

OUTPLACEMENT AS A SUPPORTING FORM OF GROUP LAYOFFS

Introduction

The restructuring of employment in Poland frequently results in redundancies (it was obviously visible in the period of the system transformation in the early 1990s). The main objective of redundancies is cutting the labor costs. In many cases redundancies on a large scale turn into massive layoffs.

Redundancy is one of the courses of action that enable a company to survive economic crisis. However, redundancies – especially in the form of group layoffs – are effective only if they are well prepared. That can be done by outplacement programs or ordinary schemes of dismissal (among others, they include lists of people to be dismissed, information campaign among the staff, consultations with trade unions, incentives that encourage a voluntary dismissal, conditions of dismissal, etc.)

Group layoffs are regulated by the act of 13 March 2003¹. It determines the procedures of dismissals that prevent employers from additional costs (e.g. legal costs), the redundancy compensation, the categories of protected staff and the situations when an employer cannot dismiss an employee.

1. Outplacement as a support form of group layoffs

Specific features of outplacement

In the Polish literature on the subject there are various equivalents of the term *outplacement*: „dismissal with a sedation” (P. Berkowski), “dismissals handled with kids gloves” (J. Maćkowiak), “civilized staff dismissal” (K. Puchalski, or “classy dismissals” H. Nogaj). However, the most commonly used Polish term is “zwolnienie monitorowane” i.e. “monitored dismissal” which won a competition of the *Personel* bi-weekly (1999) for the Polish equivalent of the English for *outplacement*. Consulting companies that run

¹ Ustawa z 13.03.2003 o szczególnych zasadach rozwiązywania z pracownikami stosunku pracy z przyczyn nie dotyczących pracowników, Dz. U. 2003, nr 90, poz.884.

outplacement programs ordered by companies use also such terms as “vocation adapting program” or “program of vocational activation”.

From among many definitions of outplacement, the definition of a well known HRM expert, M. Armstrong should be quoted:

“Outplacement is about helping redundant employees to find other work. It means helping them to cope with the trauma of redundancy through specialized outplacement consultants and counseling. (...) They can be helped to identify (...) the type of job they are qualified to do”².

Thus, having analyzed the definition, outplacement can be considered a modern process that supports strategic HRM by means of providing a complex and specialist assistance to redundant staff, who find themselves in a difficult plight, and helping them to function in their new job and family situations.

Types of outplacement

Initially, outplacement was treated as a form of a specialist advisory service to management staff. However, the increase of the competition between companies, both on the local and global scale, forced them frequently to dismiss their staff on a large scale. This resulted in the demand for various forms of outplacement. Most commonly the following types are taken into consideration: individual, group and mixed outplacement.

Individual outplacement

This type is directed to the specialist and management staff and consists in the consultant’s work with the program participant with the aim to help him/her find employment. The time is not defined and the assistance is conducted on the basis of a schedule drawn together with the client. The consultant provides support and analyzes the client’s progress. The program lasts also during the trial period in the new job and finishes until the client is offered a permanent employment. Otherwise the program is not stopped and lasts until the objective is reached.

Such individual outplacement is also applied in the case of employees who were particularly valued by its company (in the future, the opinion of this person, often being an opinion leader, about the previous employer may influence the future contacts of the companies) and high-class experts.

² M. Armstrong, *Zarządzanie zasobami ludzkimi*, Oficyna Ekonomiczna, Kraków 2005, p. 426.

Group outplacement

According to A.Sidor-Rządkowska “group outplacement is an offer directed to junior staff, including junior managers. They are the employees that the company decides to dismiss within group layoffs as a result of restructuring processes”³

In Poland, group layoffs are considered to be the ones that imply the necessity to

- dismiss the whole staff due to closing down or the bankruptcy of the company;
- decrease – once or within 3 months - the employment due to company reasons by at least 10% in companies with the staff of up to 1000 people or at least 100 in companies employing over 1000 people.

In such situations, the group outplacement program may constitute support to a large number of employees that are forced to leave because of employment restructuring. The program should:

- be adjusted to the situation of the participants;
- include an offer of training and long-term assistance to the participants, while the form, contents and the training methods should be suited to various target groups.

The setting up of an outplacement program consists of several stages:

- stage one: the determination of its form and duration,
- stage two: the selection of program participants (if the program is a part of a social package, every interested worker should be allowed to take part in it). Generally, the participation is optional. The formation of training groups is a crucial element that has impact on its success.

The aim of the training, which is the main element of the outplacement program, is to create a high level of motivation to act (look for the job), to reduce the fears and doubts related to the low self-esteem and to show new prospects.

Thus, the training program should deal with such issues as:

- finding one's own personal and professional weak and strong points,
- presenting them in the application documents (the SWOT analysis)
- presentation of CV together with a positive self-presentation of the participant
- job seeking strategies,

³ M. Sidor-Rządkowska, *Zwolnienia pracowników a polityka personalna firmy*, Oficyna Ekonomiczna, Kraków 2003, p.105

- practicing job interviews, etc.

Apart from learning about the ways of looking for a job, it is crucial that the feeling of self-value among the participants rises and their readiness for changes is strengthened.

2. The evaluation of outplacement effectiveness

Only after all measures within the outplacement are taken, especially when the training as the particularly important element is completed, the outplacement can be considered effective and helpful to the company and participants, as well as to the trade unions if there are any in the company.

Outplacement effectiveness evaluation from the point of view of a company

It is obvious that a company is obliged to offer, according to the legal rules, at least minimum support to its redundant staff (e.g. offering days off to look for work). However, only the implementation of outplacement results in additional benefits to the company:

- material benefits: e.g. the decrease of law cases in labor courts, reduction of loss due to a high number of dismissals,
- non-material benefits: e.g. image of a “human-friendly” company that is responsible for its (previous) employees, especially the ones with long service.

Outplacement effectiveness evaluation from the point of view of employees

Outplacement is usually well evaluated by the staff involved. Thus, such service is a standard in the case of senior managers, and often in the case of specialists, and is included in managerial contracts. Both from the point of view of managers, specialists and regular staff outplacement is beneficial as it offers:

- consultants’ support when negotiating the conditions of the dismissal;
- psychological support to the redundant employees for whom it is often a traumatic experience;
- the assistance in finding new jobs;
- trainings that help get a new profession (demanded for on the local market) and new experience that supports personal development.

Outplacement effectiveness evaluation from the point of view of employee organizations functioning in companies

The attitude of workers' councils to the outplacement programs was at first skeptical. They aimed at the protection of employees against layoffs. However, the effectiveness of the outplacement programs that were conducted by several Polish companies convinced them that the activities supporting the redundant staff in finding new workplaces are also important since layoffs cannot be avoided for various reasons

3. Outplacement in Polish companies

The ZPT tobacco company that is owned by the Philip Morris corporation is considered to be the pioneer of outplacement in Poland as it was the first one to conduct such a program in Oświęcim (250 employees). Some other companies should be mentioned: TP, Hochtief Polska, Daewoo – FSO Motors, Saint-Gobain Abrasives, Żywiec Group, Fugo, Browary Wielkopolskie breweries, Danone, Bank Zachodni, Unilever, Cadbury-Wedel and many others. The above list testifies to the fact that in Poland there have been many outplacement projects and the number of the participants (i.e. the redundant staff) ranged from several dozens to thousands of employees.

The TP telecommunication company is an example of a company that conducted employment restructuring on a large scale. The program was carried out in 1992-2005 but practically it started in 2000 and lasted till 2004. In that period approximately 25 thousand employees left the company. Outplacement was one of the support forms offered to the leaving staff. They were offered support in the form of both training and consultancy. The program was offered to the redundant employees when they were still employed in the TP company and received salaries and social benefits. Such an arrangement was advantageous both for the company and the staff as they had time to be shown new prospects and opportunities to use their skills in other companies. The redundant workers were free to make decisions as regards the choice of training (e.g. job seeking or setting up a new business workshops).

Every program participant received a *Handbook for TP staff seeking employment* and a set of information materials helping to start a new job. There were consultation stands and a co-operation with labor offices was established. In 2000 over 70% of the leaving employees took advantage of the optional leave program.

An important role in the outplacement process was played by the Centers for Vocational Adaptation (CAZ) organized throughout the whole country. The centers run individual meetings where job skills were tested and expectations as regards the program were discussed. The participants were also assisted in preparing application documents and were presented with job offers

There were also various courses and training programs where offers from the labor market were sent. CAZ centers also contacted the media.

The reports from in-company outplacement centers were sent to the head office. Such arrangement helped to coordinate all operations within the program.

The training programs and courses offered by CAZ were directed mainly to the employees whose positions were to be liquidated and who had to leave. Before the offer of training was established, the analysis of the market was carried out as regards the employment opportunities in other professions. The most popular outplacement training programs in the TP company were vocational courses (e.g. for cosmeticians, hairdressers, POS operators, small food outlet managers, bookkeepers, tax advisers, accountants, driving licenses of different categories, gas and argon welding) and IT courses (website creation, work on photoshop, installing and servicing computer systems, LAN network creation and administration). The company also offered co-financing of the education (School Leaver's Exam, post-secondary courses, graduate studies).

The program *Work in return for Employees* (PzP), which joined the elements of service outsourcing and outplacement constituted an interesting offer⁴. It gave the opportunity for the company employees to be transferred to a new employer that took over the company network division. That offer was given to 5500 employees out of 23 300 employed in the division. As a result, the company reached savings of approx. 100 million zlotys and it guaranteed the workplaces for the redundant staff. What is more, it had the guarantee that the network would be maintained by experiences staff and would keep its competitiveness, etc.

In return for constant orders, the outside companies were obliged to sign labor contracts with the TP company workers until at least 12 Feb 2004. As a result of such advantageous offer, 86% of the redundant staff started work with the new employer without losing their rights and privileges, e.g. money equivalent for phone impulses or jubilee awards.

⁴ P. Berkowski, *Jak zwolnić a nie stracić?*, „Personel” 2003, No 7, p. 10.

Conclusion

The increased interest in outplacement programs, especially in the time of crisis, resulted in the rise of the number of companies that offer such services. While individual outplacement has almost become a standard, the interest in group outplacement is growing, too, in spite of significant costs of the programs that are run by personnel advisory companies. More and more frequently, trade unions demand to include such services in social packets on a standard basis, as it is done in managerial contracts.

Outplacement programs that successfully help the redundant staff to find new jobs are a significant instrument of the struggle with unemployment. That is the reason why they should be used by all companies (or at least by all the big ones) that conduct mass layoffs. The successful examples presented in the article show how useful they are.

Bibliography

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Summary

The article presents the issue of staff restructuring and particularly the issue of redundancies.

Outplacement has become one of the most frequent solutions in mass layoffs applied by companies.