization. There will always be a need for younger, stronger employees to replace those who leave for reasons of health or age. Also the movement of workers from non-essential industries into essential industries is necessary for a mobilization program.

The worker who finds himself a better job than the one he has left represents a benefit of turnover. If the work he is now doing is more to his liking, if his working associates and surroundings are more pleasant, and if his concern about his future is alleviated, he will contribute more to the organization and be a happier person.

Within due limits, labor turnover can be an asset to an organization and to its employees, and can mean a more productive labor force. Beyond these limits such turnover may be destructive of organizational and individual stability and of mobilization needs.

PART II
WHAT CAN THE EMPLOYER DO TO REDUCE TURNOVER

Two types of turnover actions — additions to the work force and voluntary quits — become more important in the defense economy. Additions to the work force will be governed by national needs and will mean inducement of millions of people to get into vital war work. On the other hand, leaders at the local plant level can take definite steps in controlling excess quits. The remainder of the bulletin is devoted to an analysis of how a plan for controlling quits can be developed. Such a plan can serve as a guide for action by local management and labor leaders and thus contribute to America’s defense needs by reducing voluntary quits.

How can voluntary quits be reduced? Those in industry who are concerned with the problem of labor turnover agree that turnover is essentially a problem of worker morale. They will make statements like this: “Turnover is a sensitive measure of morale,” “Probably one of the most important indicators of poor employee relations and one of its most costly consequences . . . is labor turnover,” or “Turnover reflects uncertainty over present or future work prospects and a search for security.”
Positive measures to improve the status, the feeling of security, and the job satisfaction of the individual employee will go far toward raising a worker's morale. The expense of labor turnover, therefore, need not be written off as a fixed overhead charge since the problem has confronted and has been successfully solved in many companies. Special studies of plants operating in the same community, where employees face common problems, show that while turnover is seriously impeding production in one firm, another may have little or no turnover problem.

Actually the final decision an employee makes in quitting his job seems to be closely related to the company's policies and working conditions. A program to reduce turnover takes place at the local plant level. In the plant, the industrial relations organization, the union and the supervisory force all participate. A successful program is reviewed and changed at regular intervals.

Even when the costs of, and many of the reasons for, high turnover are known, no single remedy can be used as a cure-all for this symptom of organizational ill-health. But over a period of time turnover can be reduced by working to prevent its causes.

The Employer Will Need Certain Information About His Turnover Problem

The first step in a positive program for combatting turnover is a collection and analysis of information relevant to the existing conditions and the individuals involved in the quits. Additional information is required on the employees that don't quit and on those that have a high absentee rate.

Answers to three questions about employees who quit may go far in helping cut the rate of voluntary separations by isolating conditions surrounding voluntary quits.\(^7\)

1. Why are employees quitting their jobs?
2. From what location in the company are people quitting?
3. What kind of employee is quitting?

Why are the employees quitting their jobs? Do people give up jobs because they think they can find better jobs somewhere else? Are they dissatisfied with their supervisor, working conditions or their fellow employees, or do they feel they are "getting nowhere"? Are people leaving their jobs for unavoidable reasons such as illness, marriage, pregnancy, "needed at home," or reopening of school?

Although investigation of an employee's reasons for leaving a job will uncover a variety of different causes,\(^8\) the reason given by the employee will center around two areas. In the first, and by far most important,
area are conditions within the control of the company or union—including wages, job placement, supervision and promotional opportunities. The second area will cover those conditions not subject to company or union control—including family moving, marriage, and health. The handicap that arises here is the difficulty in distinguishing between factors that can be controlled and those that cannot. For example, should management and the labor union acknowledge responsibility for such things as transportation difficulties, poor housing, and child care facilities?

A reason given by the employee for his quitting will be of little help in itself, although it is useful in pointing out trouble areas in the plant. The “reason” may be only the “straw that broke the camel’s back,” the final pressure in a series of pressures.

One recent study of turnover attempted to get behind the employees’ immediate stated reason for quitting. The results shown below are background causes in the working situations as viewed by the employees who had quit their jobs.

<table>
<thead>
<tr>
<th>Supervisory problems</th>
<th>39%</th>
</tr>
</thead>
<tbody>
<tr>
<td>General company problems</td>
<td>13</td>
</tr>
<tr>
<td>Disliked particular job</td>
<td>11</td>
</tr>
<tr>
<td>Disliked company</td>
<td>10</td>
</tr>
<tr>
<td>Work load</td>
<td>7</td>
</tr>
<tr>
<td>Working conditions</td>
<td>6</td>
</tr>
<tr>
<td>Job placement</td>
<td>5</td>
</tr>
<tr>
<td>Recreation</td>
<td>5</td>
</tr>
<tr>
<td>Hours of work</td>
<td>3</td>
</tr>
<tr>
<td>Disliked co-workers</td>
<td>1</td>
</tr>
</tbody>
</table>

100%

“Supervision,” leading the list in the above table, includes such underlying causes as unfairness, treatment of suggestions, over-supervision, and on-the-job training, and accounts for nearly four persons out of ten quitting.

In the same study it was found that direct causes given by employees for quitting jobs were somewhat different from their predisposing or background causes. “Desire for higher wages,” “promotion,” a “better job,” “more schooling,” and “better supervision” headed the list of immediate causes.

Of all the explanations given as immediate causes for quitting, only 12.5% were reasonably beyond the labor or management leaders’ control.

Final results of an analysis of voluntary quitting are: (1) Employees
quit jobs because of continuous exposures to a series of personal dissatisfactions; and (2) Most of the pressures forcing people to leave an organization of their own accord can be reduced or eliminated.

From what location in the company are employees quitting? Within any one organization there may be a disproportionate amount of turnover in certain departments or sections. Which departments are these? What kind of work is being performed, under what conditions, and under whose supervision? The answers to a set of questions such as these serve to point out areas in the organization that are breeding quits.

Once such areas within the organization are pinpointed, closer examination of the trouble areas can be made. Supervisory treatment may be the cause of high turnover (an expanded production schedule means the use of more foremen who may be technically competent but lacking in human relations skills); job placement may be the trouble as a result of rushing women, older workers, and new, young workers into jobs requiring physical strength, endurance or adequate training; or the problem may not be so readily recognized. By isolating high turnover sections within the organization a more fruitful study can be made of the sore spot.

What kind of employee is quitting? The age, sex, marital status, nationality, length of service, and skill of the employee who voluntarily leaves his job are items worthy of attention. Are voluntary separations occurring among the younger employees, among the ones most recently employed, among the unskilled workers, or among the skilled long-service employees? By knowing the type of person who is quitting, an employer is better able to take measures to remove the particular source of irritation.

There is little excuse for smugness when turnover is high in the "common laborer" group. Instead, an employer with this problem could ask: Can we reduce these separations by supplying more and better opportunities for advancement, participation, or by improving working conditions?

It need not be accepted that all young people are "flighty." Instead, the employer might ask if the young people in his organization are made to feel that their youth is an asset, that their ideas are valuable, and that their potential skills will be suitably rewarded.

Why are some employees staying on the job? To complete his collection of background information the employer also needs data on the reasons employees do not quit. What keeps them on the job? What are
the factors in a job situation that brings them satisfaction? If he knows what factors are at work in making up job satisfaction, then he will know better what personnel factors need to be supplied to keep workers on their jobs.

On what basis does a worker decide whether a job is worth keeping? It is difficult to determine which factors are more important than others. There is a running argument, for example, on the importance of wages to the employee. Therefore it is more important to determine the cluster of factors making up job satisfaction than it is to attempt an evaluation of any one most important factor. Each factor in the job situation is capable of becoming the most important in a particular case. If wages are low enough, everyone might mention this as the most important source of dissatisfaction. If working conditions are hard, everyone might mention this as most important. Factors in a job situation influencing the employee may vary from time to time and from plant to plant.

One study of factors in job satisfaction shows five points of primary importance.

1. Independence and control. Involved in this factor are freedom from too close supervision and a chance to voice an opinion on how the job should be done. This and other studies emphasize the important effect supervisors have in influencing job satisfaction.

2. Physical characteristics of the job. The nature of the job itself (clean or dirty, light or heavy, safe or dangerous), physical plant condition (cleanliness, light, ventilation, toilet facilities), and the type of machinery (modern or obsolete, physical condition) all contribute to a worker's satisfaction with his job.

3. Adequacy of wages. Wages play a role in worker satisfaction in the "cost of living" sense — the means by which the worker supports himself and his family. In addition, wages are used by the worker as an estimation of how fairly he is being treated in relation to fellow-workers in his or other plants.

4. Fairness of treatment. The worker's wage position (mentioned above) influences his feelings of fair treatment. Examples of other influences are rewards to the worker as a result of his length of service and performance on the job, prompt settlement of grievances, and promotion (important for its prestige rather than for the extra income).

5. Job interest. The extent to which a job is interesting to the worker is an important factor in influencing job satisfaction. Particularly important are the presence or absence of variety in the work, the extent of contact with people, and the opportunity to use his skills completely.11
These five factors in job satisfaction do not exhaust the list since "security" and "fringe payments" might be included. They are listed as a guide to worker satisfaction—and possible dissatisfaction if they are not provided.

**What is causing absenteeism?** Absenteeism, as a kind of "part-time" turnover, is included in the study of turnover since the same general lines of questioning are followed. A study of absenteeism can aid in solving the turnover problem by providing clues to possible future turnover. Dissatisfactions reflected in absenteeism may be the same ones which will cause quits.

Absenteeism, like turnover, may be voluntary or involuntary and actual cases cover a wide range. At one extreme are involuntary absences caused by physical disability of a worker through sickness or accident. At the other extreme are absences which occur because the worker chooses to be somewhere other than on the job. It's tempting to say that voluntary absences are caused by "frivolous" reasons, but to do so would be managerial buck-passing. Keeping a worker on the job is a problem of employee motivation.

Between the two extremes are the borderline or semi-voluntary absences. Semi-voluntary absences may be caused by necessity of shopping, seeking housing, child care, and the like. Such absences can be avoided only at great inconvenience. Semi-voluntary absences are closely related to labor turnover since the same personal difficulties and inconveniences which cause such absenteeism may eventually move the employee to seek a more permanent solution by changing his place of employment.

**The Employer Begins Reducing Turnover with the Hiring Process**

Once the necessary information on the turnover problem is collected, the process of reducing a plant's quit rate begins. The first real contact an employee makes with the firm is on the day he is hired; his impressions of the firm and his attitude about his job are likely to be made during his first few days at work. Does an air of general friendliness and a businesslike approach prevail? Or is the applicant greeted with a curt nod and a detailed questionnaire to be filled out?

The difference in the behavior of new and old employees in regard to the frequency with which they quit is markedly different. One study shows new employees quitting their jobs 156% more often than the old ones.\(^{12}\)

Older employees are accustomed to the work routine. They know what liberties they are allowed and what limitations are placed on them. They
have lost the initial tenseness on the job. New employees are still in the process of adjusting to the firm's methods of operation and have not developed an emotional attachment to the job. It is important to the turnover control program that the employee's adjustment to the firm and his job be smoothed.

The first time a prospective employee talks with someone about a job can be an important stage in the induction program. Every firm cannot employ seasoned vocational counselors but friendliness and understanding on the part of those handling the interviews will give the prospective employee the important good first impression.

*Employee counseling* emphasizes the individual approach. The aim is — through testing, diagnosis and counseling — to help the worker find the kind of job for which he is best fitted rather than to adjust a specific job to the worker. If such a policy is used, a worker will be more satisfied with his job and industry will benefit through reduced labor turnover in the future.

In many cases the practice of testing applicants for employment is largely a selfish method for the employer to fit an individual into the job that happens to be open. If the results of employee testing are discussed with the worker, he will be better adjusted to his new job. The worker who is not hired will know why, and this will help him in getting another job.

The hiring process itself involves procedures of many steps (including further interviewing and a physical exam), each of which will contribute to the employee's attitude about the company. During this process it is up to the induction team to put across the idea that the firm is fair and just.

Unfortunately, there is widespread ignorance on the part of those who work in industry about the *functions and aims of the organization* in which they find themselves. They may not understand just what they are contributing to the product, how they are contributing to it, and what part the product plays in the defense effort. Instruction on this point is especially important when persons without previous industrial experience are being hired.

*Company policy* on wage payment, overtime premium payment, promotions, safety rules, and vacations is explained to the new employee as soon as possible. Union representatives explain any grievance procedures or benefit programs.

A worker is far less likely to seek other employment if he is placed in a job for which he is mentally and physically suited. Hiring interviews, aptitude tests, and medical exams are carried out mainly to insure that the worker will meet the employer's standards for the job. Proper
placement, from the worker's standpoint, is a guiding policy in job placement since a worker placed outside his proper skill, intelligence or wage level is no bargain if he quits after brief employment.

Once the worker is in the shop and at his place of work, he needs additional help. He is told what his job is, how it is to be performed, who his boss is, where to obtain tools and materials, location of personal facilities, and so on. Too often a new worker is brought into the shop and forgotten and he rapidly develops a "lost" feeling.

Even with due attention to proper placement and induction, satisfactory adjustment will not necessarily follow automatically. A systematic follow-up some weeks after entrance on the job may locate potential trouble in time to permit preventative action.

A check of this type covers both the worker and his supervisor and it reveals whether the worker is happy with his job and satisfactory in it. This period, when the worker is adjusting to plant routine, is probably the most critical of all in determining whether or not he will stay. Placements at the wrong skill level or in the wrong job, personality conflicts, inconvenient shift assignments, and similar difficulties may be located and remedied before they cause the worker to seek other employment.

Most organizations do not have a regular staff to do follow-up interviewing and must rely on foremen to maintain new employee contact. Most of the responsibility for the adjustment of the new worker will fall on the shoulders of the foreman and it is necessary for him to realize the vital importance of: (1) Seeing that the new worker is comfortable, mentally and physically; (2) Encouraging him in his work by giving praise and recognition when due; and (3) Offering honest, tactful criticism when needed.

The Supervisor Has a Key Role in the Turnover Control Program

The entire turnover control program may be made or broken by the supervisory force. A great deal is gained from going to the terminating employee's supervisor for information on causes for the quit. Aside from information he may provide, these supervisory contacts help to get the supervisor acquainted with the turnover problem.

Obtaining information and advice from the supervisor brings the problem to his immediate attention and lets him know that the company considers turnover an important enough problem to be given serious consideration. In many cases a supervisor may have become so used to the ebb and flow of employees through his department that he accepts turnover as a natural phenomenon. He can be shown in terms of actual ex-
perience in his own department just how conditions influencing high turnover reduce production standards.

The supervisory force is right in the middle of the turnover control program and by participating in the program, the supervisor is more inclined to give enthusiastic support to it. He is an important source of employee satisfaction or dissatisfaction and his attitudes and understanding are vital in reducing labor turnover.

Use of supervisors for advice and information is a direct form of attack on turnover at the source where turnover seeds are planted.

The Exit Interview Is of Limited Usefulness

The exit interview, held when the employee calls for his final pay check, is probably the most used—and perhaps the least reliable—method of obtaining information on employee turnover. In theory, such an interview has three main objectives: (1) It is sometimes considered a device that will induce the employee to stay with the company; (2) It is used as a means of determining the “true” reason why the worker wishes to quit or has to leave the company; (3) It is used to promote personnel and public relations by allowing the terminating employee to voice his dissatisfaction.

Unfortunately few employees are “salvaged” as a result of a termination interview. They are already at a point where they feel so strongly about a situation that it is difficult to change their thinking. The proper time for salvage attempts is before the employee’s dissatisfaction becomes more important than his job.

To determine, in an exit interview, the real reason why a worker wishes to quit requires time and ingenuity. It is unlikely that a worker on his way out will tell the interviewer that he can’t stand the job any more. Rather he will give a reason that sounds better. In an Illinois study\(^3\) it was found that terminating employees give the full and real reason for quitting only 22% of the time. Many workers feel that criticisms of their jobs will be used against them when they seek other work.

Even if the employee were willing to give the reason for his termination, it is unlikely that the reason would represent the entire source of the dissatisfaction. Instead it would probably be the end reason in a chain of dissatisfactions.

The exit interview is of value as a means of promoting good public relations. The terminating employee may be an actual or potential customer and his friends may be potential employees or customers. If the terminating employee feels he has been given a good chance to tell his story to a company representative, he leaves the firm feeling better about his stay there.
Because of its rather touchy nature, the exit interviewing program requires high caliber interviewers. The skill of the interviewer will determine the value of the exit interviewing program in reducing turnover. One representative of a leading auto manufacturer admits quite readily that they place personnel employees "who have not worked out well elsewhere" in their exit interviewing jobs. With such a view of termination interview function, this firm's exit interview program is of little value in reducing turnover. If the program is given adequate support and is conducted by high status company representatives, it can be a prime source of information on why employees quit. To give the complete picture of the particular situation, additional information is gathered from the terminating employee's supervisor, shop steward, and close fellow workers.

If the records assembled from the termination interviews are used as guides for action, they can be of real value. As papers in a file cabinet, they are useless.

**Turnover Record Keeping Is of Value**

Since so many different factors affect turnover in various plants, in departments within the plants, and among types of employees, only a continuing record will determine the exact nature of the turnover problem. The whole program of turnover control is based on accurate, current, and complete turnover data.

In larger plants summary information on turnover should be regularly available to management for control and policy purposes. In smaller plants, because of the more personal setting, the figures need not be so detailed.

Statistics on turnover are usually compiled on a monthly basis and are expressed in terms of the number of separations and the number of hires per 100 employees on the payroll. When compared with similar data on other plants in the same industry or in the same labor market, turnover figures show the magnitude of the problem at the given plant. Trends established by the continuing figures point out the need for new or intensified action. Tabulations in greater detail — by departments, shifts, sex, or length of service — may point out trouble spots which otherwise might be obscured in the general picture.

Current figures on labor turnover, which may be used for comparative purposes, are published monthly by the U. S. Department of Labor, Bureau of Labor Statistics. Their figures cover 5000 manufacturing establishments representing 144 different lines of manufacturing and covering more than 2 million workers throughout the United States. These figures, together with methods used in computing turnover rates, may be obtained on request.
SUMMARY

The demands placed upon American industry by the defense program require redoubled efforts to achieve the complete and efficient utilization of our labor force. One vital step is to keep the labor force on the job through reduction and control of labor turnover.

The nature of our mobilization places particular emphasis on two phases of turnover — additions to the work force and voluntary separations. Voluntary separations, or quits, create a problem for action at the local plant level and one where real gains can be made in the interests of efficient production.

As during the World War II mobilization period, certain factors in the defense economy will be working for or against local efforts to reduce quits. Employees may not tolerate cost of living squeezes or in-plant dissatisfactions when there are many employment opportunities in the tight labor market. New and unskilled members of the labor force may be tempted to “shop” for jobs, while older skilled workers may be tempted to change by real or imaginary opportunities in other jobs.

On the other hand, the large number of workers who have had nearly continuous employment and training for the past 10 years may be more closely tied to their jobs because of length of service. Their union affiliations and benefits can also induce them to stay on the job.

Government interests in turnover will be, first, to induce workers to move into essential jobs in vital plants, and second, to reduce indiscriminate amounts of turnover among workers in local labor market areas.

Specific turnover conditions will vary from firm to firm since voluntary termination is not characteristic of all workers and all work situations. Therefore, a program to control the effects of turnover resulting from quits starts with a collection and analysis of information. Such information must be relevant to the conditions prevailing at the time and to the individuals involved. Recommendations based on the results of such a study are then applied to the employment and supervisory policy of the organization concerned and are reviewed and modified at regular intervals.

Special importance is attached to voluntary changes of employment since they involve positive action by the worker. The decision of the employee to continue work with the organization, in spite of annoyances, is influenced by his work attitudes. An employee whose attitude is one of dissatisfaction with his duties, dislike for his supervisor, or resentment over the way he is being treated is more likely to quit his job — or to do such poor work that he is dismissed.

Through the skillful use of personnel techniques, and with the realization that turnover is fundamentally a morale and motivation problem in terms of the individual worker, turnover can be controlled.
APPENDIX

What Is Labor Turnover?

To many people “turnover” is the term used to mean workers quitting their jobs voluntarily. While quits make up an important part of turnover, there are a number of other ingredients in the term “labor turnover.”

In general, it may be said that labor turnover is a process of movement into and out of the work force of an employer. It occurs whenever there is some change in the working personnel of a plant.

Accessions mean movements into an organization and cover all additions to the work force, including the hiring of new employees and the rehiring of former employees. Also, the term “accessions” covers both hiring of replacements for those who have left and hiring to expand the work force.

Separations mean movements out of an organization and include several types of terminations of employment. Quit[s] are separations initiated by the employee. (The U. S. Bureau of Labor Statistics includes those workers absent without authorization for seven consecutive calendar days as “quits.”)

Discharges are separations initiated by the employer because of dissatisfaction with the employee’s performance, conduct, etc. Layoffs are separations, also initiated by the employer (and expected to last seven or more days), because of reductions in the work force or because jobs are being eliminated. Layoffs usually result from a curtailment of production brought about by general business conditions. (Suspensions of employees for less than seven days and suspensions for inventory or vacation periods are not considered layoffs.)

Miscellaneous separations are terminations for other reasons, including permanent disability, death, retirement, or entrance into armed forces.

Net labor turnover for any period is the gain or loss in the average work force. It is accessions ( hires ) minus the separations. This gain or loss in the average work force can be expressed in terms of a rate for a given number of employees.

How Is Turnover Measured?

The method used in measuring labor turnover depends largely upon the individual concept and definition of what labor turnover is. The most commonly used measurements take two forms:
1. *Rate of separations* — This measure is the relationship between the total number of separations from the company and the average number of employees on the payroll. For example, a firm having an average work force of 200 people for the year loses four of them during the year. Expressed as a rate of so many per hundred employees, its separation rate for the year would be 2 per 100 employees.

2. *Rate of accessions* — This is a measure of the relationship between the number of hires and the average number employed. If the firm desires to maintain its work force at the same level the accession rate will be the same as the separation rate. (Using our example above, the accession rate would also be 2 per 100 employees since that is all the firm needs to hire to replace those who leave.) If the firm expands its work force its accession rate will exceed its separation rate. If it reduces its work force its accession rate will be less than its separation rate.

The net turnover rate is positive if hiring exceeds separations, and negative if more leave than are hired.

Turnover rates can be useful in determining whether or not a firm actually has a turnover problem. If it has, the turnover rate will indicate how big the problem is and to what degree efforts should be made to solve it. Turnover rates also can indicate the nature of the turnover problem and serve as a guide for meaningful action. Translating the movements of employees into and out of the organization into numerical rates will simplify analysis of the turnover situation. Rates will permit comparisons with other establishments in the community or in the industry as well as facilitating in-plant comparison from department to department.
NOTES

1. *Monthly Labor Review*, (U. S. Department of Labor, Bureau of Labor Statistics) October, 1951, p. 495. Factory hiring for June, 1951, for example, was conducted at a rate of 49 per 1000 employees. Total separations for the same month was at a rate of 43 per 1000 employees. Thus net turnover for June, 1951 was + 6 per 1000 employees.


3. *Factory Management and Maintenance*, September, 1950, p. 69. For example, average wages in the electrical machinery industry increased 8.5 per cent in the past 10 years—in textiles the average increase was 16.4 per cent.

4. Louis S. Bofo outlines more completely the nature and extent of employee benefit plans in *Pension Plans in Collective Bargaining*, Institute of Labor and Industrial Relations, University of Illinois.


6. In “Manpower Controls Next?” *Fortune*, March, 1951, it is suggested that by June, 1952 nearly a million and one-half workers will have to be diverted from the trade and service lines into manufacturing.


10. Loken, p. 47.

11. This section is based on findings reported by Reynolds and Shister, Ch. 2. Their study was carried out in a New England manufacturing city of 350,000 population. Manufacturing in this city was diversified and 43 per cent of the working force was employed in manufacturing industries.


13. Loken, p. 46.

14. These classifications of employee movement are based on definitions used by the Bureau of Labor Statistics.
SELECTED BIBLIOGRAPHY

Loken, Robert D. Why They Quit. Urbana, Ill.: Business Management Service, College of Commerce and Business Administration, University of Illinois, 1951, 52 p.


———. Suggestions for Control of Turnover and Absenteeism. Washington: The Bureau, October, 1951, 30 p. (includes sample forms).


I.L.I.R. Announces

"Legislation by Collective Bargaining" by Gilbert Y. Steiner

The first detailed description and analysis of the "agreed bill" process, through which representatives of management and labor seek to work out a pattern for legislative action through negotiation.

This is a study of a way in which state labor laws are enacted and changed, using Illinois Unemployment Compensation Legislation as the example.

The book follows unemployment compensation legislation from initial agreement and enactment, in 1937, through the last meeting of the Illinois State Legislature in 1951. It shows the successes and failures of collective bargaining legislation.

Cloth $1.50
Paper $1.00

"Channels of Employment" by Murray Edelman and others

A report of research on the influence of public employment offices and less formal hiring channels on local job markets in eight areas in Illinois. The areas studied range in size from a large metropolis to a three-county area with a total population of less than 75,000, served by one centrally located Employment Service office.

Focused on the demand side of the labor market, the study analyzes variations in use of the different hiring channels, employer and union attitudes toward them, the non-placement services of public employment offices, and the relationship between unemployment compensation and placement.

Cloth $3.50
Paper $2.50
Three-chapter edition 50 cents
I.L.I.R. Bulletins

Single copies of these Institute Bulletins are available without cost to individuals and groups in Illinois. A charge of ten cents a copy is made for additional copies and for requests outside the state.

Health Programs in Collective Bargaining
Unions, Management, and Industrial Safety
Recent Trends in Occupational Disease Legislation
What Tests Can Do for Industry
Who's Too Old to Work?
Trends and Problems in Unemployment Insurance
Job Evaluation