SEASONALITY IN OHIO CANNING ESTABLISHMENTS IN RELATION TO UNEMPLOYMENT COMPENSATION

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The Ohio Unemployment Compensation Act provides that no individual shall be entitled to benefits unless he or she has been employed by an employer (or employers) subject to the act in at least 20 calendar weeks within 1 year immediately preceding the date of the application for benefits. There are no earnings requirements for eligibility under the act, and the duration of benefits is not limited by prior earnings. The employment requirement and duration of benefits may be modified, however, by the provision of the act relating to seasonal employment, which reads as follows:

> If the commission finds and determines that in an employment it is customary to operate only during a regularly recurring period or periods of less than one year in length, then the rights to benefits shall apply only to the longest seasonal period or periods which the best practice of such industry or class of employment will reasonably permit. The commission shall ascertain and determine, or redetermine, after investigation and due notice, such seasonal period or periods for each such seasonal employment. Until such determination by the commission, no employment shall be deemed seasonal. When the commission has determined such seasonal period or periods, it shall also fix the proportionate number of weeks of employment required to qualify for benefits in place of the twenty weeks stipulated in section 1345–6, and the proportionate number of weeks for which benefits may be paid. (Section 1345–10.)

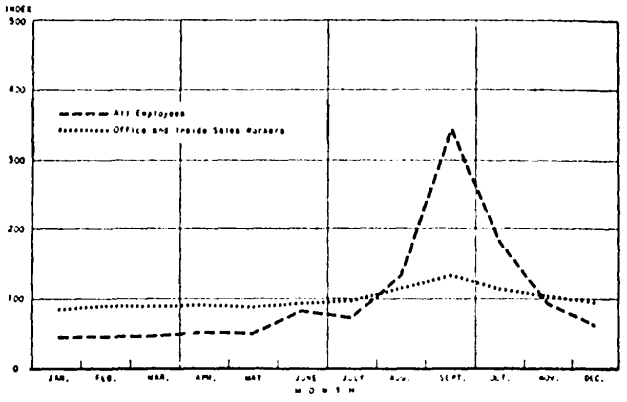
Examination of this provision reveals possibilities of varying interpretation of sufficient significance to affect seriously the equity between employments declared seasonal and those considered nonseasonal, as well as between workers engaged in seasonal and those in nonseasonal employments.

Indexes of Employment

In order to shed some light upon problems of equity as well as of administration which are involved in the interpretation of the section quoted, a study was made of employment fluctuations in 31 identical canning and preserving establishments in Ohio, over the 11-year period 1926 through 1936. Although 84 canning and preserving establishments reported in 1936, complete 11-year returns were available for only 31. Comparison of the 1936 returns of these 31 establishments with the entire 84 establishments by principal product-groups, by geographic distribution, and by size of firm in terms of average number of employees indicated the 31 to be a sample fairly representative of the industry as a whole in Ohio.

Chart I.—*Indexes [1] of employment in 31 Ohio canning and preserving establishments*

[Yearly average 1926-36=100]



[1] See footnote 1, table 1.

Data were obtained from annual returns to the Ohio Division of Labor Statistics, which are required of employers normally employing three or more persons.[1] In addition to a statement of the principal products of the establishment, each return indicated the number of persons employed on or near the fifteenth of each month, by sex, in three occupational groups: (1) wage earners; (2) bookkeepers, stenographers, and office clerks; and (3) salespeople (not traveling).

The monthly employment figures on these returns were tabulated. Individual indexes were

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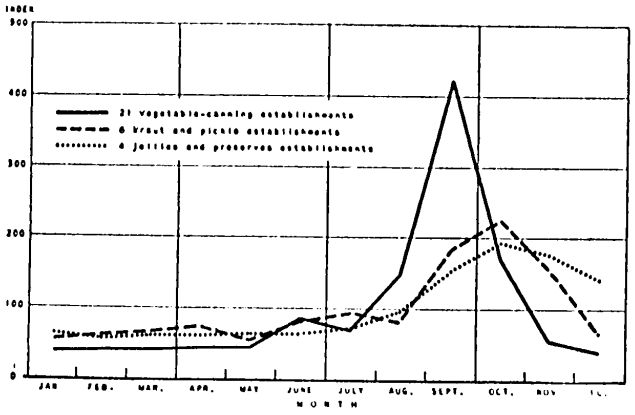
[1] The Ohio Unemployment Compensation Act covers employers of 3 or more individuals at any 1 time.

constructed for each year, with the average for the 12 months representing 100. The yearly indexes thus obtained were sufficiently similar in movement to warrant their combination into final indexes by averaging the index number for each January, each February, and so on. The technique adopted does not remove the secular and cyclical factors, inasmuch as it was felt that for the purposes of this study marked fluctuations and their timing were of greatest immediate significance.

Table 1 and chart I present a comparison of the index for all employees with that for office and sales workers. Because of the relatively small number of office workers and sales workers (which ranged from 26 to 64 in the lowest and highest months of the 11-year period in comparison with a range from 326 to 4,094 for total employment in the establishments) the index for all employees is essentially the same as an index for the wage-earner group. The most striking feature of chart I is the relative stability of employment for office and inside sales workers in comparison with that for all employees. Although both the office-worker group and the all-employees group show slight seasonal rises during the same months, the index for the former reaches 130.7 in the peak

Chart II.—*Indexes*[1] *of employment in Ohio canning and preserving establishments, by product-group*

[Yearly average 1926-36=100]



[1] See footnote 1, table 1.

month of September as compared with 343.2 for the latter. The low point for office workers is 85.3 in January, while that for all employees, including office workers, is 45.4 in the same month.

Establishments in the sample were tabulated also by their principal products into three groups: (1) vegetables, 21 establishments; (2) kraut and pickles, 6 establishments; and (3) jellies and preserves, 4 establishments. This classification was of value primarily for purposes of analysis; the establishments in these groups, in other words, were not mutually exclusive since there was overlapping in some of the secondary products. Indexes constructed on the basis of employment in establishments classified by product-groups are shown in table 2 and chart II. Of greatest significance is the fact that the indexes for the three groups show considerable variation. Most stable of the three are the jellies and preserves establishments. Those preparing kraut and pickles show slightly less stability, while establishments engaged in vegetable canning reach a much higher peak than either of the other two groups.

Of further significance is the variation in the peak seasons of the three groups. Vegetable-canning establishments have their greatest employment in August, September, and October. Kraut and pickle establishments increase employment materially about 1 month later, with their highest employment in September, October, and November. Jellies and preserves establishments increase employment about the same time as the kraut and pickle establishments, but the peak season lasts longer—September, October, November, and December.

Tabulations by sex showed that the index for women wage earners fluctuated more widely than did the index for men, although months of peak

Table 1.—*Average monthly index*[1] *of employment in 31 Ohio canning and preserving establishments, for all employees and for office and inside sales workers*

[Yearly average 1926-36=100]

Month	All employees	Office and inside sales workers
January	45.4	85.3
February	45.8	90.2
March	47.4	90.1
April	51.6	91.3
May	50.9	90.9
June	81.5	93.5
July	72.3	98.0
August	131.1	116.4
September	343.2	130.7
October	179.0	113.6
November	91.5	103.6
December	60.3	96.4

[1] An index was constructed for each year by using the 12 months' average as 100. Since the 11 separate indexes were similar, a final index was obtained by averaging the index number for each January, for each February, and so on.

employment were the same. (See table 3.) The index peak for men wage earners in all establishments was 310.7, while that for women was 388.2. Similar variation existed between men and women wage earners in each product-group, although the widest variation between the index peak for men and that for women appeared in one of the more stable product-groups—kraut and pickle establishments. The index peak for men wage earners in that group reached 191.5 in October; that for women wage earners reached 360.3 in the same month.

Tabulations were prepared also on the basis of the number of months in each year in which employment was reported. A surprisingly large number of establishments reported some employment throughout the 12 months of the year. From 23 to 27 of the 31 establishments reported 12-month employment in each year of the 11-year period. This record of employment in each month of the year was not explainable merely by the employment of office and sales workers. From 22 to 26 establishments reported men wage earners for each month, in each of the 11 years. There was, however, a striking difference between the number of months in which men wage earners were reported, and the number for women wage earners. Only 3 to 7 of the 28 to 30 establishments reporting women wage earners reported such workers in every month of the year. Employment of women wage earners in 2 and 3 months only was more customary. In one product-group, however—the jellies and preserves establishments—12-month employment was typical for both men and women wage earners.

Table 2.—*Average monthly index [1] of employment in Ohio canning and preserving establishments, for all employees, by product-group*

[Yearly average 1926-36=100]

Month	Vegetable-canning establishments [2]	Kraut and pickle establishments [3]	Jellies and preserves establishments [4]
January	39.3	56.0	64.2
February	40.3	60.8	59.1
March	40.5	67.1	61.0
April	45.2	74.8	61.3
May	46.7	57.8	63.2
June	86.0	82.1	64.7
July	69.7	92.6	70.1
August	148.2	80.9	97.4
September	422.0	181.7	152.7
October	168.0	223.9	190.8
November	54.7	156.5	175.6
December	30.4	65.8	139.9

[1] See footnote 1, table 1.
[2] 21 establishments, with 168 employees in the low month of the 11-year period and 3,561 in the high month.
[3] 6 establishments, with 30 employees in the low month of the period and 306 in the high.
[4] 4 establishments, with 57 employees in the low month of the period and 454 in the high.

Although the method of reporting made it impossible to separate maintenance workers from other wage earners, the number of men employed throughout the year was so large as to indicate that production workers as well as maintenance workers were employed in all months.

Seasonality and Unemployment Compensation

When the data of this study were related to unemployment compensation in Ohio, some interesting conclusions emerged. In general, Ohio canning and preserving establishments, including those not in the sample, are located in small towns—more than half of them in communities of less than 5,000 population and all but 11 in communities of less than 10,000 population. This fact has a significant relationship to the payment of unemployment compensation, in that there are probably fewer opportunities for employees to shift to other types of covered employment in a small community than in a large community. Thus, employees who work less than 20 weeks during a year for canning and preserving establishments may have relatively little opportunity to acquire eligibility by shifting to other employments which are covered by the unemployment compensation act.

The concentration of canning and preserving establishments in small towns is significant also because of the relatively limited surplus labor supply of small communities, in comparison with large communities. Although there were no data concerning the extent of the employment of housewives, domestics, transient workers, odd-job men, and agricultural workers during the peaks of the canning and preserving seasons, it is generally believed that employees of this sort—who will not meet the normal eligibility requirements for unemployment benefits each year—represent a sizable proportion of the peak-season employment in the industry. The fairly extensive employment of housewives would help to account for the higher indexes for women as compared with men. The fact that a majority of the establishments reported employment of women wage earners in 4

months or less each year (i. e., less than 20 weeks) would indicate that, in the absence of special regulations, such workers would not draw benefits unless they worked also for other employers covered by the law.

If it proves to be a fact that a large proportion of the peak-season employees do not work in the industry in 20 weeks of the year, and return in slack seasons to home or domestic duties, to self-employment, to agricultural pursuits, or to other employment not covered under the Ohio act, only a small proportion of the unemployed cannery workers would be eligible for unemployment benefits without the issuance of special regulations. This restriction on eligibility, coupled with the fact that the number of employees in the industry is relatively small compared to the total covered workers in Ohio, would indicate little danger of drain upon the unemployment fund, so far as the canning and preserving industry is concerned.

If the provisions of the Ohio law concerning seasonality are interpreted to mean that complete shut-down is a necessary condition for considering an industry as seasonal, the canning and preserving industry does not meet this condition. In the establishments studied, employment in 12 months of each year was more typical than employment in less than 12 months.

On the other hand, if complete shut-down is not a necessary condition for classification as seasonal, problems of formulating standards and administrative procedures become so complex that equitable administration may be practically impossible. If an arbitrary amplitude of an index above an established base is used as a test of the seasonal character of an industry, shall high amplitudes due to the employment of individuals such as housewives, who may rarely become eligible for benefits, be thrown out of consideration? Shall separate amplitudes be computed for each sex? If one sex comes within the definition of a seasonal classification and the other does not, how can such regulations be fairly administered? Shall separate amplitudes be computed for occupational groups? Certainly it might be unfair to the office and inside sales workers if the classification of the canning and preserving industry as seasonal applied to them as well as to production workers.

The problem of classification of industry groups is quite as difficult as that of classification of occupational groups within an industry. How is it possible to establish a season for all canning and preserving establishments when the season for each product-group varies? The establishment of three seasons for the three groups considered would involve inequity to the extent that establishments within one group compete with those in the other two. It would also involve inequities in the payment of benefits to individuals employed in different groups.

Table 3.—*Average monthly index [1] of employment in Ohio canning and preserving establishments, for all employees, by sex*

[Yearly average 1926-36=100]

Month	Men [2]	Women [3]
January	48.5	41.2
February	49.7	40.5
March	51.7	41.4
April	57.0	44.1
May	59.6	38.8
June	96.0	61.6
July	87.3	60.3
August	144.2	112.6
September	310.7	388.2
October	154.0	216.1
November	85.4	99.7
December	55.9	66.5

[1] See footnote 1, table 1.
[2] 197 men employed in the low month of the 11-year period and 1,930 in the high month.
[3] 91 women employed in the low month of the 11-year period and 2,164 in the high.

According to the Ohio act, rights to benefits apply only to the longest seasonal period which the "best practice of such industry or class of employment will reasonably permit." The longest peak-season period was found to be in the jellies and preserves group—September through December. Shall this period represent "best practice" and apply to vegetable-canning and kraut and pickle establishments? Since the peak seasons of the two latter groups end in October and November, respectively, employees of those two groups could draw benefits while employees of jellies and preserves establishments could not. Wide variation in employment distribution within a group, such as the study has revealed in the case of vegetable-canning establishments, further complicates the problem of formulating standards for "best practice."

Even if we assume that equitable standards may be established—and this assumption may not be justified—there would still remain certain administrative difficulties in keeping records and

paying or disallowing benefits for workers who may shift between employments which have been determined to be seasonal and those considered nonseasonal.

The data here discussed relate only to one industry and to establishments in only one State. They tend, however, to emphasize questions which have been raised elsewhere on the bases of other data on employment. In view of the problems of equity between employers and between employees which arise in interpreting special regulations concerning seasonality, in view of the difficulties of formulating standards and administering them, and of the lack of unanimity of opinion concerning the social and economic desirability of specific limitation of the benefit rights of seasonal workers, the fairest policy—where the danger of depletion of the unemployment fund is not conclusively proved—would seem to be to postpone decisions on seasonal determinations until further experience has been acquired in the operation of unemployment compensation.