1109 Finance Building

Philadelphia

October 15, 1919.

To the Members of the Research Committee
of the Taylor Society

Gentlemen:-

Attached hereto please find manuscript on "Unemployment within Employment" which I have prepared for the A. F. of L. official publication at Mr. Gomper's request. In it I have described the utility of the "Continuity of Employment Score" as discussed at the meetings of the Research Committee in Cambridge. I have asked Dr. Person to put this subject on the program for the December meeting in order that we may get the benefit of a general discussion. In the meantime I will make an effort to perfect the scheme for the organization to carry on the work.

This memorandum is to ask you to write me your views as to the best way of attacking the problem itself. With the opinions of the members of the committee before me I can frame up a plan of action for submission to the committee and perhaps to the December meeting. Remember that what we seek is a method of rating "Unemployment within Employment" which is broad in its application and yet definite in its results.

Sincerely yours,

Morris L. Cooke

Morris L. Cooke/M

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UNEMPLOYMENT WITHIN EMPLOYMENT

by

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Should you ask me to name the three greatest obstacles to a well-ordered industry in the U.S.A. in the year 1919 I would answer: first, unemployment; second, unemployment; and third, unemployment. Of course there are numerous varieties of unemployment each having a different causation. But for the purposes of this article all unemployment - the total by which the world fails to work "full time" - may be divided into two parts or classes. Into the first we put all lost time due to being "out of a job" and into the second all the time lost for any reason - such as temporary lay-off or even waiting at the machine because of temporary lack of work - while having a job. To this latter kind of unemployment I have given the name "Unemployment within Employment". Pass the term along! It has a meaning. It asks a question. Some day the abuses and inefficiencies which the term summarizes will carry a challenge to

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every red-blooded manufacturer in America. "Unemployment within Employment" has nothing to do with the much overworked term "labor turnover". The fields covered by these two terms are absolutely separate and distinct.

The industrial world is quite convinced that the greatest economic losses attributable to unemployment are those which occur between jobs, such as are inevitable for instance in the case of migratory agricultural workers. But there are reasons for believing that the economic loss due to unemployment of this class is a relatively small percentage of the total and that the principal unemployment waste is due to our inability to keep continuously engaged those who are supposed to have jobs and to be "regularly" employed - at least as "regularly" as the nature of the industry and the skill of the management will permit.

"Unemployment within employment" is largely the problem of the individual plant. Panics, depressions, droughts, wars and other so-called Acts of God can be ascribed as the reasons for an unability to give jobs to people. But it is a bit more difficult to "pass the buck" of responsibility for keeping employed full time those who have been given a job and are therefore technically or otherwise still on the

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payroll. To eliminate or at least to minimize this "Unemployment within employment" would appear to be one of the master tasks of management and one which must be met before we can realize any genuine science in industry. We must work on the theory that "Unemployment within employment" is not only controllable but that any considerable percentage of it may be taken as a sure indication of bad management. It has been my observation that those employers who assume the responsibility for giving steady employment are usually not only able to provide it but find it profitable to do so. I have seen many causes of "Unemployment within employment" attacked and never have seen one that could not be conquered.

Before we get very far in the scientific study of any subject we discover the need for some means of making measurements. So it is in the study of "Unemployment within employment." We need some formula or expression or device by which we can measure the amount of unemployed time of those who have jobs. Such a mechanism will enable us to rate the performance of individual employers in this respect, to evaluate the results achieved in different industries in providing steady work and even to contrast the experience of different industrial communities in this matter. In applying this test we should be able to determine the record made in any given period of time - a day,

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a week, a month, a season or a year. The formula should be so exact as to include lay-offs of a few minutes or a few hours as well as of days and of weeks. The result should indicate the total lay off whether due to lack of materials or orders, absenteeism, machinery out of repair or for any other cause whatsoever. The utility of such a measuring stick and its absolute necessity as the promoter of good management leads me to predict that the industrial engineers who are now at work on the problem will speedily secure a satisfactory answer.

The term labor turnover as generally used has a rather indefinite relation to the matter of "hirings" and "separations". This term has been in more or less common use for a decade and its significance is still somewhat enshrouded in mystery. It seems to be gradually drifting toward a commonly recognized standard. The more recent mathematical expressions for labor turnover represent efforts to have the term mean the same thing the world over. The term is cited now only as an illustration of the kind of an expression which may be developed to measure "Unemployment within employment" or the degree of intermittency which accompanies employment in any given plant, district or industry during any period of time. For the lack of a better name let us call this the "Continuity of Employment Score".

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This "Continuity of Employment Score" may take the form of a percentage resulting from a formula as in the case of labor turnover. Or it may take the form of a baseball score card from which other standards such as batting and fielding averages are derived. The workers themselves are not spedially interested in labor turnover and this whether the record be good or bad. But they are deeply and vitally interested as to whether they have "steady jobs" and as to just how "steady" they are. Herein lies the significance of the "Continuity of Employment Score" to the workers. If this score could be posted up over the entrance of every manufacturing plant the applicant for work would know how steady a job he or she was securing and would pass up the employer with a bad score.

It is probable that in most industries the record now being made in this matter of affording steady work is on the average not over 70 per cent. Given this percentage of accomplishment it then becomes necessary to divide up the percentage of failure (100 per cent less 70 per cent equals 30 per cent) as between the various contributing causes. Such a record might conceivably be divided as follows: -

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5	per	cent	lack of materials
4	"	"	inefficient routing
3	"	"	absenteeism
9	"	"	no orders
4	"	"	break downs in machinery
4	"	"	lack of balance as between departments
1	"	"	miscellaneous
30	"	"	total

In our analysis of causes we can not afford to stop here. Such items as "absenteeism", "breakdowns in machinery" etc. should be further sub-divided until the various changes by which improvements can be brought about are clearly determined. As soon as reasonable norms of performance are established it will be a much easier task to put the necessary pressure for improvement on those who are making bad records in this all-important matter of providing steady employment.

It would appear that if researches such as this are planned and resolutely carried out that wild fluctuations in the number of employees in any given establishment will become more and more inconsistent with making a good record in this matter of "Unemployment within employment". We seem to be approaching the time when the most efficient manufacturer will be the one who will come the nearest to giving absolutely steady and continuous employment to a reasonably static number

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of employees. Such an employer will be loathe to take orders which will require the taking on of temporary employees and will seek to so arrange orders in hand as to even the load and so provide a balance of work such as will keep a normal staff fully engaged. I should also expect that a more intensive study of "Unemployment within employment" would lead to the keeping of quarterly and annual payrolls for all employees. Only the workers know the stories such pay rolls would tell.

The bearing of such data as would be obtained from keeping "Continuity of Employment Scores" on industrial insurance will be obvious. An ideal unemployment insurance system for any industry would appear to be one which would take care of what might be called the irreducible minimum of unemployment. But if such unemployment as results from bad management and inefficient planning is to be remedied by good management and efficient planning simply to cover it up with insurance benefits would put a premium on inefficiency. We may have to come to unemployment insurance of this kind. But if we do it will be a severe indictment of American industrial management and a heavy toll will be exacted of American industry because of our failure.

In conclusion I want to ask the workers with hand and brain in two fairly typical industries - mining and clothing - as to what would be the value of a record of

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all stoppages for all causes kept both by totals and in detail. A graphical record of the "Unemployment within employment" in these two industries would in the opinion of the writer lead to revolutionary changes in method. To this task we must devote whatever energy is needed to accomplish an altogether satisfactory result.

To increase production is the world's most urgent problem. The development of methods by which the largest number of people can be kept fully occupied during proper working hours seems to afford the most promising line of attack. No one profits from unemployment. In its elimination the employer, the employee and the public can heartily co-operate.

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