EMPLOYEE SELECTION AND TURNOVER IN THE LOW-WAGE LABOR MARKET:

EVIDENCE FROM A POULTRY-PROCESSING PLANT

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Recent changes in the structure of the labor market, coupled with fundamental reform of federal and state welfare programs, have created a new and challenging environment for low-wage workers, especially in rural areas. Opportunities for finding and retaining secure employment with prospects for career advancement have declined in many industries as a result of increased international competition, rapid technological innovations, and flatter organizational structures. At the same time, the traditional safety net provided by cash-assistance programs, especially for work-eligible parents with dependent children, has been redesigned to provide greater incentives for self-sufficiency through work..

The implications of these structural and policy shocks for the economic well-being of inner-city residents have been studied extensively. Relatively little, however, is known about the special obstacles faced by the rural poor in achieving labor-market success in these difficult circumstances. For example, the low density of rural populations presents unique transportation issues because a company's potential workforce may be widely dispersed across long distances from the job site. Similarly, low population density may result in a lack of affordable housing because large-scale apartment complexes are uneconomical for private developers to build. Finally, childcare for pre-school children and transportation for school-age youth are often difficult to co-ordinate with long-distance commutes and nonstandard work shifts. These logistical barriers, combined with limited opportunities for training, promotion, and wage growth, often lead to large turnover rates which are costly for both employers and workers.

We analyze survey data that were collected on applicants for 1500 entry-level jobs at a large poultry-processing plant in rural Georgia. In addition to socioeconomic and demographic information, this survey provides data on the housing and transportation issues faced by the largely rural applicant pool. A follow-up survey of individuals who were hired will be carried out after six months and, again, in one year. A sequential probit model will be estimated, determining the probability that an applicant is hired and, conditional on being hired, the probability of retention after six months and one year. The results of these analyses will help identify the characteristics of low-income workers that, through selection, job retention, and wage growth, provide a pathway out of persistent poverty and towards permanent economic self-sufficiency.