

# EXECUTIVE SUMMARY

## Follow-up to 2007 study: “Using Labor Turnover to Measure the Cost Effectiveness”

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This study is a follow-up to a similar study in 2007. Both studies focused on labor turnover in manufacturing firms providing employee training that was paid, in part, by the Workforce 2020 program of West Central Initiative (WCI). There are two differences. First, training was provided to fewer employees than in the earlier period. The second big difference is the economic recession of 2007 to 2009.

When looking at labor market statistics from 2006 through 2011 in the West Central Region, three facts stand out:

- Employment in the manufacturing sector is growing relative to manufacturing employment in the rest of Greater Minnesota;
- Manufacturing unemployment is lower than in the rest of Greater Minnesota and fell by less during the 2008–2009 recession; and
- Average weekly wages for manufacturing employees are lower than in the rest of Greater Minnesota, but are growing faster.

During the 23 quarters of the study period, average labor turnover among the firms participating in training programs was lower in 22 quarters and the difference in turnover rates was statistically significant in all 22 quarters. Between 2006 and 2011 uptake of Workforce 2020 waned and fewer employees actually received training, WCI wondered if the reduced turnover evidenced in the earlier study would prevail when fewer employees received training.

Employers nearly always want to have a well-trained workforce. More training means that the workforce is better prepared, more productive and less prone to accidents. At the same time, employers are sometimes wary of training employees, fearing that their employees will take their new skills and seek employment elsewhere in search of higher wages. The lower labor turnover in the west central Minnesota manufacturing sector suggests the opposite is true. Labor turnover among manufacturers providing employee training through the WCI Workforce 2020 program are experiencing statistically lower turnover than manufacturers in the region who are not participating.

There are two appendices to the report. The first explains some adjustments that had to be made to the data furnished by the Minnesota Department of Employment and Economic Development, and the second reports on the differences in turnover rates in Otter Tail County.

Read the entire report at [library.wcif.org#workforce](http://library.wcif.org#workforce).