

7. Organizational decision-making and criteria for lay off of blue collar workers under conditions of economic crisis and restructuring

Abstract

Using interviews and group feedback analyses with subject matter experts (SME's) and a Delphi technique with social partners, this study tries to inventarise the criteria used for lay off of blue collar workers in a declining economy. Besides discussing the used qualitative methods, the article also gives an overview of the different decision processes used to select workers that are to be fired. The core of the study is the identification workers vulnerable to firing.

Introduction

The last years 'lay off procedures' are among the most frequently bargained issues in Belgian industrial relation activities. Lay off is a typical process that fluctuates with the economical conditions. Unemployment is caused by many reasons: sector, region, productivity, new technology, buying power, value of money, outsourcing, etc.

No direct relation seems to exist between the criteria used in firing decisions and the various business reasons for the lay offs. It is commonly found that the unemployment rate amongst youngsters is the highest for the lowest skilled workers. Once hired and somewhat older, it is clear that it is no longer the same group of unskilled workers who are fired during the early lay off waves.

This study was commissioned by regional social partners to try to identify the whole

range of selection criteria used for firing blue collar workers due to economical reasons or restructuring¹ in the metal sector in one Belgian province.

Once the groups vulnerable of being fired are known, the final aim is to find ways to strengthen them, to train them so that they will not be fired, or to assist them in the best way to be reintegrated into employment.

The commissioners dispose of a budget to develop a program to help fight the different types of vulnerability. They are the decision makers in the project and are, at the same time, well informed about the subject.

Methods

As we were only interested in identifying all types of firing decision processes and not in the relative frequency of the use of each decision procedure, we approached the problem with qualitative methods. On the one hand we used interviews of subject matter experts (SME's), followed by a group feedback analyses (GFA) which mainly served to do an objective data-reduction, to structure and to provide correct interpretations. On the other hand we used a Delphi technique for synthesizing the data and providing a final formulation.

Interviews

The data collection was based on discussions with 71 people, all from the chosen economical sector. Basically, there were two groups of interviewees. The first group is composed of 3 types of workers: fired workers, workers at risk of being fired, and workers without a risk of being fired. The second group were subject matter experts (SME's): first line supervisors, production managers, personnel managers and union representatives. They all were considered subject matter specialists because they knew from experience what the firing procedures 'in use' were. They usually receive direct and suffi-

¹ Further in this article we always mean 'firing for economic or reorganizational reason' when we speak about firing or lay offs.

cient information about the painful turbulence of lay offs.

Three questions were addressed in the interviews.

- Do you know about lay offs for economic reasons or because of restructuring? Tell me about the context.
- What is the process the organization uses to choose the people that have to be fired?
- What are the procedures known to you, which are currently used, or were used in the past 10 years to select those who have to be fired?

Only for the last question it was necessary to probe to gain all the information. Too often, in their spontaneous reaction respondents only gave the main technique: retirement or early retirement. By investigating in depth it was clear that in most organizations, either openly or concealed, other selection criteria than the ones already mentioned were also used.

Group feedback analysis

The group feedback analysis was used to structure the strange array of examples, stories, verbatim quotations and idiosyncracies. Besides reducing and grouping facts into families of related facts, interpreting the different firing approaches was important. The final stage, after the proper feedback act, was a check on the meaningfulness of the interview results. At the same time, it was a method of obtaining more information and it was used to amplify the interim results (Heller, 1969).

Following Heller (1981), in our case, validation was also the prime function of GFA in this research. Respondents gave reasons why they produced certain answers and got the opportunity to vent their doubts about several findings. Indeed, as we fed back information to four separated subgroups, together 32 of the 71 SME's, in some cases described processes or procedures were not recognized as really existing and were classified as pure fantasy. We only dropped a proposed process or procedure when none of the four GFA groups recognized the phenomenon.

The promises to the respondents and the use

of GFA was also used as a motivating factor to ensure participation in the whole study. Finally the technique also acted as a change agent (Heller, 1970); we were intentionally doing action research, and if not changing the approach used in firing decisions, we were at least making the process and procedures more conscious.

Delphi

Because the social partners were the commissioners, acceptance of the formulation was important. They want the truth and the facts, but preferably phrased clearly so they can assume that what is said is really what happened. Also, the explosiveness of the matter requires a text that is acceptable for social bargaining. The formulation should be without implicit criticism or evaluation.

Using a Delphi method for the formulation, not for the fact finding, is particularly suitable for the purpose of the study because this communicative method builds on the subjective base of norms and opinions. The technique was not used to reach a common opinion among experts, but to find a common label and formulation for the reported cases of firing processes. Van Dijk (1989) points out that results of the Delphi technique are not facts, but opinions about facts. In our case, the results are reformulations of opinions about facts. The panel of experts uses 'real people' to respond to the question:

'How to formulate? What should be formulated in another way?'

That question did not have a clear-cut answer, but was of concern for all participants. Even with data from Delphi rounds in an experimental setting, working with 11 participants, acceptable levels of concept reliability of .76 can be reached (Dalkey, 1972). It seems that reliability is also acceptably high in real situations (Dagenais, 1978). Convergence occurs but remains problematic because there is no known way to insure that the responses will converge to a valid answer. However in our case using the Delphi procedure after the interviews and the GFA was not aimed only at improving the reliability of the data, but also at increasing the validity of the results. It is, in a certain sense, a

cross validation based on another group of SME's.

The method used differs from the conventional Delphi technique because the panel didn't participate anonymously and at a distance. In part it was an alternation between real-time Delphi and written reactions. Participants met, knew each other and knew of each others participation. Although the source of a particular written response was kept anonymous, it could be retraced by others as the group was small and composed of social partners. Instead of administering a questionnaire, the final text of integrated reactions was sent around several times to elicit reactions. The reactions were brought to a group meeting by the researcher-animator where, after discussion, new formulations were adopted or additional sentences were integrated into the document. Because the text was to be the final input for taking decisions to initiate actions, the method used was a type of Decision Delphi (Rauch, 1979). The results obtained were not neutral perceptions, but instead their aim was to influence future developments directly.

For the formulation of the assignment there were two rounds, whilst for the final text there were three rounds.

Respondents

Three remarks:

- The Delphi-group implied equal power among representatives from the social partners.
- The GFA group of eight blue collar workers consisted of three sub-groups: two persons from threatened workers, at risk of being fired, three workers without any threat of being fired and three who had already been fired.
- The mixed GFA group was made up out of 4 first line supervisors, 3 production managers and 1 personnel manager.

The respondents came from 18 different organizations in the chosen sector and from 3 different unions. The organizations were in the chosen sector with an optimal spread concerning product, manufacturing type and economic

situation. Participants were selected at random. However, in two cases, respondents were selected for sheer practical, opportunistic reasons: they already had a meeting planned to discuss other matters.

Findings

The process of deciding on selection procedures

First of all we have to state that deciding to lay off people for economic reasons or because an organization is reorganized is, in itself, a most difficult act. It tends to result in a lengthy, and particularly conflictuous decision-making process. Viewpoints of the bargaining participants are diametrically opposite. It is a pure win-lose situation.

From the workers' side there is only an emotional 'no' that acts as a constraint on the process of deciding on the lay off procedure. Normally, final decisions and numbers are more a function of the power relation between the parties and less a function of the economic situation or the need for restructuring.

From the union leaders' perspective, the number of people to lay off and the procedure for selecting the people to be fired – such as the criteria for selecting the vulnerable persons – are implicitly one-and-the-same in the decision process. The number of people to be laid off is solely defined by the selection process and not by the economic conditions or restructuring needs. For example: using as selection criterion 'women older than 50' would implicitly mean to lay off some 100 persons; whilst the restructuring need could only be the lay off of 70 persons. In nearly every case, the decision of collective lay off is taken on a level that exceeds the needs of the organization.

For three reasons, lay offs are often repetitive:

1. in order to be politically acceptable, lay offs are accomplished in groups that are too small, this represents a diplomatic opportunistic approach;
2. because of the lack of agreement on a realistic number between the parties;
3. because business becomes worse and worse.

Accepting the need to fire people nearly automatically includes the procedure for defining who to lay off. Note that in this sense the decision captures many of the elements of Cyert and March's (1963) behavioral theory of the organization including the concept of slack, side payments, bargaining power, coalition formation, etc.

Concerning the process of deciding on the procedure to identify and select the workers to be dismissed, we found seven different types. We can classify them based on a combination of the use of participation, the extent of openness of the process, and the amount of interference of forces from outside the organization.

The seven processes we registered consist of the following types of lay offs: with governmental assistance; with official reconciliation; with a collective agreement; with information of the works council; with discussion and information of the union delegates; open but without participation; hidden, secret or denied.

1. *With governmental assistance.* In this category the main goal is to reach the criteria needed to be classified an 'organization with economical problems or in restructuring'. Having economical problems is defined by the financial results of the last two book-years. Being considered a restructuring organization depends on the number of people who are to be fired collectively (for instance, 10 persons for an organization where $100 > N > 20$ employees, or 10% for organizations that count 100 or more workers). These guidelines are defined in detail by Collective Work Agreements, Royal Decrees or Ministerial Orders.

To obtain the official classification an 'organization in economic problems or in restructuring' is very important. This classification is needed to be entited to certain subsidies or to gain the possibility of creating a system of early retirement allowances. This classification crosses most of the types of collective lay offs and it certainly completely dominates the selection criteria for the first slices of dismissals.

For us it is important that -'to be given this classification'- the dossier has to include:

- a collective agreement of the social partners that a preretirement plan will be installed;
- a restructuring plan that was presented to the workers council for advice; if not applicable to the union representation; if not applicable to the committee of safety and hygiene; or if not applicable to the local of sector representatives of the unions.

(The restructuring plan also has to include items about women's employment and redistribution of work within the organization).

So in this first category there is an important participation process. Without the positive collaboration of workers representatives the employer can never reach the official status of 'an enterprise with economic problems or in restructuring'. The consequence of not reaching that status is that a whole program of financial assistance by the government can not be realised. Besides the fact that employees participate in this process with a certain power base, much power in the decision-making process is in hands of governmental bodies. Openness is complete in this category. In nearly all of the cases of type 1 the selection procedure determining which employees are to be fired is completely based on the early retirement system.

2. *With official reconciliation.* Very similar to the previous formula is one where a process of dismissal is preceded by a phase of collective bargaining which fails and ends in a blocked situation. Professional reconciliators, nominated by the government, then guide negotiations.

This situation mostly occurs when the organization does not have the possibility to offer employees an early retirement plan. Organizations then fall back on the simple procedure of collective lay off. In order to make that possible, management is obliged to inform the employee representatives and the governmental unemployment office. The organization must

also pay fired employees a supplement, enlarging their unemployment allowances. The employee representatives who have to be informed are nearly the same as in the previous case. The employer is obliged to provide all information to parties 'who have some interest'. In any case they have to provide in writing:

- the reasons for the lay off project;
- the criteria that will be used for the selection of employees that have to be dismissed;
- the number of and the salary categories of the concerned employees;
- the number of and salary categories of remaining employees;
- the calculation method that will be used to determine the lay off premium for employees that are not yet included in an existing collective agreement;
- the period in which the lay offs will take place.

All these issues are communicated to offer representatives the opportunity to give 'their remarks'. Management 'can take these remarks into account'.

Evidently, in most cases this system does not work, and therefore the bargaining process is blocked almost every time. Intervention of reconciliators from outside the organization is necessary.

In the case of collective firing processes, having an information duty as a type of participation is not sufficient to ensure bargaining continues. The bargaining process mostly ends up in a situation of conflict, where again much of the decision power is relinquished to persons outside the organization. Openness is high and there is a certain amount of participation. Also here the selection procedure is, or has to be, included in the collective lay off decision.

3. *With a collective agreement.* When the previous formula is successful and the help of the reconciliators from outside is not needed, the employer can reach a collective agreement with the employer representatives. In that agreement the parties

involved define all conditions surrounding the lay off procedure.

We very seldom encounter this situation, and if it does occur it is mainly found in organizations with a homogeneous population of white collar workers. In that case, a normal bargaining process takes place where the participants are looking for a win-win situation. Incredible cleverness and flexibility can appear and, often creative solutions are found. Here we have real participation, the power game takes place inside the organization and openness is high.

4. *With information of the works council.* Sometimes, only a very small number of employees are fired for economical reasons or due to restructuring. The lay off is then not officially classified as a collective lay off.

This condition can be openly or not openly discussed in the works council. In these cases the deal is often fixed in advance with the individuals who have in most situations a very fair proposal.

In this situation, the selection procedure is a rather one-sided management approach. Mostly the choice of who is to be fired is based on opportunity, on volunteers or on the closing of a subunit or the termination of an activity of the organization.

In this procedure there is – in the case of volunteers leaving the organization – direct participation of the considered workers, a rather low openness and the power is kept inside the organization. The discussion is to a large extent a shop floor matter.

5. *Discussion with and information of the union delegates.* This formula is identical to the previous one but the frequent informal involvement of unions representatives is easier because discussions can be totally confidential and there is no public pressure. Often discussion concerns only unilateral information provided to union delegates by management. Normally the

solution is 'in the bag' in advance. In this case, power remains in the organization, participation of employees is medium and openness is low.

6. *Open but without participation.* This is a situation where there is no collective lay off, but there will be lay off of individuals for economic reasons or due to restructuring. Management keeps the number of fired employees below the number that official regulations specify as defining a collective lay off. Real or fake arguments for the reasons to use this procedure can be given. Everybody knows the real reasons. The employer is formally or informally not hiding the truth. To avoid problems employees remain silent. Here, power resides within the organization, participation is low and openness high.

In this case there is no bargaining and no participation in the process. For the selection the whole array of criteria described later in this article are used.

7. *Hidden, secret or denied.* Here, the same process as in the previous situation takes place. Only very few people, usually in managerial positions know the truth. To those who harbour a suspicion of an impending lay off for economical reasons, management will issue a denial. In some cases commercial or business reasons are the basis for this approach.

Of course there is no participation, no openness and power remains within the organization. Various criteria are used to select the employees to be fired.

Fig. 1 gives an overview of characteristics of power, participation and openness of the 7 processes.

Who are workers at risk to be selected for firing through the procedure?

1. *Vulnerable workers in the literature.* The literature lists a whole series of types of vulnerable workers (see Davidson and Earnshaw, 1991). Independents, minority groups, part-time workers, women, dis-

abled persons, illiterates, workers from other countries with special work-permits ('guest-workers'), homosexuals, ex-convicts, etc. We didn't find any of these groups to be selected for lay off by preference. The opposite is true. The organizations who have employees from one of these groups of vulnerable workers take extra care not to include them or to over-represent them in the group that is to be dismissed.

There are taboos such as 'No ending contracts of guest-workers'! (Thielemans, 1979). A unique case of firing a person for his status is reported. This was not related to economical reasons, but to the job this employee had (see also Adele et al., 1984, p. 113 and 119).

2. *Being vulnerable as a function of region and economic sector.* We found that a lot of organizations use the region of their operations as a selection criterion. The cost of employees' salaries is often the rationale behind this approach. Business tries to move to regions with lower salaries and a better social climate.

Furthermore, often in conjunction with region, the economic sector is used as a criterion. Businesses cut back manpower in the sectors where the financial results are decreasing, or where the introduction of new manufacturing techniques greatly improves productivity. We further discuss this group in the paragraph on manufacturing technology.

3. *Being vulnerable due to individual characteristics.*
 - a. *People who can take early retirement.* Age combined with early retirement is the most often used criterion for lay off. In some extreme cases the age required for early retirement can go down to 50 years, whereas normally it is 52 years. Management is often against this practice, as many experienced workers are lost and an age gap is created.

It is also said that a certain group of

1. With governmental assistance		
Early retirement plan & financial allowances from government		
Open	high participation	Power Outside
2. With official reconciliation		
First blocked - official reconciliation and premiums from the organization		
Open	information duty +/- participation	+/- Power outside
3. With collective agreement		
Both partners are looking for a win-win situation what ends in a collective agreement		
Open	high participation	Power Within
4. With information of works council		
Small number of lay offs- participative discussions -mostly a fair deal		
Not open	high participation	Power within
5. With discussion and information of union delegates		
Small number of lay offs- some participative discussion but private - solution in advance in the "bag"		
Not open	+/- participation	Power within
6. Open without any participation		
Small number of lay offs- direct open buy out- paternalistic approach- often bluffing		
Open	no participation	Power within
7. Hidden, secret or denied		
Very few people know the truth, often commercial or business reasons are the reason for this approach- often fair deal		
Not open	no participation	Power within

Fig. 1. Classification of the 7 decision making processes

blue collar workers aspire the early retirement age being 50 years, because for them the financial position of the early retirement situation is very comfortable.

- b. *Those who are frequently absent.* Once the group of people who can be sent with early retirement is exhausted, selection is oriented to those people who are frequently absent. Obviously, the genuinely sick people are avoided. Management, coworkers and even union representatives are well able to identify those profiting from non-genuine sickleaves. Workers formally or informally easily accept this selection criterion. For these employees there is no social protection or solidarity from the group of co-workers. This would also seem to be a finding consistent with equity theory, social comparison processes, and social justice theory in social psychology. The solutions are accepted because the group perceives a procedural fairness.

Some SME's categorize this group together with the following one because they consider non-founded absenteeism as a symptom of a 'bad character'.

- c. *'Bad character'.* Once early retirement and absenteeism are exhausted as selection criteria, the category of employees with what is called a 'bad character' comes up. Many traits in different combinations can be classified as 'bad characters'. Mainly, elements such as inflexibility, immobility, failing of polyvalency and lack of motivation are mentioned.

There is also a strange mixture of behaviours connected with the term 'unskilled'. SME's have the tendency to identify the employees at stake with the label 'unskilled'. Nevertheless, when the personal files are opened it seems that the employees with a so-called 'bad character' are not the 'unskilled' people. On the contrary, the unskilled, who are long-term members of the or-

ganizations tend to be flexible. They are motivated to become more polyvalent and are somewhat mobile. Some research indicates that these blue collar generalists 'tour' the plant and work in different jobs, because they quickly become bored with a particular assignment. Nevertheless, if they had developed these positive attitudes, unskilled as they are, they would never survive in the organization. Because they are unskilled and still in the organization, they are good collaborators; that's why they are not on the list of the employees that are to be fired. Note that these people represent Cyert and March's notion of slack. They create a flexible reserve labour force for any job, should a situation require their assignment.

Another fact is that unskilled, low educated, people experience difficulties to be hired by other organizations. Indeed, it seems that hiring criteria normally include a demand for a certain level of intellectual talent, even when it concerns low skill functions. The underlying idea is that skilled newcomers, with a normal school curriculum, provide a greater guarantee of possessing the correct attitudes than do unskilled workers. Because they are unskilled they probably acquired the wrong behaviour during their school period so they will probably be labelled 'bad characters'. This explains why unskilled, low educated people have problems finding a job and have high unemployment rates. Nevertheless, when unskilled people have longer tenure in the organization they are not especially vulnerable. They become more of a protected group which, even if lacking the requisite abilities, displaying what Organ (1990) calls good citizenship behaviour.

By flexibility the SME's mean the willingness to change planned work, to change methods, to change workplace, to change shift (coming one hour earlier, staying one hour longer, coming in

on a Saturday or Sunday, supplementary hours, etc.), or, to change from one job to another. Acceptance of ambiguity, openness for relative rather than absolute situations and for situations requiring some flexibility in interpretation are also mentioned as factors.

Mobility considers the micro level of the factory, as well as possible moves from one town to another involving actual geographical displacement.

Polyvalency in this context only means changing from one job to another without the necessity of theoretical training. Nearly all SME's believe that most workers can, because they have the abilities, acquire the skill level needed for this polyvalency. Problems are nearly always caused by attitudes or pecuniary obstructions, though this may be an instance of attribution theory.

By motivation SME's mean elements such as engagement, identification, vigilance, self starting, initiative, result-oriented, politeness, attentive listening, interested, disciplined, mature, proactive.

Some of the SME's identify the so-called 'bad characters' as the non-performers. It is a fact that supervisors, first line supervisors and leading hands are very consistent in identifying who belong to the group of bad characters.

- d. *The objectively tired and older workers.* According to most SME's, management also uses a system of selection where they are looking for people who are objectively fatigued, or who are really physically or psychologically old. One remark is important here. Chronological age is a bad parameter for the identification of the 'physically or psychologically older worker'.
- e. *Workers who are stigmatized by facts from the past.* It seems that the organization has a very good memory. When all the previous selection criteria to find candidates for lay off have exhausted, and the organization still

needs more 'victims', negative events in the past are used to find arguments to fire people.

Negative critical incidents or conflicts are dug up. The partners in the group easily accept this criterion and confirm, indeed, that these factual incidents in the past did happen. Solidarity with the fired colleague is, in this case, very low. The selection procedure used is countered by a low resistance.

- f. *Eventually good hard workers whose skills can easily be replaced.* Indeed, if lay offs still have to continue, the organization starts to expell good, hard working employees. The selection is then based on the replaceability of the skills employees possess. Firms don't fire the hard to replace personnel and will eventually assign them to a simpler task. Managers need to plan for the subsequent reacquisition of skills that are deemed to be in surplus during the shrinkage programme (Hartley et al., 1991, p. 175).

4. *Being vulnerable due to characteristics of one's task or profession.*

- a. *Professionals whose functions are changed by new technologies.* A first group is the group of functions where the number of occupants is diminishing due to automation, the increase of productivity and the new design of products. Component integration as well as smaller and more powerful components have diminished assembly working hours. New techniques of assembling and testing are also a menace to certain jobs. Moreover, some tasks executed by blue collar workers before, are now done by white collar workers.

The second group of functions which will see lay offs are those where the tasks have evolved in such a manner that job occupants lack the capacities necessary to execute the task. According to SME's the first stage of manufacturing technology, where 'traditional non-automated manufacturing ma-

chines are operated by humans', only affects few victims. The second stage, represented by conventional or 'hard' automation (Davids and Wall, 1990), creates more redundancy of manpower. Only the third stage, called 'soft automation' where machinery is controlled by software programs, creates the need for operators that are different from the previous operators. This last stage requires other skills.

Nevertheless, our SME's report that selection of employees to be fired is rarely based on a search for people who can keep up with technological evolution. Because of the investment programs, this evolution is too slow within blue collar jobs. Only the experienced workers are sent to learn about the new technologies, not the highly educated newcomers. The steering techniques and operation manuals are sufficiently user friendly to allow the effects on worker jobs to be acquired through good collaboration and thus most can follow the evolution. Basically, the introduction of technological evolution is done in interaction with the workers. This is not the case for the employee level where innovations are done in much more aggressive waves.

b. *Set-up persons, adjusters, inspectors, quality controllers, old fashion craftsmen.* Due to the existence of computer control, and programmable production technology, total quality and lean production concepts, many jobs, previously technically supporting core manufacturing jobs, are now disappearing.

This is clearly the case for adjusters, quality controllers and some classic types of craftsman whose skills have not evolved, a.o. millers, turners, borers. The tendency is a movement in two directions: incumbents become overskilled because the job is now simpler, or they become underskilled because the job is now different. Working with CNC machines, robots and flexible

manufacturing systems is perhaps not necessarily more difficult, but it demands totally different capacities. The craftsman, or specialist who is not capable, or does not have the flexibility to evolve becomes redundant. SME's conclude that there is a demand for both more skilled and less skilled employees at this moment.

Selection criteria which are used are 'which people are highly paid but are no longer doing jobs at the proportional level they are paid for?'; 'which employees are overpaid due to wage attainment regulations?'

c. *In some organizations the overskilled are the vulnerable group.* Organizations where the work changed in the direction of more simplification and automation replace the overskilled. Where the aim of Advanced Manufacturing Technology (AMT) is programmable automation, flexible automation, and computer based manufacturing technology, it often, at the blue collar level, has the side-effect of simplification of work content. Because the machines take over all the complex tasks, there is a 'deskilling' effect. The new controller or operator no longer needs the same skill level as the old craftsman. Of course, salary levels play an important role here. AMT is also developed as a cost reduction tool through lower skill criteria for the workers.

Thus, in some organizations 'being overskilled' is used as selection criterion for determining who to lay off. Sinfield (1981) describes a similar conclusion when he says: 'The sharp increase in major redundancies means that many highly skilled and non-manual workers from larger firms that pay higher wages have been thrown out of work' (p. 19).

d. *Aiming for people with low intellectual capacities.* The evolution within tasks often demands an increase in intelligence and vigilance, and decrease in purely professional knowledge and

motor skills. Many organizations tend to conceal a demand for more pure intellectual capacities with terms like 'skill or education'.

Problem diagnosis, causal analysis, upgrading the processes and planning of analyses, prevention plans, forecasting, program application, interpretation of evolutions of norms and calibrations, and registration of statistical data are typical examples of the higher intellectual level often asked for. Many workers are not sufficiently capable to execute these highly complex tasks, therefore intelligence also becomes a selection criterion.

5. *Being vulnerable due to the job.* Here we use the concept 'job' as the integration of the task and the place where the task is executed. Often, when a job disappears in one organization, it reappears in another organization. This other organization can be in the same location, in another agglomeration or in a different country.

Seven strategies contribute to this tendency:

- Only retain the tasks in which you specialize within an organization.
- Through outsourcing one keeps the number of employees low and the organization flexible for handling the economic fluctuation.
- Less people on the pay-roll lowers your social liabilities.
- Moving the labour cost to other economic sectors possibly makes products or services less expensive.
- Moving work to smaller organizations can often reduce costs and make the situation more flexible.
- Lean production reduces manpower.
- Bring simple, planable, unskilled and semi-skilled work to low salary countries.

a. *The exclusion of those who are doing work that is not part of the core-business.* Outsourcing makes internal housekeeping and kitchen personnel, guards and security men,

physical handling specialists and transport workers vulnerable to firing. Often, these employees work in departments that Mintzberg called support staff.

The more the workers have specific skills which are directly related to the core business and are difficult to replace, the less vulnerable they are. Thus, another selection criterion is whether a certain task is directly relevant to core business activities.

- b. *Employees doing sub-assembly.* Employees doing sub-assembly which blocks the introduction of lean production methods are vulnerable. The make-or-buy decision frequently ends in buy when it involves sub-assembly. In most cases simple work is concerned that, in time as well as in quantity can easily be planned, which is a reason to leave this work to a cheaper supplier. Many lay offs find their origin in these subunits of organizations.
- c. *The influence of the low salary countries.* It is well known that work that can be done in the low salary countries, and that does not generate high transportation costs is relocated to those countries. Whilst recently also higher skilled work is flowing to these countries, the work that is threatened most is simple, unskilled work, where planning and logistics permit exporting the work to low salary countries. A supplementary condition is, that the direct labour costs account for a sufficient percentage of the total product manufacturing cost. Products which only have a low percentage of direct labour costs, do not go East as easily due to logistic reasons.

Therefore, workers vulnerable due to relocation of business are still mainly those who do simple, low skilled work. For different reasons

this tendency is typical for well-defined types of business.

6. *Sophistication and ideosyncratic situation.* Among skilled workers and craftsmen, the most highly skilled people are often most threatened. Indeed, in their case, evolution in their job content is not only gradual, but often concerns fundamentally new activities that eventually ask for a totally different abilities. The electromechanic -blue collar worker- who has to evolve to the status of an electronician has to change part of his true self. For instance, changing from typical blue collar activities such as work preparation, to white collar activities such as programming of numerical machines, is a real metamorphosis.

The unskilled workers on the contrary will continue to do different, but still simple, work whereas high skilled workers, professionals, who can not change a part of their identity become vulnerable. Other types of skilled professionals who did not learn their craft in school are also in a weak position. They include people who were trained in an accelerated up-grading program or in a purely practical program. They often miss the roots of the knowledge they apply. For them it often becomes more difficult to evolve because the fundamentals of the skills they have are weak.

A group of outstanding workers, who were kept on their job by their supervisor because of their excellent quality, did not receive the opportunity for job-rotation. They become too specialized. They did not have the opportunity for horizontal broadening of their knowledge and are not interchangeable. If their job disappears, they also disappear. In contrast, collaborators who were easily lent out to other departments, often because their supervisor did not consider them the best workers, become in the end, the most polyvalent and can stay. In this situation the best employees are hindered in their development and become the most vulnerable.

Of course there is the group of employ-

ees who are vulnerable by statute. Interim workers, people in their probation period, the temporary and provisional workers are laid off first.

Furthermore, because this is the path of least resistance, the workers who more or less openly say that they would like to be fired are a target. It seems that indeed many are interested in the lay off premium and have already found new jobs including self employed, moonlighting jobs, home work or whatever.

It turns out that some organizations take their age pyramid into account, and base their selection of personnel to lay off on attempts to harmonise their age structure.

Two last types of ideosyncratic selection criteria include employees who take credit hours for their education. They are fired because they, by their irregular absence, disturb the work organization.

Somewhat similar are the group of youngsters who cannot be included under eligibility consideration for governmental employment allowances (too old, too young, too skilled, not enough months of unemployment, etc.). They are easily laid off at the first signs of economical problems.

Conclusions and proposals

The decision-making processes concerning procedures of selection of the people to lay off for economical reasons or restructuring, differ strongly from one organization to another. They vary along three dimensions: openness, participation and involvement of power parties outside the organization.

The possibility to get subsidies and to use early retirement plans, dominates the whole situation. Once these two elements are excluded from the process, most procedures are handled without openness, with a varying degree of participation, while all power to decide on the procedures remains within the organization. Because of the possible constraint on the process caused by an initial negative response to

lay offs by some social partners, less openness is probably a plausible procedure; except in the case of the aforementioned sixth alternative where the employer is bluffing.

Often there is an incongruence between the real reasons of the need for lay off and the criteria used for the selection of the people to fire. Age is the most typical example of this incongruence.

In general, vulnerability seems to apply to every type of blue collar worker, depending on the organization and the situation. In some organizations the skilled people are the affected category, in other situations the unskilled.

Here, the conclusion has to be that help for vulnerable people has to be organized on the micro level of the organization and not in an integrated manner for a whole sector.

Certainly the groups of people at risk to be laid off differ from the unemployed groups in the labour market. It are not the young unskilled women who are systematically fired. Vulnerability for employed people follows other logics than those of the vulnerable unemployed people. Indeed, in practice, the real vulnerability problem only starts after the lay off. It is a problem of reintegration tactics much more than the risk of being fired.

Because the organization decided to start lay offs for economical reasons or due to restructuring, training or retraining related to their branch, whatever the content, will not reduce the percentage of the dismissals. The utmost result is that we can switch who will be dismissed from one person to another. Moreover, in the coming years, the sector at stake will systematically diminish the number of employees in its workforce. The strange situation then arises that we have to ask the fund of the sector in question to train workers to work in another sector, because their own is permanently shrinking its number of employed people. Training workers to stay in the same industrial sector is like bringing water to the sea. Although it is a difficult idea to sell that one sector's created funds have to be spent for training skills for another sector; it is the way in to best help vulnerable people.

Furthermore, it is a hell of a job to retrain people, not starting with skills and knowledge

they already have, but to starting from scratch. Moreover, the basic attitude of people who have been laid off is usually to try to go back into their own sector. Changing jobs between firms in the same sector is much more common than changing to other sectors. Skill transferability may account for this, but the low geographic mobility of the labour force is also a factor.

Nevertheless, if we regard all vulnerable groups and look for positive measures we end up with two categories of actions: general personnel management policies, and training and development.

General personnel management policies

Long term forecasting, correct mutual information of business development, marketing, development of production technology, and, early detection are of paramount importance. A proactive approach and good human resource planning, can help to avoid the creation of vulnerable groups.

A correct policy of efficient selection is to hire employees who are flexible, motivated and intelligent. Once employees are in the organization, the strategy is to create the climate and conditions to keep them growing, flexible and motivated. Flexibility has to be build in as an objective of motivation programs and compensation strategies. For example: the golden handshake should have a favourable connotation.

A normal non-problematic turnover rate can also help prevent extreme situations. The use of important buffer groups of interim workers and flexible outsourcing is important.

Training and development

Our SME's had three training and development approaches in mind: preparation for work with less emphasis on pure professional knowledge, the classical training in the organization, and finally, education around work instability.

1. *Preparation for work with less emphasis on pure professional knowledge.* Due to the democratisation of the educational system everybody, even those with little intellec-

tual capacity try to stay in the school system as long as they can. This, especially with men, results in the fact that those who present themselves to the labour market as blue collar workers, are often not at all prepared to work. The socialization process, concentrating on work and organization is then a very difficult problem. Often the organization has to rebuild their work personality and so help them to avoid again becoming unemployed.

The SME's suggest redefining the objectives of the lowest grades of vocational schools and of the retraining centres of governmental unemployment agencies. Schools should train all, even intellectually weak people, in logical thinking, critical and diagnostic analysis, expressive abilities, analysis-synthesis, planning, etc. Furthermore, schools should help people to develop mature attitudes combining interest, motivation, flexibility, listening, communication, formulation of critical reasoning, bargaining attitudes, and self-help.

2. *The classical training in the organization.* An organization can never engage in too much training. Obligatory levels of spending time and money or subsidies can improve the training strategy in the weakest organizations.

Courses for new disciplines or for upgrading, should also include the fundamentals otherwise ex-trainees will encounter problems in their further evolution.

Another concern for classic training is the (re)education of the personnel department's responsables on how to handle labour market problems; such as good human resource planning techniques, and simulation techniques.

3. *Education around work instability.* A specific point that our SME's brought forward concerns the problem of the atmosphere and attitudes on work flexibility and work instability. Everybody is aware of the fact that for supervisors and management work instability is a taboo discussion subject. Supervisors should stabilize and create security, and not increase a climate of

uncertainty by predicting 'one day you will have to change from one job to another, or from one organization to another'.

This lack of authenticity cannot go on. Everybody should be convinced of structural instability. Instead of telling lies, by suggesting a life long work contract, first line supervisors, supervisors and management should speak openly about these problems and the associated risks. The whole blue collar population has to understand this and should know how to handle such situations. The problem is that neither management nor supervisors have learned to address such issues. They did not learn to listen, or to provide guidance to blue collar workers about career or life planning. Burying or hiding these topics demonstrates a lack of responsibility, and is the opposite of the duty to develop our collaborators and make them less vulnerable.

Training management and supervisors how to provide this type of guidance will prepare them to better handle such problems, and will, at the same time, help workers to react to situations of instability in the right way.

Furthermore, guidance programs for the vulnerable groups themselves are important. The initiative of outplacement offices goes in the right direction, but is still too weak to be a real good approach. Also, their too much commercial orientation is an obstacle. Such outplacement programs could be brought into the organization or into governmental unemployment agencies.

A specific barrier is that the guidance program should start long enough before the lay off, at a moment when the worker is still at harmony with his organization. Only then can a mature, natural approach to possible turn over, take place. This is a vicious circle and neither management, nor employees have this assertive maturity. This is one of the great challenges for industrial relations and human resources management the coming years.

Discussion

The use of a qualitative methodology allowed us to create a text that could be the input for final allocation of a budget managed by social partners. The combined use of a GFA and Delphi method brought to the content of the advice a rather creative and renewed vision.

The social partners were evolving together in accepting each others viewpoints and demonstrated highly authentic attitudes throughout the process. The end report was totally different from the previous ideas which were rooted in prejudices.

The old program was 'training in sector specific professional skills'. Now a completely new and different approach is available. The participants are satisfied with the end result of the project and had substantial confidence in the final report. During the process they changed their minds concerning several issues.

Finally, one problem remains. While commissioners and participants in the Delphi process agree completely with the final report, they do not want to risk publishing it. If they bring it to the public audience, both partners will receive many comments and thunderbolts from their backing. The organizations will fulminate against their representatives, who participated in the project. It would, for instance, be unacceptable to the rank and file of their union and employer federations that they accepted the 7 processes 'in use' as the truth. How can they? Some of the procedures are against the rules – so how is it possible that they exist?

That way we are back at the beginning of the cycle. Bargaining will start again at another time as a new process. The action researcher will once again come in from the outside to be the naive reconciliator.

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