

Investing in bus systems may yield return for workforce and employers

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A quality public bus system may help manufacturers and retailers to retain employees, says a new study from Ball State University.

"The impact of bus transit on employee turnover: Evidence from quasi-experimental samples," an article by Ball State researchers Dagney Faulk and Michael Hicks recently published in the journal *Urban Studies* found that counties with fixed-route bus transit systems have lower employee turnover rates.

Researchers Dagney Faulk, Center for Business and Economic Research's (CBER) research director, and Michael Hicks, CBER director and the George and Frances Ball Distinguished Professor of Economics, found an increase in bus systems' per capita operating expenditures is associated with a decrease in employee turnover. In turn, businesses save money by not having to train new workers or rebuild institutional knowledge within the firm.

These results suggest that access to fixed-route bus transit should be a component of the economic development strategy for communities not only for the access to jobs that it provides low-income workers but also for the benefit provided to businesses that hire these workers, the study said.

The study analyzed employee turnover rates between 1998 and 2010 in Illinois, Indiana, Michigan, Ohio, Pennsylvania and Wisconsin counties. The research compared counties with between 50,000 to 125,000 people

with and without bus transit systems.

Researchers used publicly available federal data. They found that a fixed-route bus system in a community reduced annual manufacturing turnover by 1,100 to 1,200 jobs and annual turnover costs by \$5.3 million to \$6.1 million. In retailing, the turnover of employees was reduced by 900 to 1,000 jobs annually while yearly turnover costs were cut by \$1.7 to \$1.9 million.

Previous research determined that turnover costs cut an estimated 16 to 20 percent of a company's earnings.

"The suburbanization of manufacturing and retail employment has had a dramatic impact on low-income individuals," Faulk said. "For low-income workers, limited access to transportation may hinder the type and number of jobs available to them. This would ultimately influence income levels and the duration of employment."

More information: "The impact of bus transit on employee turnover: Evidence from quasi-experimental samples." *Urban Studies* 0042098015581571, first published on April 17, 2015 [DOI: 10.1177/0042098015581571](https://doi.org/10.1177/0042098015581571)

Provided by Ball State University

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