MANPOWER UTILIZATION

As Seen by Business Executives in Four Labor Areas

A PILOT STUDY CONDUCTED FOR THE NATIONAL SECURITY RESOURCES BOARD

SURVEY RESEARCH CENTER
INSTITUTE FOR SOCIAL RESEARCH—UNIVERSITY OF MICHIGAN
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At the request of the National Security Resources Board, the Survey Research Center of the University of Michigan conducted a pilot study in February and March, 1952, to clarify the attitudes of executives of manufacturing plants and the different manpower practices introduced in 1950-52.

This is a preliminary report prepared for the purpose of discussing the findings with experts.

The study was directed by James K. Dent under the supervision of George Katona.

Leslie Kish was in charge of sampling procedures, and Charles F. Cannell of the interviewing.

Other members of the Institute for Social Research who contributed to the study were: Rensis Likert, Angus Campbell, James N. Morgan, and Nancy Morse.

Sincere thanks for invaluable advice are due to Mr. Robert L. Clark and his assistants of the National Security Resources Board, to Mr. John F. Hilliard of the U.S. Department of Labor, to Messrs. O. C. Pogge and Benjamin J. Mandel of the Bureau of Old Age and Survivors' Insurance, and to Professor William Haber of the University of Michigan.
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I. Purposes and Methods

The Manpower Pilot Study was conducted for two purposes:

1. To determine the most suitable methods of sampling business firms and interviewing their executives for the purpose of collecting information on manpower problems.

2. To collect qualitative or case study material about how various kinds of employers think about some of the urgent manpower problems.

This report covers the second objective. A separate report concerning problems and possibilities of sampling and interviewing will follow at a later date. However, survey findings cannot be presented without a brief discussion of the methods used.

Scope of Study

The pilot study was conducted in February and March 1952 in four areas that were chosen to represent a variety of conditions in the labor market. At the time of the study five areas in the country were classified by the Bureau of Employment Security in Group I, that is, as areas of labor shortage. Among them the city of San Diego, California, and its suburbs were selected for this study. At the same time 21 areas were classified in Group IV, as areas of labor surplus, and among them Providence, Rhode Island, was selected for the purposes of interviewing. Of the 47 areas in Group II, balanced labor supply, Cleveland, Ohio, and Rockford, Illinois were chosen. None of the 101 areas in Group III, representing moderate labor surplus, was included in this study.

The four cities selected represent a spread with respect to several variables which should be remembered in appraising the results. For example, the Rockford labor area is considerably smaller, both geographically and
in number of workers, than are the others. In Cleveland and Rockford, industry is more diversified than in Providence or San Diego, and this diversification is not unrelated to the manpower situation. Still another variable is the "age" of the major industries, San Diego having many more new and Providence more old industries.

This variety in the sample is desirable, for it reduces the likelihood of false generalization and provides the breadth of experience which is desirable in a pilot study.

The study was limited to manufacturing establishments, the executives of which were interviewed regarding their problems with production workers. An investigation of the manpower situation and practices in other industries (such as trade, for example) would have raised different problems. Similarly, the utilization and hiring of clerical or professional workers is a separate area of investigation.

The content of the study was oriented toward the use of certain manpower practices and the determination of attitudes which may influence those practices.

Sample

The sampling unit was the "plant" or single establishment. From the records of the Bureau of Old Age and Survivors Insurance, which were stratified on (1) size of firm (2) industry group, a sample was drawn for each of the four cities. Plants were chosen with equal probability regardless of size. The sample is therefore representative of the manufacturing plants in the areas rather than of total employment.

Both very large and relatively small plants fell into the sample. Producers of hard and of soft goods, plants engaged in the production of armaments and of civilian goods, were all represented. Some of the plants
chosen belong to firms which have many other plants. Altogether 30 interviews were made and 27 of these completed. The interviews were distributed as follows:

11 in the San Diego area
5 " " Cleveland "
8 " " Rockford "
6 " " Providence "
30

The Director of the Survey Research Center sent a letter to the chief executive of the firm or plant selected, explaining the purposes of the survey and asking for his cooperation. There was just one instance in which an executive replied by mail asking that because of special circumstances his firm should be omitted from the study; in some other instances no answer was received. The local interviewer then telephoned the executive referring either to his answer or to the letter from the Center to arrange the time for a personal visit. In a number of cases several visits were needed, because of the length of the interview or the necessity to speak with more than one executive. Since many of the plants visited are located in the outskirts of the town, often at considerable distance, substantial expenses were incurred for traveling time.

Two executives participated in seven interviews, each answering a separate portion of the questionnaire:

Chief executive* and industrial relations
director or personnel director 5
Superintendent and secretary-treasurer 1
Vice-president and financial advisor 1

Twenty-one interviews were taken with a single executive:

Chief executive* 8
Plant superintendent 1
Factory manager 1
Asst. works manager 1
Industrial relation director 8
or personnel director 9
Asst. personnel director 1

*Chief executive is defined as the president of the firm or the general manager of the plant.
Field Procedure

The detailed personal interview of the open-ended, conversational type was used. This is more appropriate than the mail questionnaire for the elicitation of opinions, attitudes, satisfactions and dissatisfactions. Answers can be clarified on the spot if they are not clear to the interviewer. Moreover, the information is more likely to be furnished by a responsible top executive than in the case of a mail questionnaire.

Because of the small sample size, and the resulting limitations on analysis of content, certain deviations from standard field procedure were deliberately planned to increase efficiency and to broaden content and methodological scope.

One of these deviations was imposed by the restriction that the interviewing be completed in a relatively short period, i.e. one week to ten days, in each area, especially when the interviewing was not done by a resident interviewer. If it was apparent that considerable time would be required to obtain the cooperation of a respondent, or if the appropriate executive would not be available for a certain period, the interviewer was directed to make a substitution. For that purpose a second matched sample was drawn. Of the 30 interviews taken, five were substitutions.

Secondly, an interview schedule was devised which was known to be too long for many interview situations. In those cases when the complete schedule was used, the interviews required two hours or more. Some respondents were not willing to give up this much time and interviewers were instructed to skip questions in such cases, being careful not to skip the same questions repeatedly. Because of this instruction which has enabled
us to cover a wider range of subject matter than would otherwise have been possible, the answers to some questions in some interviews were not ascertained. Altogether 27 of the 30 interviews taken were, however, reasonably complete.

In many cases the interviewers had to overcome some resistance or spend much time in persuading the executives to discuss their manpower problems freely. With the help of a detailed explanation of the purposes of the study, and through assuring the respondents that the names of firms will not be mentioned in the report, the interviewers succeeded in most instances in bringing about a free and open discussion. Only to a very few questions were answers occasionally refused. These questions usually concerned either the desirability of defense contracts or problems connected with hiring colored workers.

The Form of This Report

Since the pilot study was restricted to a relatively small number of interviews, detailed statistical presentation of the findings is not in order. Nevertheless, some findings will be presented here in the form of tabulations. They are meant to be illustrative and should not be taken to be a presentation of exact proportions. Sometimes in place of tables, quantitative statements about the frequency of one or another practice or opinion are made in the text. In other cases still, the report is restricted to a qualitative description of findings. Some of the findings will be illustrated through detailed, verbatim quotations from the interviews. Through these quotations the reader may obtain a feeling about how employers speak about some of their urgent manpower problems.

In Chapter II we shall compare the manpower situation in the four labor areas. Chapter III presents employers' attitudes toward the National Emergency since these attitudes are a frame of reference for
their manpower practices, expectations and plans. Chapter IV contains a discussion of some of the factors which influence employers in the utilization of their present employees. Chapter V describes their methods of hiring and training workers and the relations between these methods and the adequacy of their present staff. In Chapter VI the different practices of hiring women, old people, handicapped persons, and Negroes are discussed in relation to presence or absence of manpower shortages. Finally, Chapter VII is concerned with the expectations and plans of the employers and draws conclusions from the study.
II. Comparison of the Manpower Situation in Different Labor Areas

Since the field study was conducted in an area of labor shortage, in two areas of balanced labor supply, and in an area of substantial labor surplus, the first question regarding the survey findings concerns the differences in the areas. Specifically:

1. Has the survey found that manpower practices and opinions differ substantially in the different labor market areas?
2. Are the differences, as found in the survey, general in the sense that they are (a) applicable to all or most firms in the areas, or are there substantial variations within each area? Furthermore, are the differences general in the sense that they (b) prevail regarding all kinds of labor practices and opinions or are there practices and opinions concerning which no differences exist among the different areas?

The first question has to be answered in the affirmative. As will be shown presently, concerning many of the most fundamental aspects of the labor situation a wide gap was found between Providence and San Diego while Cleveland and Rockford occupy a middle position. But studies relating to the second question indicate that there are great differences among firms in San Diego, or in Providence, or Cleveland, and further that in some not unimportant aspects there are hardly any differences among the four labor areas.

We shall first report findings regarding questions 1 and 2a. The most substantial differences between the four labor market areas were found in the following respects:

1. Opinion about presence or absence of a labor shortage in the area.

As Table 1 indicates, most firms interviewed in the San Diego area believe that there is a labor shortage there, while practically all firms in the Providence area believe the opposite. The opinions of firms in Cleveland and Rockford fall in between.
We have been talking about your plant. Now let’s talk about the labor supply in this area. Generally speaking, is there a good deal of unemployment in this area, or is the labor supply about balanced with demand, or is there a shortage of workers?

<table>
<thead>
<tr>
<th>Number of Plants</th>
</tr>
</thead>
<tbody>
<tr>
<td>San Diego</td>
</tr>
<tr>
<td>Too many workers</td>
</tr>
<tr>
<td>No shortage - adequate</td>
</tr>
<tr>
<td>Shortage of skilled</td>
</tr>
<tr>
<td>Shortage of skilled - semiskilled</td>
</tr>
<tr>
<td>All types short</td>
</tr>
<tr>
<td>Not ascertained</td>
</tr>
<tr>
<td>Total</td>
</tr>
</tbody>
</table>

2. Adequacy of the present supply of workers.

The answers to the question about the labor supply in their own plant differ from the answers to the question about the labor supply in the area in that fewer shortages or surpluses are reported for the plant than for the area. In other words, the answer "the labor supply is adequate" is obtained much more frequently from executives regarding their own plant than regarding the entire market area. This is particularly true of San Diego as Table 2 shows.

Table 2

What is your situation in this plant with regard to workers - have you enough, too much, or too little, or what?

<table>
<thead>
<tr>
<th>Number of Plants</th>
</tr>
</thead>
<tbody>
<tr>
<td>San Diego</td>
</tr>
<tr>
<td>Too many workers</td>
</tr>
<tr>
<td>No shortage - adequate</td>
</tr>
<tr>
<td>Shortage of skilled</td>
</tr>
<tr>
<td>All types short</td>
</tr>
<tr>
<td>Total</td>
</tr>
</tbody>
</table>

*The salary situation in the area was not ascertained from one Rockford respondent.
3. Adequacy of supply of workers during the past two years.

The findings regarding labor shortages or surplus in the period 1950-52 resemble those regarding the current situation. Employers in San Diego said much more frequently than employers in Providence that during the past couple of years they had less workers than they needed.

4. Full or partial employment of workers during the last year.

Whereas only one of the Providence plants reported that they had kept their workers fully employed last year, two-thirds of the San Diego plants gave this reply.

5. Methods of hiring new workers.

Findings regarding the hiring practices will be discussed in detail in Chapter V. At this point it suffices to report that it is much more frequent in San Diego than in Providence for employers to use a variety of methods for getting new workers in addition to relying on their employment office.

6. The importance of the housing problem.

All but one of the employers in San Diego and Cleveland reported that housing is a problem in their area. About half of the Rockford group considered it to be a problem. None of the Providence group were concerned.

7. Anticipations about needing more labor later in 1952.

None of the Providence employers expected to need more labor later in the year. About half of the plants in the other three areas anticipated an increase in their labor requirements.

In some other respects the opinions found to prevail in the different labor market areas resembled each other greatly so that only mild relationships to conditions in the area are indicated. Among these opinions are those reflecting conditions in the country as a whole, namely, opinions about the existence of a national emergency and expectations of future
labor shortages in the country. These opinions will be discussed in the next chapter. Among further findings that show practically no differences in the four market areas are the following:

1. Utilization of marginal workers.

One might expect that in a labor shortage area employers would be much more willing to hire Negroes, women, older persons, or handicapped persons than in an area of labor surplus; the findings do not bear out these presumptions. According to Table 3 the willingness to hire Negro workers is by far the greatest in Providence, a labor surplus area.* Thus differences in attitudes toward Negroes appear to depend on factors other than the prevailing labor situation. The problem of the utilization of marginal workers will be taken up in greater detail in later chapters.

Table 3

How do you feel about using Negroes in this plant? What kinds of work do they do?

<table>
<thead>
<tr>
<th>Number of Plants</th>
<th>San Diego</th>
<th>Cleveland</th>
<th>Rockford</th>
<th>Providence</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>1</td>
<td>2</td>
<td>1</td>
<td>5</td>
</tr>
<tr>
<td>Yes, for any type of work</td>
<td>3</td>
<td>1</td>
<td>-</td>
<td>4</td>
</tr>
<tr>
<td>Yes, for janitorial, heavy labor</td>
<td>-</td>
<td>1</td>
<td>-</td>
<td>2</td>
</tr>
<tr>
<td>Yes, type of work not ascertained</td>
<td>1</td>
<td>-</td>
<td>1</td>
<td>-</td>
</tr>
<tr>
<td>No</td>
<td>5</td>
<td>3</td>
<td>5</td>
<td>-</td>
</tr>
<tr>
<td>No, they don't apply for work</td>
<td>-</td>
<td>-</td>
<td>1</td>
<td>-</td>
</tr>
<tr>
<td>No, they don't pass our tests</td>
<td>-</td>
<td>1</td>
<td>1</td>
<td>-</td>
</tr>
<tr>
<td>No, they can't stand the work</td>
<td>1</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>No, it would create a problem with our employees</td>
<td>1</td>
<td>-</td>
<td>1</td>
<td>-</td>
</tr>
<tr>
<td>No, no reason given</td>
<td>3</td>
<td>2</td>
<td>2</td>
<td>-</td>
</tr>
<tr>
<td>Not ascertained</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>9</td>
<td>5</td>
<td>7</td>
<td>6</td>
</tr>
</tbody>
</table>

*Rhode Island has fair employment practices legislation.
2. The extent of overtime.
Half of the Rockford employers said that their workers were putting in much overtime. One-third or less of the employers in other areas made this report.

3. The length of the scheduled work week.
In Rockford, four of seven employers reported a scheduled work week in excess of 44 hours. In the other three areas nearly all of the plants scheduled a 40 to 44 hour week.

4. Changes in hiring practices introduced during the last year.
In all areas, roughly one-third of the employers reported that they had made changes in their hiring practices during the last year or so.

* * *

Tables 1 and 2 above have shown that employers' opinions about the adequacy of the labor supply in their area and their plant are related to the labor supply classification of the areas in which they are located. However, there is considerable variation among employers within each area. The question arises as to whether adequacy of labor supply is in fact an "area effect", or whether it is more properly related to the type of product manufactured - hard goods vs. soft goods - or whether it is a result of the demands for defense production. Detailed studies confirmed these latter assumptions.

Among the eight plants in the study producing soft goods, there was not one which reported labor shortages. On the other hand, the 19 plants producing hard goods were equally divided; about half of them called their labor supply adequate and half complained about shortages. Similarly, reports of labor shortages were much more frequent in plants which devoted more than half of their production to defense contracts than in those which produced primarily for the civilian market.
III. Attitudes toward the National Emergency

In this chapter the general frame of reference of the employers will be discussed. Employers' attitudes toward the present national emergency may be considered such a framework, for in the light of these attitudes the prevailing manpower practices and their changes may be understood.

The findings indicate that it is not true that in February or March, 1952, all American employers felt that there existed a grave national emergency. Moreover, it is not correct to say that rearmament was generally considered by manufacturers as something good for their business or good for American business conditions. Furthermore, though most respondents regarded defense contracts as desirable, a sizable proportion would prefer not to increase the share of their production going to defense. Finally and most importantly, most manufacturers at the time of the survey did not anticipate a worsening of the world situation and a corresponding tightening in the American labor situation.

Respondents in the pilot study were asked whether they thought that there is a national emergency or "that things have been built up to seem worse than they really are". Only half of them affirmed the existence of an emergency without qualification. Another quarter felt that there was an emergency but that it had been exaggerated. A final quarter felt that there was no emergency at all.

There appears to be no close relationship between these opinions and involvement in defense contracts or location in the different labor market areas. The division of opinions is similar in all four areas. The determinants of the attitude toward a national emergency are apparently largely political in nature.
Nevertheless, as Table 4 shows, there exists a relationship between the feelings about a national emergency and labor shortages. More of those employers who believe that an emergency exists complain about shortages than of those who think there is no emergency. Possibly, the causal sequence operates in the reverse direction. Experience with labor shortages may make for a feeling about an emergency, and experience with labor surplus or adequacy of labor supply may cause the belief that there is no emergency.

<table>
<thead>
<tr>
<th>Adequacy of Plant Staff</th>
<th>There is an Emergency, but exaggerated</th>
<th>There is no emergency</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Too many workers</td>
<td>1</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>Adequate</td>
<td>5</td>
<td>5</td>
<td>14</td>
</tr>
<tr>
<td>Shortage of skilled</td>
<td>5</td>
<td>1</td>
<td>7</td>
</tr>
<tr>
<td>All types short</td>
<td>1</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td>12</td>
<td>7</td>
<td>5</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Labor Supply in Area</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Too many workers</td>
<td>4</td>
<td>1</td>
<td>3</td>
</tr>
<tr>
<td>Adequate</td>
<td>2</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Shortage of skilled or semiskilled</td>
<td>5</td>
<td>4</td>
<td>1</td>
</tr>
<tr>
<td>All types short</td>
<td>1</td>
<td>1</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td>12</td>
<td>7</td>
<td>5</td>
</tr>
</tbody>
</table>
To an inquiry about how "the way things are going in the world today is affecting business conditions here at home" only two employers answered without qualification that world conditions make for good times in America. Many felt that world conditions make for "artificial" good times which would require some readjustment, or even severe readjustments, in the future. About one-third of the respondents felt that we are having bad times or times of great uncertainty. The following quotations are illustrative of the opinions expressed:

"Well, if you mean by business the overall picture, and presumably you do, then we realize that we're living in a very precarious position of having a great deal of our productive capacity making products that are entirely for defense or war purposes and therefore, the present level of the economy is maintained in an artificial manner, so to speak. Without that, there doubtless would be the considerable problem of maintenance of activity that would be sufficient to sustain the needs of the people. Which is a long way of saying that, if we didn't have this artificial stimulant, we'd be in very difficult economic circumstances."

"In my opinion we have inflated good times and when it all ends we're liable to run into a recession or a depression - there will have to be a readjustment in prices and wages - we can't keep going on with a depreciated dollar. That's not a good thing for our country."

"Well, the war program of course is a stimulant to business conditions and has delayed a recession that is bound to occur sooner or later."

"Trade conditions abroad badly affect business conditions in this country - they don't have dollars to give us and the export trade suffers. Normally, this makes for bad times. But for the artificial stimulus given to business by building up of armaments, we'd be in a very serious position."

"Well, it has certainly affected unfavorably our export possibilities. It has created a sense of unrest and fear among our citizens which is productive of poor morale. I don't call them good times."

"I think that it has a very depressing effect. I think people are fearful and apprehensive and worried and insecure. I think they fear the future from the point of view of economic security and I think that that fear reflects itself in the spending habits."
Manufacturers heavily involved in defense work were more likely to mention good effects of the international conflict on American business conditions than other manufacturers. Therefore, in this respect there was a difference between the opinions expressed in San Diego and those in Providence. Yet even defense producers in San Diego spoke usually of "artificial stimulus".

Inquiry was also made about the desirability of further defense contracts. This question was not applicable in about one-third of the cases, the plant being either fully devoted to defense contracts or being not adaptable to defense purposes. Of the remainder, two-thirds thought that an increase in their participation in defense work would be advantageous while one-third thought that it would be disadvantageous.

Manufacturers' opinions about forthcoming developments in the country as a whole are of importance because such opinions are known to influence their policies. The respondents were therefore asked whether in their opinion current developments make for a tight or a loose labor situation in the country as a whole during the next twelve months. Only seven respondents expected labor to be short during the next year, and most of these were located in San Diego. On the other hand, 13 respondents thought that labor supply would be adequate or even ample (Table 5).

Table 5
Do you think the current developments will make for a tight labor situation or a loose one or what, (in the country as a whole) during the next twelve months?

<table>
<thead>
<tr>
<th>Number of Plants</th>
<th>San Diego</th>
<th>Cleveland</th>
<th>Rockford</th>
<th>Providence</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tight</td>
<td>6</td>
<td>-</td>
<td>-</td>
<td>1</td>
</tr>
<tr>
<td>Mixed</td>
<td>-</td>
<td>-</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Ample or adequate</td>
<td>3</td>
<td>4</td>
<td>4</td>
<td>2</td>
</tr>
<tr>
<td>It depends</td>
<td>-</td>
<td>1</td>
<td>-</td>
<td>1</td>
</tr>
<tr>
<td>Not ascertained</td>
<td>-</td>
<td>-</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>Total</td>
<td>9</td>
<td>5</td>
<td>7</td>
<td>6</td>
</tr>
</tbody>
</table>
When the manufacturers were asked about their own anticipated labor needs, none of them said that they would need less labor during the next year than they had at the time of the interview. Yet only one-third said that they expected to need more labor, while one-half said that they expected no change, and the remaining few were uncertain. These anticipations will be discussed in greater detail in Chapter VII.
IV. Utilization of Staff

It was shown in Chapter II that a shortage of workers was more frequently reported by plants producing hard goods and by plants engaged in defense production. In this chapter we shall be concerned with the utilization of the staff. Given a staff — adequate or inadequate — was it fully employed last year? What are the scheduled hours of work? Has there been a change in the hours of work during the past year? Has absenteeism increased or decreased? How about separation and turnover?

The inquiry into these topics began with the question: "Did you keep your employees fully employed last year or did you have some slack periods?" As in the case of "adequacy", the variation in replies can largely be explained in terms of defense production or type of product manufactured. Three-fourths of plants making soft goods reported slack periods in 1951, whereas four-fifths of hard-goods manufacturers reported that their employees were fully employed all through the year.

Regarding the length of the scheduled work week, on the surface a similar relation appears to hold true: manufacturers of hard goods are somewhat more likely to report a longer work week than are manufacturers of soft goods.

However, a different problem of manpower utilization also deserves attention. In three of the four labor areas studied, the variation in the scheduled work week was between 40 and 48 hours a week, with only four plants reporting more than 44 hours a week.* In one (smaller) labor area studied, the variation in the scheduled work week was from 32 hours per week to 53 hours per week. This large difference found within an area points toward immobility of workers in their places of employment and calls for an explanation.

*When the scheduled work week varied within the plant, the interviewer in most cases obtained an average, roughly weighted by employment in the various departments.
Differences in levels of skill do not seem to provide an explanation. Plants with slack operations were found to employ skilled workers that are needed in other plants. Rather it appears that the lack of mobility is explained by agreement among employers not to consider applicants who are employed elsewhere in the area. For example one executive said:

"We often call each other up if we're going to make a change. We don't take help away from them and they don't take help away from us."

Further confirmation of this is found in the answers to the question: "Are other companies in the area offering inducements that make it difficult for you to keep skilled labor?" In the area where great variation in the scheduled work week was reported, only one employer complained of such practices. In the other three areas at least half of the employers reported such activities. Hence, the hypothesis is suggested that "pirating" tends to assure a more uniform utilization of the labor force. Indeed, there is evidence that a longer work week is in itself a considerable inducement for workers to change jobs, as is shown by the following quotations:

"Our hours of work are 40 hours a week. This makes it difficult for us to recruit. So many people are advertising 50 and 60 hours a week."

"Our newer employees are attracted to defense industries because of hours of work. Here we may be working 40 hours a week and the defense industries are working 50 hours a week."

On the other hand, "pirating" has been considered inefficient on the grounds that it increases turnover and therefore reduces the effective utilization of the labor force. A few employers are sufficiently concerned about it to mention it spontaneously in answer to the question: "What can be done about the labor situation in the area?" Two such statements follow:
"We have a great deal of turnover that is expensive in time and production - especially production. They get their families moved and are with us - then shop around and decide they can get two or three cents more some place else and are gone."

"If we could only get some honor among us thieves and quit hiring from one another, we'd probably be in better shape."

The first of these two respondents reluctantly favored reimposition of "Certificates of Availability" which restrict worker mobility, explaining that these certificates had reduced turnover during World War II. The second respondent was opposed to such certificates because they are, in his opinion, not enforceable. Rather, he suggested agreement among employers.

Some light is thrown on this problem by examination of the separation rates in the four areas. The separation rates in the area that reported little pirating are as high as in the other three areas where pirating is more prevalent. In fact, there is little difference among the areas in separation rates although there is considerable difference within areas. This is not unexpected. Separations are high in San Diego because of job availability. They are high in Providence because of cuts in employment on the part of many plants. The voluntary separation rates for the two areas are probably quite different, but many employers have difficulty in compiling data on voluntary and involuntary separations, and even on the total number of separations. The median separation rate for all plants was roughly 4.5 percent per month.

*Separation rates were estimated as follows: The numerator was computed by adding the number of employees hired in 1951 to employment on January 1, 1951 and subtracting employment on January 1, 1952. The denominator was an average of the two employment figures. On five early interviews, the number of separations was actually secured. Although this figure did not agree exactly with the estimated separations computed as above, it was within 10 percent in each case.
In view of the fact that separation rates in the area where pirating is largely absent are not lower than in the other areas, the further hypothesis might be advanced that, so long as workers are free to quit, voluntary agreement among employers not to pirate does not necessarily reduce turnover. It should be emphasized that this hypothesis, as well as the one about voluntary agreements leading to poor allocation of the labor force, rest upon a very small number of interviews in relatively few areas and should not be considered to be "conclusions".

It is important to note that many businesses (some of them quite large) do not study separations systematically and regularly. Of nine employers who were asked to give the number of voluntary and involuntary separations in 1951, four reported that it would be very tedious to extract this information from the records.

In discussing the question: "What do you do to keep turnover down?", those with separation rates lower than 6 percent per month indicated that they do not regard turnover a problem. Most of those having higher turnover answered in quite general terms such as "good employee relations to make employees happy." Two spoke of the necessity of familiarizing applicants with the work before hiring them, another of the importance of proper selection. One respondent added: "We've also been trying to have exit interviews. However, we haven't succeeded in getting the number we should get." There is little evidence that businessmen have detailed knowledge concerning the reasons for separation.

Lastly, in the area of labor utilization there was a question regarding absenteeism: "We have talked about turnover, hours of work, and overtime. How about absenteeism? Has there been an increase or decrease during the past year?" As would be expected, absenteeism has increased in San Diego, decreased in Providence. In contrast to separations, most
respondents dealt with this subject in specific terms and indicated that a real effort had been made to discover and deal with its causes. Increases in absenteeism were attributed to "floaters" moving in and out of the labor force or from job to job, to both husbands and wives working (problems of baby-sitting, shopping, and of transportation when they worked different shifts), and to overtime pay rates which were sometimes said to make it possible to live comfortably with less work than on regular wages. Decreases in absenteeism were reported to be due to increases in the cost of living, to shortage of jobs, to a reduction in the number of floaters, and to the hiring of middle-aged people. It is likely that it is much easier for employers to get information about absenteeism than about separations.
V. Hiring and Training

Adequacy of the plant staff is not unrelated to the methods used in getting new workers. On the basis of their answers to the question "How do you get new workers?", the 27 plants for which we have reasonably complete data can be divided into three groups. Twelve of the plants reported that they content themselves to hiring persons who apply to their own employment office, or use the government employment service, or both. A second group of eight plants appears to depend heavily on newspaper advertising to supplement their employment office activities. Finally, there is a third group of seven plants which use a combination of means including their employment office, the employment service, advertising, recruiting in other areas, and offering inducements to their own employees to bring in their friends. Those in the last group are concentrated in San Diego and Cleveland - none of them is in Providence.

Respondents were also asked how they obtain skilled workers and whether they themselves train them. The meaning of "training" varied widely among respondents. Some talked of a two- or three-year training period, others of a few weeks. Nevertheless, it is possible on the basis of these and other questions to classify respondents as to (a) whether they train their employees or depend upon hiring people trained elsewhere and (b) whether they have difficulty in getting skilled help.

About twelve of the plants have training programs. Only two of these reported a shortage of skilled help, or difficulty in getting skilled help. One of these latter has set up a two-year training program in cooperation with a trade school but has not yet secured any graduates. The other plant is restricted in the number it can train by union apprenticeship rules.
Nearly all of the plants without training plans reported either shortages of skilled workers or dissatisfaction with their skilled help situation.

It is interesting to compare the presence or absence of in-plant training with the grouping of plants according to their hiring practices. We may consider first the group of eight plants which depend greatly on newspaper advertising. Only two of them are heavily engaged in defense production, the remainder have little or no defense production. Only one reported an increase in the volume of production during the past year, five reporting decreases, and two reporting no change. This group, then, generally has little involvement in defense production, and is producing less than a year ago. Only one of these plants has a training program and all report either a shortage of skilled workers or difficulty in getting skilled workers. This is true even of those who reported substantial decreases in production and employment.

The third group of plants, those using a variety of methods to hire workers, are largely defense industries located in Cleveland and San Diego. All but one have had large increases in the volume of production. Of these seven plants only one has a training program and only this plant is satisfied with the situation with respect to skilled workers. The remainder of the group are more inclined to hire skilled workers from outside and to concentrate on such practices as job break-down and more intensive use of machinery.

The largest of the three groups - the eleven plants which depend upon their own employment office or the employment service for new workers - are about evenly divided between defense and non-defense production, and as to increases and decreases in production and employment. Nearly all of
these companies train their employees and few of them report shortages of skilled workers, even though some have had substantial increases in employment.

It appears, therefore, that although training programs do relieve shortages of skilled workers, more intensive hiring practices do not necessarily accomplish this result. Job training programs are not frequent enough and seem to be lacking even in some plants which appear to need them greatly.

There is little evidence that hiring and training practices are related to the size of the firm, except that a combination of hiring practices is more frequently practiced by very large plants. Training programs seem to be as frequent in small plants as in large ones.

Plants with training programs less frequently report that other plants are offering inducements that make it difficult for them to keep skilled labor. In fact, two respondents answered "We train our people and they stay". Moreover, there is some evidence that the separation rates in these plants are lower.

The following selections from two interviews are illustrative of some of the relationships reported in this chapter. Both plants are in San Diego. Both are heavily engaged in defense production and make the same type of product. Plant A is somewhat larger than Plant B. The answers are considerably abridged and edited to remove unnecessary material or references that would identify the plant.

<table>
<thead>
<tr>
<th>Plant A</th>
<th>Plant B</th>
</tr>
</thead>
</table>
| How about your general level of production, would you say you are producing more or less than you were a year ago? |"
| "Plus 25 percent" | "No change"     |
Plant A

What is your situation in this plant with regard to workers - have you enough, too much, or too little, or what?

"We are able to keep abreast of production requirements through a concentrated program of training."

How do you get new workers?

"By word of mouth advertising through our employees - and then through the state employment service."

Have you been able to get the type of skilled workers you need?

"Yes. Our methods have taken care of our problems. Probably the most serious situation we have had in the past year is shortage of trained craftsmen in tool and die - we have put in effect a program with (institution omitted to prevent identification) and trained people."

How do you get them - hiring from outside, or training them, or what?

(See above) "Hire from outside."

1951 Separation Rates

"5 percent"

Are your workers putting in much overtime at the present time?

"The work week is a standard 40-hour. Although from time to time some employees are working over 40 hours, this is not a regular procedure - it is incidental overtime."

Plant B

"Shortage of labor - skills, tool and die, machinists and engineers."

"Publish in newspapers and through employees notifying friends and relations. Ads in newspapers in 18 mid-west towns."

"No"

"Hire from outside."

Not ascertained. Respondent said that the average turnover rate was 5 percent, but that it was higher than that in 1951.

"30 percent are working overtime."
VI. Utilization of Marginal Workers

Attention has been given in the pilot study to employers' willingness to hire what has been called "marginal" workers - women, older people, handicapped persons, and Negroes. It was stated in Chapter II that the utilization of marginal workers did not appear to be related to the labor shortage or surplus in the area. Similarly there appears to be no clear relation between this utilization and the (1) extent to which the plant is engaged in defense production, (2) change in plant employment during the past year, and (3) type of product manufactured.

This is not to say that labor shortages do not induce employers to seek new sources of labor. Rather, the findings suggest that the process is a slow one - that the problems of hiring marginal workers, whether they be real problems or imaginary ones, are not overcome in a short period of time.

Clearly, some of the causes for not utilizing marginal workers are to be found in the attitudes of employers. It is not difficult to imagine production jobs for which Negroes are suitable while women are not. Nevertheless, there is a striking correlation between hiring women and hiring Negroes. All but one of the plants which employ Negroes in a variety of operations also employ women as production workers. Conversely, of the small group which do not employ women production workers, all but one either does not hire Negroes or employs them only as laborers and janitors. The lone exception to both of these statements is a foundry.

One word of caution first. Classification of employers as to their "willingness" is a difficult task. How should a factory be classified which hires Negroes for heavy labor only? Or a factory which rehires as a night watchman, a former employee handicapped because of an accident?
Furthermore, there has been considerable public discussion of these issues; many employers therefore were cautious in answering these questions or felt compelled to explain the reasons for their position in detail; some indicated a desire to get on with the rest of the interview.

Because of this difficulty of classification we will sometimes confine ourselves to clear cases - those where we are certain of our classification - and eliminate the doubtful ones. The effect of this is to further reduce a sample which is already small. Nevertheless, certain hypotheses do emerge from our study.

Women. In about one-third of the plants, more than one-third of the production workers were women. In these cases, the employers were willing to hire women and indicated that they were satisfied with their situation.

Only six employers stated flatly that they do not hire women for production operations. One said that the sanitary facilities in the plant were not laid out for women. The other five stated that their work was too heavy for women:

"We haven't attempted that. There was one case in (plant in another city) where they used one woman who (describes job), and she was big and strong and did a remarkable job. But generally we can't use women in our work."

"Our work is not of a nature women can handle because of heavy materials used."

Twelve employers stated that they used women for certain production operations. Among these the ratio of women to total employment ranged from one in twenty to one in three. Again the most frequently reported limitation was that some jobs were too heavy for women. However, three employers reported that the union restricts their utilization of women, and two complained of unreasonable restrictions in state laws.
"Well, the union doesn't like to give up jobs to women. The fact is that the contract says there are no men's jobs - no women's jobs - yet in our ------ plant, those boys negotiated a separate contract for the women. I think the average working man doesn't want mama to get too independent."

"We're restricted in our labor contract so that we can hire women in only two departments of our plant."

Two employers hired women for jobs requiring high dexterity.

"We always put women on these jobs because their hands are better suited. They have a better touch."

As for training women, most employers who hire women stated that they trained them. However, some preferred to train them for semi-skilled, or "well-defined" operations.

"That requires a lot of skill and when they acquire it they are likely to get married and leave. And then absenteeism is always greater."

**Older people.** Twelve employers stated that they have no age preferences. The remainder indicated a preference ranging from "high-school graduates" to "middle-aged"; there is little uniformity in their preferences. In response to a more direct question, "How about older people, say over 60, how do you feel about hiring them?", two-thirds reported that they do hire people over 60.

One hypothesis suggested by the data is that there is a relation between willingness to hire older people and whether the plant has a pension plan. Among the 18 plants where both items of classification are known, ten have no pension plan and all ten hire people over 60 years of age. Of the eight that have pension plans only one hires such people.

**Handicapped persons.** Responses to questions in this area are difficult to classify because of the wide variation in the meaning of the term "handicapped". The chief value of the responses is in indicating what are commonly considered to be handicapped persons.
"We have three blind men now working on assembly. I don't consider a person using an artificial leg a handicapped person. In fact, in interviewing we don't know it until the doctor tells us and then it's perfectly alright as far as our physical requirements are concerned."

"Hernias, one eye, arthritics. I believe a handicapped person is more dependable. Also he isn't usually as quarrelsome."

"None. Around the machine shop I've got a fellow with a wooden leg and in the foundry I've got a fellow with one arm, but he lost his arm here so we feel an obligation to use him and he's doing alright, but I don't have very many jobs like that."

"I think it all depends upon what you mean when you say physically handicapped! If it's an arthritic or heart condition, or loss of a leg or an extremity, or an asthmatic condition, then I'd say as a rough guess we might have as much as 15 to 20 percent."

"We have a lot of physically handicapped people here, lacking in legs, arms and other members. No hearing and in some instances dumb. Pretty close to 1 percent."

"We've got two people here with both legs off. We've got deaf; we've got them with one hand or arm gone. Where we can we will definitely try to hire physically handicapped."

"We have all our jobs coded and we know all the jobs by a coding system. If a handicapped person comes in, we can fit him in by our coding system. We have quite a number of physically handicapped."

"You can find a job on which a handicapped person is not a handicap. I think you find more loyalty. He tries to prove he's a better man than the fellow worker who doesn't have a handicap. We have one department in which physical handicap has been a requisite for the job. That job carries terrifically high noise. People with normal hearing can only stand two or two and a half hours in there. We require a deaf worker. I'd say we have eight or nine who have lost a limb—four more so badly crippled with arthritis they can hardly get in the plant, but when they are seated they are alright and work as well as anybody."

Most employers seemed willing and anxious to make a place for handicapped workers. However, in one plant, part of the training and promotion program consists of a steady progression from easy to more difficult machines. This respondent said:
"We have some operations that they could perform, but we've hesitated in hiring them due to the fact that we have given everyone an opportunity to move up from job to job and I can see a lot of serious problems. We might hire a handicapped person for a sitting down drill press operation. There would be nothing to prevent him, after a period, from saying that he wanted to be promoted to an operator job and he would have just as much right as anyone else to be considered."

Negroes. Table 3 in Chapter II presented the responses to questions about Negroes. Of 13 employers who hire Negroes, at least eight hire them for any type of work. On the other hand, the other half of the plants in the sample do not hire Negroes, and half of them gave no reason for their position.

* * *

When the hiring of Negroes and of other marginal workers is related to 18 selected variables measured in this pilot study, only a few show clear relationships. We shall consider here the relation of hiring marginal workers to centralization or decentralization of the decision-making process. Complete information about this question was obtained in 21 cases. One-half of these reported that a decision about hiring "new" kinds of workers (women, Negroes, older people) would be made by the Board of Directors, the President, or other top line executives not including the industrial relations or personnel executive. In the other half of the plants the decision would be made by the industrial relations or personnel executive, or by that executive and a top line executive jointly. We shall call the first "centralized" and the second "decentralized" decision-making. The following table indicates the relation observed between these two types of decision-making function and the utilization of marginal workers:
Table 6

<table>
<thead>
<tr>
<th>Type of Marginal Worker Hired</th>
<th>Centralized Decision-Making (11 plants)</th>
<th>Decentralized Decision-Making (10 plants)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>Women</td>
<td>8</td>
<td>3</td>
</tr>
<tr>
<td>People over 60 years of age</td>
<td>5</td>
<td>6</td>
</tr>
<tr>
<td>Negroes</td>
<td>1</td>
<td>10</td>
</tr>
</tbody>
</table>

The consistency of pattern observed lends some support to the hypothesis that in plants where personnel decisions are decentralized, there is greater willingness to hire marginal workers.

The concept of decentralization of authority was carried somewhat further. An attempt was made to build a crude scale by counting the number of "Yes" answers to the following criteria:

1. Is the complete interview turned over to the industrial relations or personnel executive and, if so, can he answer adequately all of the questions about the plant including those not in the area of personnel, such as planned expansions, market position, changes in production methods, etc.?*

2. Does the industrial relations or personnel executive make the decision to hire new types of workers?

3. Do staff executives in personnel or in sales participate in a decision to expand defense production?

A "Yes" answer to all three criteria provides a decentralization score of 3. A "Yes" answer to none of them gives a score of 0. For our purposes we shall consider a score of 2 or 3 as decentralized and a score of 0 or 1 as centralized.

*In nearly all cases where the interview was given by the personnel executive, he had no difficulty with these questions.
One might expect that measuring centralization in this fashion would lead to a correlation with size of plant. However, there appears to be no relation between this variable and size. Some plants of less than 400 workers are classified as decentralized. Half of the plants of more than 2,000 workers are considered centralized.

Table 7

<table>
<thead>
<tr>
<th>Type of Marginal Worker Hired</th>
<th>Centralized Plants* ( (N = 13) )</th>
<th>Decentralized Plants* ( (N = 11) )</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>Women</td>
<td>9</td>
<td>4</td>
</tr>
<tr>
<td>People over 60 years of age</td>
<td>6</td>
<td>7</td>
</tr>
<tr>
<td>Negroes</td>
<td>1</td>
<td>12</td>
</tr>
</tbody>
</table>

*Criteria of classification explained in the text.
**Information not obtained in two plants.

These data again suggest that decentralization of authority is associated with the use of marginal workers.
VII. The Outlook

Can any conclusions be derived from the pilot study about what will happen in the labor market in the near future? In an attempt to draw some such conclusions, we shall discuss, first, the information received about the expectations and plans of the employers interviewed. Then, at the end of this chapter, we shall summarize the highlights of the findings from the point of view of their relevance to future developments.

Expectations and Plans

It was already mentioned in Chapter II, that at the time of interview in February and March, 1952, only one-third of the employers interviewed expected to need a larger number of workers in the next six or nine months than they employed at that time. These employers expected their operations to expand during the year. Some are engaged in defense work, while others expected to make changes in their products or methods of production.

However, half of the plants anticipated no change in their labor requirements. It is not surprising therefore that less than half of the respondents had any plans for introducing new methods of hiring or of employing new types of workers.

Most of those who expected their demand for labor to increase did have some ideas about new ways of getting workers. Examples of these are the following:

"We would advertise, use Federal Employment Agency, readjust our schedule for former employees who might be married. Put in a nursery if necessary."

"I think of radio advertising and sending recruiters into nearby towns, working through the state employment service, and making appeals through our present workers - even giving them a bonus has been considered as an inducement."
"Oh, we'd probably go to radio and television advertisements and personal recruiting in the outlying areas - Kentucky, West Virginia."

"We could open feeder shops in small cities around here and tap housewives. We did that during the war, but that is a costly way of doing it."

On the other hand one employer, who expects his operations to expand, said the following about new ways of getting workers:

'We don't know. We have people who come here and say they are here because they heard the plant well recommended and we didn't advertise. So we've concluded that advertising has some questionable aspects attached to it in the minds of some people. We do know that some of the plants around here carried on a very intensive recruiting program within a radius of 200 miles and their overall gain was very, very small. And their cost we understand was terrific."

There is, in summary, little evidence of the existence of detailed plans that could promptly be put into operation if a shortage of labor should develop. This may reflect the employers' general expectations: only one-fourth expected labor shortages to develop in the country as a whole and similarly only one-fourth anticipated labor shortages in their own area.

Further insight into employers view of the labor situation in their areas can be derived from their responses to questions about the causes of prevailing shortages and about what, in their opinion, could be done about shortages.

Most employers who reported a shortage of workers in their areas believed that defense work was the cause of the shortage. In San Diego the shortage of housing is sufficiently critical that it was frequently mentioned as a cause of the labor situation. When employers in Cleveland were specifically asked about housing, all agreed that it was a problem and most of them reported that they had had workers leave because of inadequate housing. Only a few employers in Rockford considered housing to be a problem, and none of the Providence group were concerned about it.
As to what could be done about the situation, several San Diego employers hoped for more low-cost housing. Other suggestions were (1) get more employers to establish training programs, (2) give more technical training in the public schools, (3) induce business to stop pirating, (4) reduce turnover by freezing workers, (5) put the defense work in Detroit, (6) give draft deferment to skilled workers and apprentices, and (7) get labor to produce more.

Is there anything employers themselves can do about the labor situation? About half felt that they could do nothing. Others felt they could establish or enlarge their training programs, stabilize wages and stop pirating.

Many employers even in the balanced labor areas were concerned with unemployment. They believed it to be caused by slumps in civilian business due to uncertainty in the minds of consumers and to shortages of materials, as well as to foreign competition in some markets. Suggested possible solutions were (1) better distribution of defense contracts, (2) introduction of new products, and (3) closer cooperation with the unions. Most of the employers felt, however, that there was nothing that they could do about unemployment; only a few were actively seeking new products, new markets, or defense contracts.

**Summary of Major Findings**

The findings of this pilot study may be considered from the point of view of the following question: Suppose demand for American manpower were to increase in the near future; are employers in a position to cope, or are they prepared to cope, with such a situation? The findings of the study supply, to a large extent, a negative answer to that question. Yet, there are also certain findings which yield a somewhat favorable conclusion.
Employers in manufacturing establishments in general do not think that there exists a grave national emergency at present. They do not expect that substantial labor shortages would develop in the near future. Therefore they do not have definite plans to cope with an emergency should it arise.

There is little evidence that manpower shortages automatically lead to utilization methods and hiring practices which are corrective of the shortages. It is true that shortages encourage employers to use a wider variety of hiring practices. It is also true that in booming areas where labor is short, there are fewer lay-offs. On the other hand, there appear to be a number of factors other than shortages which affect to a considerable degree the length of the work week, turnover, and the hiring of women, older people, handicapped persons, or Negroes. There is little evidence that manpower shortages stimulate the adoption of training programs, at least in the short run.

Considerable inertia appears to prevail in hiring practices and manpower utilization. Changing policies and methods is a slow process which is rarely initiated, or even planned, ahead of the time when it becomes absolutely necessary. And even when necessary, some employers seem to feel that it is the Government's job to do something about labor shortages and they themselves cannot do anything about it.

On the other hand, a number of employers have gradually changed their labor practices during the recent years. And such changes were, on the whole, successful. The labor situation in plants in which active measures were undertaken appears to be better than in other plants.

Specifically, some plants have introduced training programs, and these plants do not seem to feel the need for skilled workers as much as plants which rely upon hiring to fill their specialized needs. Also,
there has been progress in hiring women, at least for some production operations. Employers who do not have pension plans are willing to and do hire people over 60 years of age. Employers generally have a constructive attitude toward the utilization of persons who are physically handicapped, and some are willing to hire Negroes for a variety of production operations. There is some evidence that in establishments where the decision-making function is decentralized, there is a greater tendency to hire women, older people, as well as Negroes.

A detailed study of such experiences may well serve an important function if the manpower situation should worsen. The results of such a study may indicate to less willing or more reluctant employers that they themselves can do much to improve the labor situation in their plants.