A GUIDE TO WORKER DISPLACEMENT:

Some tools for reducing the impact on workers, communities and enterprises

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InFocus Programme on Skills, Knowledge and Employability

International Labour Office
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Mass layoffs and worker displacement: Overview of the Problems

1.1 Definitions of terms
In this guide, the terms “dislocation,” “displacement,” and “retrenchment” are synonymous. The following statements, taken from an International Labour Office (ILO) working paper, define “dislocated worker” and explain the causes of worker displacement.\(^1\)

- The term “dislocated workers” refers to persons permanently separated from their jobs and connotes the disappearance of the job as well as the dislocation of the individual workers from the enterprise. Industrialized countries have been confronting this problem for some time due to the employment impact of technological and structural change.\(^2\)

- In all economies, enterprises and employment shift continually as changes in markets and technologies open new opportunities and shrink others. In a well-functioning labour market and with steady economic growth, workers move into new occupations, industries and areas, following signals given by employment and wage growth. Worker displacement results when job losses far outpace new job creation. This may occur due to external shocks, lengthy recessions, or the loss of low-skilled jobs to lower-waged areas.\(^3\)

If the labour market in a community or region is not functioning well or economic growth declines, they can exacerbate worker dislocation or displacement problems. Structural change is caused by the rise of new industries and the decline of old industries. The competitive impacts of globalization on many businesses and industries also can contribute to structural change and the severity of worker dislocation in particular regions or locales. Furthermore, the privatization of state-owned industries and economic reforms in nations and economies transitioning from centrally-planned to market economies can generate large numbers of dislocated workers.

1.2 Extent and impact of worker displacement
Even in countries with strong economies and low levels of overall unemployment, the incidence of worker dislocation or displacement is widespread and occurs during all phases of the business cycle. For example, during the 1982 recession, 2.7 million U.S. workers (about 1 out of every 25 full-time wage and salary workers) lost their jobs and were not recalled. Even during the relatively strong 1988 labor market, 1.5 million workers (about 1 in every 50 full-time workers) in the U.S. were estimated to have permanently lost their jobs.\(^4\)

In February 2001, the U.S. Department of Labor reported that the number of workers losing their jobs due to mass layoffs (layoffs of 50 or more employees) rose 54 percent in the fourth quarter of last year compared with a year earlier.\(^5\) In December 2000, U.S. companies announced 133,713 job cuts, three times the average of the first 11 months of that year.\(^6\) The January 2001 layoff total exceeded that of December 2000 when 142,208 workers were displaced.\(^7\)

In other parts of the world, structural change has caused equally large and traumatic employment problems. For example, since 1989 the transformation of the centrally-planned economies of Central and Eastern European (CEE) and the privatization of many state-owned enterprises (SOEs) have created large increases in worker dislocation in Hungary, Poland, Czech Republic, Slovakia, Bulgaria, Romania, Macedonia, as well as the countries that were formerly part of the Soviet Union.

The CEE region has experienced frequent mass layoffs. In Ukraine, the December 2000 closure of the last of the infamous Chernobyl nuclear reactors will cause the permanent layoff of upwards of 6,000 workers living in Slavuditch, the town created to house the workers after the 1985 explosion of one of the reactors at that complex. In Poland, the closure of coal mines in the Katowice region that began in 1999 will dislocate more than 90,000 coal miners over a two to three-year period. The 1999 Kosovo War dislocated thousands of workers in the Balkans, including Yugoslavia, Macedonia and other countries in that region that were economically linked to that economy prior to the war or depended upon the Danube for transportation.

As a result of the 1997 Asian Financial Crisis, a number of Asian countries have experienced a dramatic increase in worker dislocation, a new phenomenon. A World Bank study conducted shortly after the crisis occurred found that unemployment in Thailand was ex-

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2. Ibid, Foreword by Werner Sengenberger
6. Ibid.
pected to rise to about 6 percent of the workforce, or 1.7 million people. Similar unemployment statistics could be cited for Korea, Indonesia and the other crisis-impacted countries in Asia.

Headlines and news stories like those in Example 1.1 below are a common occurrence in the United States and other industrialized countries. They illustrate the presence and pervasiveness of worker dislocation even during the best of times. Unfortunately, these articles represent only the tip of the iceberg when it comes to understanding the size and impact of dislocated worker problems in countries throughout the world. The headlines in Example 1.1 were taken from a handful of newspapers and business journals in the United States and Great Britain.

| Example 1.1 |
| Newspaper Headlines and stories indicating mass layoffs during a ten-week period from December 2000 to February 2001 |
| "Big companies announce big layoffs" Associated Press, December 19, 2000 |
| "Ford Europe to axe more jobs" - Financial Times, December 17, 2000 |
| "Crunch time for General Motors" - The Economist, December 14, 2000 |
| "Job layoffs cut across sectors as growth slows" - Los Angeles Times, December 19, 2000 |
| "Foreseen layoffs for some major companies," Salt Lake Tribune, December 19, 2000 |
| The Gillette Co., Boston - 2,000 |
| Aetna Inc., Hartford, Conn. - 5,000 |
| Motorola Inc., Schaumburg, Ill. - 2,870 |
| Unisys Corp., Blue Bell, Penn. - 1,500 |
| General Motors Corp., Detroit - 13,700 |
| Whirlpool Corp., Benton Harbor, Mich. - 6,000 |
| "Lucent Technologies to cut 16,000 Jobs," New York Times, January 24, 2001 |
| Sara Lee cuts more than 7,000 jobs, with half to occur in other countries, New York Times, Feb. 19, 2001 |
| Of the first 2,100 Whirlpool jobs to be cut, 1,000 will be in Brazil and about 650 in Asia and Europe and 450 in North America, New York Times, February 19, 2001. |

Unfortunately, successive waves of layoffs can occur. For example, in December 2000 the Motorola Corporation announced it would lay off 2,870 workers. In January 2001 Motorola announced that it would close a manufacturing facility in Illinois, displacing 2,500 workers. On February 10, 2001, Motorola announced it would cut 4,000 jobs in its chip manufacturing operations.

1.3 Overview of worker displacement problems

1.3.1 Health effects of layoffs on workers and society

Job loss can cause severe crises not only for the displaced workers but also for their communities. Some problems stem from economic and job market factors while other problems stem from the physical, emotional, and psychological factors workers face while trying to transition from one job to another or during retraining. For example, not being able to meet mortgage payments is a big problem; but how displaced workers feel about that problem can diminish their ability to cope.

While some dislocated workers make the transition relatively easy, others experience serious problems trying to find work and getting on with their lives. This is especially true of workers who have prided themselves on being able to handle their problems on their own. Given a sudden and unexpected loss of security, many displaced workers need help to get through the tough times, but may not know how or where to seek help.

Box 1.1 lists some of the serious social and health problems caused by unemployment. The psychological needs of dislocated workers are normal and predictable responses, not signs of failure or indications that something is wrong with them. Dislocated workers are basically healthy people who are undergoing a serious crisis that is not of their making.

| Box 1.1 |
| Health effects of unemployment |
| Besides the psychological impacts, unemployment has serious social and health consequences. Dr. Harvey Brenner of Johns Hopkins University in the United States found that for every 1% rise in the national unemployment rate there were statistically: |
| 37,887 more deaths |
| 20,240 more heart failures |
| 4,227 more mental hospital admissions |
| 3,340 more admissions to state prisons |
| 920 more suicides |
| 640 more homicides |
| 495 more deaths from alcohol-related cirrhosis |

Source: Serving Workers in Transition: A guide to Peer Support, 1995
1.3.2 The experience of loss

Workers lose much more than a job when they are laid off. Jobs are an economic necessity as well as a psychological one. Losing their jobs lessens workers' self-worth and dignity. As a source of stress, psychologists say that losing one's job ranks alongside a death in the family because it leaves an emptiness that is difficult to fill. Dislocated workers often talk of feeling like they no longer have a place in the world, of feeling useless, of being nothing. Box 1.2 lists some of their losses. Workers need to be reminded of their worth, not only what they have done and contributed but what they can do and contribute.

<table>
<thead>
<tr>
<th>Loss of</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>wages</td>
<td>Loss of a secure future</td>
</tr>
<tr>
<td>benefits</td>
<td>Loss of collective strength</td>
</tr>
<tr>
<td>role of worker</td>
<td>Loss of self-esteem</td>
</tr>
<tr>
<td>role of provider</td>
<td>Loss of the value of my life</td>
</tr>
<tr>
<td>structure for the day</td>
<td>Loss of trust</td>
</tr>
<tr>
<td>work family</td>
<td>Loss of control over my life</td>
</tr>
<tr>
<td>pride</td>
<td>Loss of the “good life dream”</td>
</tr>
<tr>
<td>dignity</td>
<td>Loss of being productive</td>
</tr>
</tbody>
</table>


1.3.3 Psychological issues

This section presents some of the basic psychological problems dislocated workers face. If these problems are not addressed, they become barriers that prevent the workers from getting the services they are entitled to and need. It is important that dislocated workers receive prompt access to sympathetic individuals and trained counselors who can help them overcome their problems.

Fear of failure. Many dislocated workers are forced to give up the familiar. Looking for a new job or career or entering a retraining program is just like starting over; and starting over can be scary and a process wrought with anxiety. Workers who have been out of the classroom and out of the job market for years may fear they will not be able to compete in the new world of work.

Anger. One of the most common reactions to job loss is anger. Workers may feel deep anger towards the company, fellow workers, the union or the economic priorities that caused them to lose their jobs without a safe way to express their anger. When anger is unresolved, it can erupt in violence against others or self-destructive behavior, such as drinking and drug use. Resolving anger is necessary for workers to move ahead. As a first step, dislocated workers need competent counselors who listen to them and can help them move forward.

Denial. When job cutbacks are rumored, workers may not believe that they will actually happen. Sometimes past rumors of layoffs did not occur or earlier layoffs were only temporary. As a result, workers hope that the layoffs will not occur or that they will be called back. The best way to get workers through denial is to directly involve them in active job planning.

Self-blame. Because jobs are so important to the workers' sense of being independent and productive people, unemployment can bring a sense of shame and self-blame even when the job loss was not their fault. Such shame and self-blame can make displaced workers feel that they do not deserve help and turn their anger inward. Learning that they are not to blame for their job loss is necessary for them to move forward.

Isolation. Being unemployed for a long period of time can cause displaced workers to lose hope and feel that there is nothing they can do. Whether their situation is hopeless or not, they may stop looking for work and cut themselves off from family and friends. The more isolated they become the harder it is for them to overcome their negative feelings. Daytime TV, alcohol or drugs may become their way to get through each day. Displaced workers must be actively involved in social support networks to prevent isolation.

1.3.4 Family issues created by worker dislocation

The family is one of the most important social support forms to help displaced workers survive unemployment. Most laid-off workers are directly connected to families, whether traditional families or the growing number of single-parent families. Unfortunately, job loss often increases family problems. The entire family experiences changes when a member loses a job. Nothing is the same as it was. All people and groups dealing with dislocated workers need to understand this. Families need to stick together and support each other. Every effort must be made so that plant closures and layoffs threaten family structures to the least extent possible.

Dislocated worker programs should provide services to families having serious difficulties. Specially trained peer support specialists and transition center counselors are particularly important and effective in reaching this group. The role of peer support specialists and transition center counselors in providing support and counseling to families is explored in Chapter 5.

Changing family roles. Family roles have to be adjusted at the same time greater stress is placed on everyone. Families know their lives are being disrupted, and they need an opportunity to think and talk about what is happening. They need to be able to express their fears and feel appreciated, understood and supported. Talking with one another about the changes in family roles is a step in the right direction.

When the family's primary wage earner is laid off, the partner may have to become the provider. Assuming new wage-earning responsibilities are more difficult if the partner is expected to take care of the home and
family too. The children may also have to assume new responsibilities. If a man who has taken the smooth functioning of the home for granted becomes responsible for caring for the children, shopping, cooking, laundry, and housecleaning, he may find those tasks much more difficult than he expected. Another tough situation can occur when both partners are home at the same time. One woman said having her unemployed husband at home was like having an unwelcome supervisor in her kitchen. If the family can work together and support each other, it is easier on everyone.

Seeing other’s points of view. Family members may be clear on what they need from other members, but not clear on what the other members need from them. It is difficult to see the whole picture when dealing with fears and stresses.

It is often difficult for family members to see things from the dislocated worker’s point of view. They may be aware of the economic hardship and anger the laid-off worker feels (that they may be the target of), but they may not understand some of the psychological losses that the dislocated worker is experiencing. Often they blame themselves for not living up to their own expectations. At the same time, dislocated workers may be so preoccupied with their own problems that they fail to notice that the people around them are going through a crisis too. They may not realize that their families also feel upset.

What about the children? Young children may not understand job loss, but they are quick to sense changes around them. Increased tensions in the family may make them feel afraid and confused and cause them to misbehave or become difficult. They need to be reassured and told as much as they can understand. Parents sometimes need to be reminded that their children also are dealing with a difficult situation.

Teenage reactions. A parent’s unemployment can be especially difficult for teenagers because they want and need stability in their daily lives. Teenagers are preparing to go out in the world on their own. That is scary enough by itself, but it becomes harder and more confusing when their father or mother (or both) is laid off. Teenagers often become scared, confused, and angry. They may ask themselves why they should even try if they see the reward for hard work is to lose one’s job. They may feel insecure, especially when there is not enough money to buy all the things they have been used to receiving.

Teens tend to be self-centered and volatile and are often insensitive to the needs of the people around them. They may issue new challenges to parental authority, saying in effect, "Why should I listen to you? You haven’t even got a job." They may act out their own fears and insecurities when family tensions are too great to deal with them. When this happens, it is a very explosive situation for everyone. Parents need to be prepared to minimize the danger. During such times, family members need to learn how to talk to each other to gain some mutual understanding.

A time for patience. Whatever the ages of the children, it is hard for a parent to say “No” when asked for things they cannot afford because they no longer have a job. Instead of saying “I feel really bad that I cannot buy you what you want,” they may become angry with their kids to cover up how bad they really feel.

During their working years, the daily pattern of life may have kept family tensions under control. But when job loss disrupts that pattern, old tensions, as well as new ones, often surface. When families have never learned positive ways to handle hard feelings, tensions, and misunderstandings, job loss makes it even more difficult to deal with them, especially if the family lacks a strong base. Such families need help learning how to be more patient and understanding of each other.

Single parents. Single parents, most of them women, may have the hardest time of all. The loss of their only source of income, even for a little while, can terrify them. In addition they may lose their sense of independence without a partner to bring home money or to help take care of the house and look after the children while they are job hunting. Single parents may need extra help to make their transition to a new job.

1.3.5 Understanding the stages of unemployment

Every dislocated worker’s experience is different. Therefore, assumptions should not be made when working with them. However, displaced workers’ responses to unemployment follow some general patterns. Knowing these patterns can help the people working with displaced workers to anticipate problems at different stages of the unemployment cycle and serve as a framework when asking questions and interpreting answers.

Typically, a dislocated worker goes through six stages of unemployment that often overlap. (If they get a new job, they may not have to deal with these stages.)

(1) The pre-layoff stage. This is one of the hardest stages to deal with because workers hope that something will prevent the layoff from occurring and therefore put off thinking about what will happen next. Workers can experience problems well in advance of the actual layoff date because of all the uncertainty. The uncertainty creates an ongoing strain on both the workers and their families, including fatigue, headaches, general loss of energy and enthusiasm, and irritability. Even when issues related to the loss of work are not discussed openly, stress symptoms increase – more illnesses, more accidents, and more drug- and alcohol-related problems.

One cause of stress is the anxiety and helplessness of feeling that the “axe is about to fall”. The period of intense anxiety and anticipation before a layoff can last a long time, even years, and is often fueled by rumors. Anxiety often heightens a sense of survival and begins to weaken the support system in the workplace. Tensions can surface between workers who face layoff and those who do not. Younger workers may resent older workers who can take early retirement.
While workers can do many things before a layoff to make the transition between jobs easier and quicker, many fail to do so for several reasons. Some workers want to hang on until the last possible moment so they do not lose their seniority or their pension. Some feel that if the worksite closes, it represents personal failure. And some do not want to lose the dream that they would retire from their current job.

(2) The layoff. When the layoff finally occurs or the plant finally closes, there is often a temporary sense of relief. The anxiety of anticipation is over, and, for a while, benefits may soften the impact. It can feel like a much needed break from the pressures of work. Workers continue to hope for the best - somehow it will work out, they will not be left out in the cold, they will be called back or the plant or worksite will reopen. Depending on the termination conditions and the negotiated benefits, this can feel like a hopeful period, a chance to make a change.

Following the layoff, it may be difficult for a peer support specialist or transition center counselor to get the workers actively involved in planning and using dislocated worker program services if they are in denial and not feeling the real impacts of the layoff. This is natural, if it does not last too long. However, during this period workers need to be contacted and encouraged to use transition center services.

During this time some workers feel like “the bottom has fallen out”. Their sense of who they are is strongly tied to their roles as workers and providers, but unemployment has taken their roles away, increasing self-blame and self-doubt. These workers need a lot of follow-up and support. Family anxiety is usually very high, reflecting the loss of security, income, and other work-related benefits. Displaced workers feel a great deal of pressure to get a job. Tensions can arise from having a family member at home who is not part of the daily routine. Many marriages dissolve during this period, and drug and alcohol use can rise.

(3) Acquiring new skills. Retraining (which may be available for some workers) is a transitional stage in the cycle of unemployment. If a dislocated worker seeks or is offered retraining, the pressure to find new work is temporarily relieved, but the issue of what the future holds remains unresolved. Retraining carries with it the possibility of better employment prospects, but it may also place a great strain on the displaced workers and their families. For many dislocated workers this is their first encounter with a classroom situation in a decade or more. After all that time, it is not surprising that most workers are nervous about going back into a classroom. Those who had bad school experiences may have a real crisis of self-confidence.

Workers usually need a lot of support to get through a retraining program. To keep up in class they may have to spend two to four hours a day studying, which means they are unavailable during that time. The family is not always supportive of the worker’s retraining; they may not understand the need for further study and may think the worker should just go out and get another job.

A hidden issue that can surface with retraining is the worker’s basic literacy skills. Some displaced workers may have enough reading, writing, and math skills to get by in their daily lives, and in their old jobs, but not in the classroom unless they receive additional help. Some workers may not be able to read and write in the national language, or not at all. Retraining is a much more difficult option for them to choose. If workers are worried about their ability to read or write or use numbers, this may show up as not wanting to enroll in a retraining program. Transition centers can start formal or informal skills brush-up classes to help workers overcome that barrier. They can also make sure that the training programs provided by the center or other providers address the workers’ basic skill needs.

(4) Intensive job search. This stage may begin before the layoff and last throughout unemployment. It can be a time of great frustration, anger, and even rage. In a tight job market, workers can face regular rejection. While this may be just a function of the job market, displaced workers experience rejection as personal failure and lose their self-confidence and self-worth.

As the period of unemployment continues, family pressures intensify. The most common family complaint is that they do not believe the displaced worker is trying hard enough to get a job while the worker suffers a loss of respect, trust and support during a very difficult time. As a result, many displaced workers feel they can no longer face looking for a job they cannot get, but they cannot stay home and face the criticism. At this point, many displaced workers experience a true feeling of being “dislocated”.

(5) Running out of benefits. During this stage all of the negative feelings of the earlier stages intensify. When the benefits (severance pay, unemployment pay) actually run out, the time of denial ends. The dislocated worker and family members feel a significant change in the intensity of their crisis. The family has either adapted to their new roles or has disintegrated in various ways.

This period is marked by a greater sense of shame for the displaced workers, leading to greater and greater isolation. Workers who had held a job for many years are humiliated. Admitting they need help takes away their last shred of dignity. Some displaced workers may take on part-time jobs or become self-employed doing odd jobs. But for others it may mean entry into a deeper level of depression and more serious illness. Family members may begin to worry about the laid-off worker’s increased depression and its effect on the family. Some jobless workers become resigned to being unable to find a job. At this point the unemployed worker becomes a discouraged worker and stops looking for work.

The critical thing for the people working with dislocated workers is to help remove the immobilizing bur-
1.4 Problems worker displacement creates for communities

In addition to their negative effects on dislocated workers, plant closures and mass layoffs can have devastating impacts on the economies of the communities and regions where they are located. This is particularly true when the closure or layoff is very large, dislocating thousands of workers, or where the community is small and the enterprise is the major or only employer in the community.

In Central and Eastern European countries many large state-owned enterprises (SOEs) were located in rural areas and small communities as part of the central planning process. In some communities the enterprise and its ancillary support services became the major or only source of economic activity. In a few instances, the community was developed specifically to house the workers employed in the enterprise. Subsequently, when post-communist governments decided to restructure, close or privatize the SOEs, the results have been economically devastating to the communities and citizens.

If the enterprise being closed or downsized had purchased services and goods from other enterprises in the community or region, or from ancillary units created for this purpose, the loss of the enterprise has a ripple effect on all other enterprises and service providers in the community and region. The decreased business available to the secondary and tertiary employers reduces their ability to employ workers, and the economic and unemployment situation in the community and region worsens.

The economic problems created by the restructuring are manifested in declining tax revenues and the deterioration of infrastructure, education and other vital public services. The loss of revenue occurs at the same time the workers and their families need increased assistance and services to cope with their losses and the community urgently needs money to be able to provide such services, revitalize the community and attract new enterprises and economic activity to replace the lost jobs.

While the community's remaining employers experience declining economic activity and deteriorating services within their local area and region, they are often faced with competition from enterprises outside their region, both domestically and internationally. This situation seriously hinders their ability to become more competitive and create jobs to employ the dislocated workers from the restructured enterprises. In fact, other employers in the community are probably adding to the unemployment problem by reducing their own workforces.

The 1997 Asian financial crisis caused many enterprises in Asian urban areas to restructure their operations and displace workers. The loss of jobs and reduced economic activity had an adverse impact on people living in both the urban areas and the rural communities. In countries such as Thailand, large numbers of displaced urban workers returned to their rural home villages in search of sustenance and jobs. This exacerbated local economic problems. In Thailand and Indonesia, the need for economic development efforts to provide jobs for returnees in the larger cities and especially in smaller rural communities became a primary concern. The competitiveness of other enterprises in all the communities also needed to be strengthened to preserve existing jobs and create additional jobs for the displaced workers.

1.5 What communities can do to prevent worker displacement or minimize its impact

The impact of economic restructuring and worker displacement on workers and communities is pretty grim. Can community and regional leaders take actions to minimize worker displacement and the adverse impacts of economic restructuring and worker displacement? Can proactive steps or actions be taken to address these issues instead of waiting until a crisis occurs? The answer to these questions is a resounding Yes! Considerable experience and a good deal of information is available to help communities, employers and worker organizations adopt strategies and use specialized tools and techniques to deal with the problems caused by economic restructuring, plant closures, mass layoffs, dislocated workers and the loss of economic activity that usually occurs.

1.5.1 The ILO role in preventing or minimizing worker displacement

During the past 25 years, governments in a number of industrialized countries have learned a great deal
about worker displacement. Their experiences have produced valuable information and insights about what works best to reduce or ameliorate the adverse effects on workers and communities and has provided an impetus to develop legislative enactments and policies that countries wanting to establish formal mechanisms to deal with worker displacement can adopt. The ILO strongly supports such efforts and has set forth a number of concepts and measures to prevent and limit worker displacement in ILO Conventions 158\(^{10}\) and Recommendation 166,\(^{11}\) in 1982.

ILO Convention No. 158 and Recommendation No. 166 “reflect the principle that when employers are obliged to introduce changes of a technological nature or otherwise, they should first consider all other possible measures that would allow them to avoid terminations. The two types of measures put forward by the Recommendation aim at reducing the number of workers by voluntary means (early retirement with appropriate income protection, natural reduction, internal transfers, restrictions on hiring) and worker sharing (reduction of overtime work and normal hours of work).”\(^ {12}\) Individual countries have adopted some of these initial measures. Since 1982, some countries have introduced new types of measures – “such as working on an employee rotation system, part-time work, readjustment of allowances and even the reduction of wages” – through collective agreements.

The ILO document, “Worker displacement: public policy and labour-management initiatives in selected OECD countries,” contains a review of the various types of dislocated worker measures adopted by selected OECD countries.\(^ {13}\) Many of these measures and techniques are discussed in subsequent chapters of this guide.

The ILO provides training and technical assistance to countries and communities that want to develop or adopt programs to address mass layoffs and worker displacements. In harmony with Convention 158 and Recommendation 166, this guide is one of the tools the ILO has developed to assist employers, worker organizations and communities deal with worker displacement.

1.5.2 Practical steps communities can take to prevent or minimize worker displacements

Can employers, worker organizations and local communities take steps or actions to prevent mass layoffs and ameliorate their impact on workers and communities? What can communities, employers and worker organizations do to develop and implement proactive job retention/layoff aversion strategies? Experience suggests that they can implement a number of strategies and take a variety of actions at the local level to retain jobs and reduce the amount of dislocation and its severity on workers, their communities and business enterprises.

Five of the strategies are:

1. Educate and encourage employers in the community to adopt innovative employment security strategies and use socially responsible restructuring to help them remain competitive in order to preserve and create jobs.
2. Develop an early-warning network and implement a proactive business retention/layoff aversion strategy in the community to identify and assist troubled enterprises, thereby averting layoffs and lessening the impacts of displacement on the workers and the community.
3. Create a rapid response displaced worker adjustment capacity at the community level to provide leadership and support if workers are displaced.
4. Use the rapid response capacity to help employers and worker representatives implement comprehensive worker assistance programs at the plant and community level to alleviate or minimize the negative consequences of displacement on workers and their families.
5. Initiate community economic assessment and planning efforts to help strengthen and expand the economic base and provide jobs for the dislocated workers.

The above five strategies and actions plus the leadership roles required of employers, worker organizations and local communities in implementing them are discussed in subsequent chapters in this guide.

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\(^{10}\) Convention No. 158 (Termination of Employment) was adopted in 1982, and has subsequently been ratified by 28 countries.

\(^{11}\) Recommendation No. 62, 1982.

\(^{12}\) Worker Displacement, p. 9.

\(^{13}\) Geneva, December 1998.
2.1 Reasons for enterprises to restructure

In today’s rough and tumble world of business, many managers believe that employee layoffs, including mass layoffs and plant closures, are a natural phenomenon, just part of the normal part of business. Worse still, some managers believe that layoffs are a key to business success or a panacea for business problems. Too often the managers of business firms and organizations fail to understand the negative consequences that mistaken belief can have – not only on their workers, their communities – but also on the long-term success of their enterprises.

Because of the pervasiveness of this commonly held belief, community leaders need to constantly encourage employers to consider other, less damaging alternatives – to learn about, adopt and use preventive strategies and socially responsible restructuring techniques to keep their enterprises healthy and minimize the need for layoffs and worker displacement. Employers also should be encouraged to actively help their displaced workers find new jobs – if this becomes necessary.

Community leaders should consider creating a proactive business retention and layoff aversion program as an integral part of their local economic development and worker displacement efforts. This Chapter provides a rationale and road map for creating a dynamic business retention/layoff aversion program.

In order to determine whether to establish a business retention and layoff aversion program it is important to understand the reasons for enterprises to restructure – which in many cases leads to mass layoffs and plant closures. It is also important to know whether enterprise restructuring is something that will be a short-term phenomenon, lasting for a year or two, or will continue for the foreseeable future.

According to a recent study by the International Labor Office and European Baha’i Business Forum (ILO-EBBF)1, the reasons for enterprise restructuring and “trigger events” include:

- **Survival**: Past profits may have turned into losses, foreign competition may have taken a major share of the market, or the cash flow including lines of credit may be inadequate to finance immediate requirements even if the company is profitable.
- **Competitiveness**: Deregulation or tariff reductions confront many companies that had benefited from various forms of protection in the past. Dramatic changes may be required to remain viable under the new rules of competition
- **Pressure from financial markets and shareholders**: Much has been written about how financial institutions, markets and analysts have persuaded managers to adopt very short-term perspectives in their decisions even to the detriment of the longer-term development and competitiveness of the enterprise.
- **Shrinking market demand or overcapacity**: This may be temporary or permanent and is often caused by financial and economic crises.
- **Poor management**: In a surprising number of cases, the need to restructure originates from management’s short-term focus, poor strategic decisions and failure to anticipate on the part of management itself.
- **Privatization**: Privatization stimulates the restructuring of companies that can no longer rely on subsidies and favored treatment as state-owned companies. Restructuring may be a preparation for privatization or it may take place after privatization occurs.

Experience suggests that enterprise restructuring will continue to be a necessity for businesses to remain competitive and survive in an increasingly turbulent global economy. According to the authors of the ILO-EBBF study, “Continued turbulence and change in markets and increasing intensity of competition are among the few certitudes upon which business leaders can count.”

2.2 The basics of responsible restructuring

If restructuring is a fact of business life, and will likely continue in the foreseeable future, what can community leaders do to (1) help local employers strengthen their competitiveness and remain healthy; and (2) minimize the adverse impacts any restructuring they undertake will have on the workers and community?

In short, what are the essential elements of socially responsible restructuring from the perspective of the workers and community and what can community leaders do to facilitate their adoption and use by employers?

Are there any strategies that a community can follow and steps that can be taken to encourage or help em-

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1 Socially Responsible Enterprise Restructuring, p. 15.
2 Ibid., p. ix.
2.2.2 Definitions of socially responsible workforce restructuring

The recent study by the ILO and EBBF defines enterprise restructuring as: “as the deliberate modification of formal relationships among organizational components. It involves redesigning work processes, de-layering, eliminating structural elements through outsourcing, spinning off, selling off, and divesting units, activities or jobs. Restructuring is not a synonym for downsizing or reengineering but is a much broader and more inclusive concept.”

The ILO-EBBF study defines socially responsible enterprise restructuring as: “using one or more approaches to consciously take into consideration the interests of all stakeholders” – the managers, owners (shareholders), workers, and the community. “In practice, the process is often as important as the substance of change to the success of restructuring.” Socially responsible restructuring respects the values of the enterprise, seeks the involvement of all those affected, practices open communications and treats all employees with respect and dignity. “The emphasis must be on overall ‘stakeholder value’ rather than short-term shareholder gains.”4 Today’s turbulent global economy requires socially responsible restructuring approaches in the best interests of the shareholders and the other major stakeholders.5

From the perspective of the community, two operational principles can be distilled from the definitions of socially responsible restructuring:

(1) Employment security is a commitment by employers to protect their employees from losses of employment and earnings during periods of economic difficulty, including retaining their workers but not necessarily in the same job or work assignment. If layoffs cannot be averted, the employers actively help their employees to find suitable jobs with other employers.

(2) Socially responsible workforce restructuring is a commitment by employers facing serious business problems to first make changes that enable them to continue to employ their employees effectively instead of thinking about layoffs.

The challenge for the community leaders is to understand and use these principles to establish and operate a proactive business retention/layoff aversion program in their community.

2.2.3 The rationale for employers to adopt employment security and responsible workforce restructuring policies

How can community leaders “sell” employers on the importance and value of adopting employment security and socially responsible workforce restructuring policies? Here is a list of seven reasons why employers should adopt an employment security philosophy that includes responsible restructuring and positive worker adjustment measures.

(1) Laying off workers is costly. The direct and indirect costs associated with layoffs reduce any gains a company may make by cutting back on its workforce. Chart 3.1 lists some of the direct and indirect costs of layoffs.

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3 Socially responsible enterprise restructuring, A joint working paper of the ILO and EBBF, p. 12.
5 Ibid., p. 14
(2) Layoffs have serious operational disadvantages. Layoffs can cause a number of serious problems. Employees' morale is lowered by fear of losing their jobs. The process of bumping, usually based on seniority, can cause a painful realignment of employees and seriously disrupt business operations. Rapid turnover and low employee morale can decrease productivity and quality. Good employees may leave for a more stable work environment. Employees may be encouraged to unionize to protect themselves. If already organized, they may become more militant and uncooperative in their relationship with the company. The reputation of a company can be blackened by its treatment of its employees.

(3) Layoffs have negative impacts on financial performance. An exploratory study of the effects of extreme downsizing on the financial performance of 25 large firms in the U.S during a seven-year period suggests that companies “do not realize cost efficiencies to the extent they may have expected prior to making dramatic reductions in levels of employees.” The researchers found that “there was virtually no link between the magnitude of the employment cuts by target companies and their subsequent earnings.” The study concluded that the companies that did not resort to severe cutbacks in their workforces were more successful. “The apparent success of the comparison companies suggests that the sharp cuts in headcount did not yield positive results.”

(4) Employers often believe a number of myths about the advantages of downsizing for business success and the lack of adverse impacts on employees. Chart 3.2 compares some of these myths with the facts about downsizing.

(5) Employment security creates a climate for change and growth. The principles of employment security and responsible restructuring produce a number of important advantages for employers: Employees protected by employment security willingly support changes to make their company more competitive and successful. Employers are encouraged to invest in training and developing employees, thereby creating a more flexible and adaptable workforce. Managers, supervisors, and workers are encouraged to concentrate on the enterprise's success. Employers are able to increase production and to service customers more quickly than their competition when a business slump ends.

(6) Employment security promotes productivity. Productivity is one of the most important reasons for adopting employment security. One American writer stated it this way: “No amount of technological innovation, worker education and training, work force restructuring, or job redesign can realize its full productivity improvement potential without the cooperation of trusting employees, men and women who know that change in the workplace does not threaten their livelihood.”

W. Edwards Deming, often referred to as the father of total quality management, noted that employment security creates a bond between employee and employer and, ultimately, contributes to the success of quality programs. Today's high-performance work organizations find that Deming's words still ring true. When employees are assured of continued employment, they dedicate themselves to improving the organization and its products.

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8 Guide to Responsible Restructuring, p. 23.
Over the years, a number of studies in the U.S. have demonstrated the positive correlation between employment security and increased productivity. One author found that offering job security to employees creates loyalty to the company and confidence and trust in management, greatly reduces resistance to technical change, lowers staff turnover, and improves employee relations. These competitive advantages contribute to higher productivity and profits.9

The author of a book published by the American Management Association questions the assumption that layoffs are “an acceptable tool for business success and growth.” In his work as a consultant, he found that layoffs “are often short-term fixes followed by lackluster results, low morale, overwork and even sabotage by disgruntled survivors.”10

(7) The demand for employment security is growing. Changes in the legal climate and demographics in many countries have increased the interest in and concern for employment security on the part of workers and governments.

2.2.4 Why business retention/layoff aversion programs are important to communities

Researchers have suggested that as industrialized economies enter the twenty-first century, “manufacturing stands at a crossroads.” For example, in the United States “manufacturing production has held steady for two decades at approximately 18% of real gross domestic product (GDP). Manufacturing industries continue to fuel productivity growth and remain critically important to economic well being.” The United States stands on its manufacturing sector for increases in wealth, improvements in living standards, and competitiveness in world markets.”11 The same can be said about the importance of manufacturing in other industrialized and transition countries as well.

A study by the Center for Community Change acknowledges that the level of manufacturing jobs in the United States has declined over the years and has shifted from the central cities where many low-income people live. The loss of manufacturing jobs closely correlates with higher rates of poverty and unemployment.

On the plus side:

- Manufacturing activity has continued to grow even as manufacturing employment has declined.
- Manufacturing is still concentrated in cities and areas where many low-income people live.
- In terms of wages, benefits and union representation, job quality is higher than in other sectors.

Advocates of business retention and expansion programs know that existing businesses create 60 - 80 percent of all new jobs. BR/LA programs frequently measure success by what did not happen - local businesses that:

- did not pull up stakes and take their jobs with them
- did not choose an out-of-area expansion site, but instead opted to grow in the area
- did not become uncompetitive and have to downsize or go bankrupt
- did not sell out to an outside buyer who merely wanted their trade name and market share - but not the local facilities and workers.

Local businesses generate jobs and tax revenues that communities cannot afford to ignore or lose. Today’s economy needs not only jobs, but jobs that provide family/living wages.12

Many communities have targeted certain industries - e.g., manufacturing, transportation, and high technology - for business retention efforts. Critical industries in a community or region – industries that employ large numbers of workers at good wages, and are interdependent on local suppliers, customers and vendors – should be monitored and prioritized for assistance.

2.3 Organize your community to retain businesses and avert layoffs

How should communities address the twin problems of business retention and layoff aversion? There are several aspects of this question. It is important to lay a solid foundation under the BR/LA program. It is equally important not to go off “half-cocked” and upset the local business community by the way the program is implemented.

Community leaders should take the following steps before approaching employers about implementing business retention/layoff-aversion strategies.

- fully understand what an employment security policy is.
- understand the different types of tools and techniques responsible employers can use to restructure and strengthen their enterprises, improve their competitiveness and if layoffs cannot be avoided, reduce their impact. (It is important for BR/LA leaders to read the resource pamphlet: Tools socially responsible employers can use to implement restructuring and save jobs.)
- know what you can do to facilitate the use of a layoff-aversion process and the actions or steps you can take to protect the economy and retain jobs in your community.

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◆ consider what organizational structure will be used to “organize for action” – to start a business retention/layoff aversion program.
◆ be prepared to make responsible restructuring information and tools available to “at-risk” employers in a positive, proactive way and provide training and technical assistance to help employers implement or use these tools.

2.3.1 Establish an “early warning” network to identify enterprises having problems

In addition to encouraging employers to adopt employment security-based competitiveness policies and responsible restructuring guidelines, community leaders must take several additional steps to help employers use responsible restructuring to save jobs and enterprises.

The first step is to establish an “early warning network.” Community groups need to create an “early warning” network (if they lack one) to help keep enterprises healthy and prevent mass layoffs or plant closures. Because most business owners and managers are reluctant to request public assistance that might expose potential problems, “early warning networks” and other economic trend monitoring systems are necessary. Advocates of early warning argue that it is extremely difficult to save jobs and enterprises or complete the transfer of ownership to another group of investors or the employees once a decision to close has been made or the enterprise has been allowed to deteriorate for a lengthy period of time and “run into the ground.”

Community leaders must have accurate, up-to-date information about business problems and sufficient time to take actions to prevent losses of jobs and enterprises in their community. The logical network of early warning informants include local mayors and council members, local unions, civic and religious institutions, chambers of commerce, and other institutions, such as the rapid response team or industrial adjustment (IA) specialist discussed in Chapters 3 and 4.

How can community leaders seeking to save an enterprise and prevent job losses determine when to intervene? What steps can you take before it is too late? The Midwest Center for Labor Research in the United States has identified a number of “early warning” signs (Chart 2.3) to identify “at risk” or “problem” employers. They have also developed practical strategies to help community leaders, state and local Dislocated Worker Units, unions, and workers identify employers and situations that may justify further study or intervention to cut costs, improve productivity, preserve jobs, transfer ownership, or provide adjustment assistance to displaced workers.13

In addition to the signs identified by the Midwest Center, the Canadian Industrial Adjustment Service (CIAS) uses “repeated use” of worksharing Unemployment Insurance as one indicator that a firm may be in trouble.

Communities have developed innovative approaches to preserve jobs and prevent plant closures based on the principle that governments, employees, communities and business leaders have a stake in the stability and health of local businesses. The goal of business retention is to anchor existing firms where they currently conduct operations. It is not enough to salvage equipment or real estate.

Governments collect labour market information (LMI). LMI is the science of collecting, analyzing, reporting and publishing economic activities to describe and predict the relationship between labour demand and supply. (Governments depend on LMI to determine new policies, make monetary decisions, and pass legislation reallocating resources.) LMI can be used to analyze the trends of industries in a region. Are the industries growing? Stable? Declining in sales and employment?

Local governments can predict what is happening in certain industries or firms from the following sources:
◆ Layoff data from unemployment filings, showing inordinate patterns of layoffs in a sector or firm
◆ Information from government ministries or financial agencies about impending or scheduled restructuring and privatization decisions
◆ Public loan defaults, often mirrored by bank and other financing problems
◆ Utility company reports of usage drops
◆ Customer and supplier knowledge
◆ Information from workers
◆ Surveys conducted by business visitation programs to determine if potential business problems should be addressed sooner rather than later

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Before starting a business retention/layoff aversion program in a community, it is important to know why businesses restructure, especially downsize or close their operations. In addition to the general reasons given by the ILO/EBBF study cited above in Section 2.1 (e.g., some businesses do it to maximize profits and reduce labor costs. Some shut down because of poor planning or lack of access to necessary resources or markets), there are some other important points about business restructuring that the community leaders and members of BR/LA programs need to understand.

First, regardless of the reasons for the restructuring that leads to a mass layoff or shutdown, without an early warning network the stakeholders usually hear about a problem after it is too late to do anything except make efforts to meet the financial and social needs of those who will shortly lose their jobs. With an early warning network in place there is a chance to retain the enterprise and rebuild the local economy.

Second, the majority of enterprises that close do not close because of bankruptcy. A United States General Accounting Office (GAO) survey of businesses that closed in 1985 found that only 7 percent of the closures were caused by bankruptcy; 93 percent resulted from other causes:

- divestitures of business units that no longer fit corporate objectives;
- profits that fell below the level parent companies required (even though the units were earning a profit);
- the owners of closely held businesses retired; and
- buyers wanting only the units' trade name or market, but not the production facilities.

In most of these cases the saving the enterprise and jobs in the community is a real possibility – if addressed by a timely BR/LA response.

The Midwest Center for Labor Research conducted a survey of small privately held manufacturing firms in the Chicago area. They found that nearly 50 percent of the closures had a logical successor. The researchers concluded that this places the future of many firms in jeopardy.

2.3.3 Put it all together: Start a community business retention/layoff aversion program

How does a community go about organizing a successful BR/LA program? This section and the Action module at the end of the Chapter describe some practical steps a community can take to organize and use a community early warning network and encourage employers to use socially responsible restructuring tools to prevent layoffs and plant closings. Some communities groups have used these BR/LA tools for years. More recently, these tools and strategies are being systematically introduced in local communities throughout the United States under the aegis of the State and local Dislocated Worker Units. The state Dislocated Worker Units, created as part of the 1988 Economic Dislocation and Dislocated Worker Assistance Act, are responding to the U.S. Secretary of Labor’s dislocated worker initiative principle of the “prevention of layoffs whenever
possible,” rather than merely responding to them after they occur.15

The ACTION MODULE at the end of the chapter outlines in greater detail the steps community leaders should take to start a business retention/layoff aversion program.

2.4 Actions communities can take and tools that can be used to retain businesses and avert layoffs

Once community leaders are organized to operate a BR/LA program, they can use some of the tools discussed in this section to help retain local businesses and avert layoffs.

2.4.1 Teach employers about employment security-based competitiveness and layoff aversion strategies

Employers need to be taught the three aspects of the employment security based competitiveness policy: (1) the philosophy of employment security, (2) the guidelines to follow when implementing responsible restructuring strategies in their business enterprises; and (3) the proactive strategies and innovative tools they can adopt to achieve and maintain competitiveness and minimize the need for layoffs.

Encourage and assist employers to adopt an employment security policy.

Actively encourage employers to adopt a basic employment security-based competitiveness policy and communicate it to their workforce. While there are no blueprints employers can use to develop productivity-enhancing employment security policies, the employment security policy should include three basic guarantees:

1. Permanent employees will not be laid off or downgraded due to internal productivity improvements;
2. Enterprises will grant their employees the broadest commitments they can afford during business slumps and will increase that coverage as business success permits;
3. Enterprises will actively help their dismissed employees obtain new jobs if economic recessions, restructuring needs or other crises make layoffs unavoidable.

Encourage employers to adopt suitable restructuring guidelines.

Provide employers with information about how to implement an employment security based competitiveness policy – how to develop and adopt some basic socially responsible guidelines to follow when engaging in restructuring to improve their competitiveness. Although there is no definite “right way” to restructure, the guidelines outlined in Box 2.1 have yielded good results for U.S. companies and their workers.16

<table>
<thead>
<tr>
<th>Box 2.1</th>
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<tbody>
<tr>
<td>Guidelines for Responsible Enterprise Restructuring</td>
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<tr>
<td>- Articulate a vision of what you want your enterprise to achieve.</td>
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<tr>
<td>- Establish a corporate culture that views employees as assets to be developed rather than costs to be cut.</td>
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<tr>
<td>- Be clear about your short- and long-range objectives, e.g., to cut costs (short-range) and improve customer service and shareholder value through more effective use of assets (long-range).</td>
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<tr>
<td>- Establish a list of options to reach your short- and long-range objectives.</td>
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<tr>
<td>- Before making changes involve the employees who will live with them in the decision-making process, provide opportunities for input at all levels.</td>
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<tr>
<td>- Communicate, communicate, and communicate! Share as much information about prospective changes as possible with those who will be affected by them.</td>
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<tr>
<td>- Recognize that employees are unlikely to contribute cost-cutting ideas if they think their ideas will jeopardize their employment security.</td>
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<tr>
<td>- If cutting costs by cutting employees is inevitable, establish a set of priorities for doing so (e.g., lay off outside contractors and temporaries first) and stick to it. Show by word and deed that full-time value-adding employees will be the last to go.</td>
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<tr>
<td>- If employees must be let go, give them as much advance notice as possible. Treat them with dignity and respect, and provide assistance (financial, counseling, job development) to help them obtain jobs.</td>
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<tr>
<td>- Consider retraining and redeploying surplus employees to promote employment security and self-reliance and protect your human resource investment.</td>
</tr>
<tr>
<td>- Give remaining employees reasons to stay. Explain opportunities for input at all levels.</td>
</tr>
<tr>
<td>- View restructuring as part of a process of continual improvement, with sub goals and measurable checkpoints over time, rather than as a one-time event.</td>
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Encourage and assist employers to adopt proactive layoff-aversion strategies and introduce tools to help improve their competitiveness.

Use local officials (and higher level government officials in countries undergoing economic restructuring) to promote the adoption of good competitiveness strategies and socially responsible restructuring tools by employers, workers and workers’ organizations, and enterprises facing financial crises or becoming uncompetitive. These strategies and principles can be disseminated in a variety of ways, including using the action tools presented below.

15 In 2000, the USDOL initiated a Layoff Aversion Study to develop a job retention toolkit that would include a national compendium of job retention and layoff aversion strategies for states and communities.
16 Ibid, pp. 29-30.
2.4.2 Seven tools communities can use to help employers improve their competitiveness

(1) Small business networking. In Europe, governments have assisted small businesses in particular industries and regions to establish business networks and other support systems to help them become more competitive in national and international markets, thus preserving and expanding jobs in their communities. The Emilia-Romagna small enterprise network and support system in northern Italy is the most widely publicized example of the use of inter-firm networking and service hubs to improve competitiveness. Variations of this approach have been used successfully in a number of other countries in Europe and North America.

(2) Labor-management training for partnership and competitiveness. One tool community leaders can use to sell employers and unions on the need for responsible restructuring and job retention efforts in their enterprises is the “training for partnership and competitiveness program.” This type of training has helped employers and unions in North America and Great Britain.

To help firms improve their competitiveness, governments and non-governmental organizations (NGOs) can provide training and technical assistance to teach employers and unions less-adversarial negotiating and problem-solving techniques to improve their labor-management relations. Cooperative labor relations greatly enhance the ability of employers and employees to accomplish restructuring and competitiveness objectives, and save jobs.  

(3) Business visitation programs. Business visitation programs can help identify and address competitiveness and other local business problems. Communities can use assessment tools to identify problems faced by local businesses, especially the kind community leaders and local governments need to address, such as infrastructure deficiencies. A number of state governments and university extension services in the United States have developed simple but effective assessment tools that leaders in small and medium-sized communities can use in their business and job retention programs.

(4) In-plant study committees and productivity improvement/cost saving (PI/CS) teams. During the past thirty years, governments in several countries, notably Canada and the United States, have established specialized agencies and provided financial assistance to help firms use a variation of the labor-management problem-solving approach discussed in 2 above to solve in-plant competitiveness problems. They have been promoted by:

- company and plant union and management leaders faced with layoffs or closures because of lagging productivity, high costs and declining competitiveness;
- employers and unions working together or with the help of external consultants or university productivity centers; and
- provincial, state and local government labor market adjustment services provided by Canadian and United States legislation to assist dislocated workers.

The labor management committee directed productivity improvement process is fairly simple and straightforward and can be implemented by employers and workers in many types of enterprises and industries. It can be initiated by employers and trade unions, by IA specialists or by neutral third parties.

Example 2.1 shows how PI/CS study teams were used to save jobs in the state of New York. Example 2.2 shows how a similar approach was used to create jobs in Canada.

**Example 2.1**

**Saving jobs by reducing costs: Xerox and the ACTWU**

Increased competition in the copier and duplicator business in the late 1970s caused the Xerox Corporation’s market share to drop from a high of 93% in the early 1970s to 42% in 1981. That year, the management at a Xerox plant in Webster, New York, completed a study of operations. Based on its findings, the management decided that by subcontracting several commodities and subassemblies produced in the plant’s wire harness department to outside vendors, the company could save millions of dollars. But all jobs in that department would be eliminated.

The Amalgamated Clothing and Textile Workers Union Local 14A, representing the hourly workers at Xerox, reacted to the management’s announcement with a counterproposal. It asked that a joint union-management study team (beyond the existing employee involvement activity) be set up to find ways to restructure the department and reduce costs. The company and union began collaborating on a high-stakes project with important implications for both sides. With the help of an outside consultant, the joint team negotiated ground rules and set up structures and processes to provide the support they needed.

A joint union-management steering committee was formed to help obtain the necessary information and assess the feasibility of ideas. The aim was to construct a study team of open-minded members who represented the wire harness department’s skills and expertise and could work independently or as a team. Eight team members were selected from volunteers. They were taken off their regular jobs to concentrate full time on the problem for six months.

After two weeks of training on problem-solving and other areas and participating in information sessions, the study team began its work. The team was given a cost-saving target or “benchmark” representing the difference between the costs of producing the harnesses internally and subcontracting them to outside vendors. By the end of the six months, the wire harness study team had identified twelve ways to save $3.7 million; the goal was $3.2 million. A high level L-M policy committee accepted most of the team’s recommendations for implementation, saving 180 jobs.

Because of the success of the PI/CS process, five other study teams were formed in the plant—turnings, extrusions, and castings in the fabrication department and a second wire harness team. Those teams identified savings of 24 to 40 percent.

The PI/CS process continues to provide cost savings and productivity improvements and is now part of an ongoing cooperative relationship between the union and Xerox. The union is substantially involved in operational decisions, and management has increased flexibility in the production process.


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17 Training materials and technical assistance services are available to help employers and trade unions adopt these concepts.
Example 2.2
Improving productivity and creating new jobs Burrell Bedding Ltd. and the Canadian IAS:

Burrell Bedding Ltd., founded in 1904, enjoyed a strong and financially successful operation for many years until the company was allowed to run down in the early 1980s. In 1986, new owners tried to restore the firm to profitability. By 1987, sales and marketing were under control, but serious morale and discipline problems persisted in the production and operations side of the business.

In late 1987, Burrell’s management asked the Canadian Industrial Adjustment Service (CIAS) for help. The company, union and the CIAS signed an “Assessment Incentive Agreement” that provided 40% funding from the Canadian Employment and Immigration Department (parent of the CIAS), and 60% from the company. The four-member joint planning committee, two from management and two representing the employees, studied new technologies and productivity improvement measures and the effects they could have on the workforce. A nonaffiliated chairperson chaired the committee, and a CIAS officer provided assistance and guidance.

A completely new plant layout with improved equipment was necessary. The committee, with the assistance of a management consultant, planned the move from Scarborough to a nearby location in Richmond Hill. A Human Resources Agreement was signed and a Human Resource Plan was worked out. When necessary, employees were moved to more appropriate duties, and new workers were hired. Cross training enabled every employee to perform at least two functions. Once trained, a measured work incentive plan incorporating quality elements encouraged the workers.

The Burrell Bedding planning committee met all its objectives. The improvements led to new and better customers and a large increase in monthly invoicing. All participants considered the project to have been a great success.

Box-spring making is an example of the increased productivity. Historically, two men had produced 40 box springs per day. After the PI/CS projects were completed, one worker was able to produce 50-60 units per day, an average increase in productivity of 175%. Similar improvements in productivity occurred throughout the plant.

Under the leadership of the CIAS officer, the Burrell PI/CS committee achieved:

- a stable, committed workforce three times the original size;
- better manufacturing controls;
- tighter cost and inventory controls;
- greatly reduced labor costs;
- improved employee training; and
- improved quality

(5) Quick start training

A critical element of BR/LA programs is obtaining and retaining workers with the skills and expertise necessary to make enterprises more competitive. Studies evaluating the effectiveness of active labor programs being used in Central and Eastern Europe concluded that “short-term (modular) skill focused training was most effective...” A successful example of the innovative types of short-term modular training programs for restructuring enterprises are being used in North America and Central Europe. It is called Quick start training.

Quick start training is an intensive short term method of training or retraining that is specifically designed for a new, expanding or older, restructuring company that must retrain its work force because of changing products, technology or production processes. Quick start training programs:

- Result in job retention
- Facilitate job creation
- Attract new companies to a community or region
- Keep companies from moving from a community
- Increase productivity for an existing or restructured enterprise

Quick start training programs are designed to respond to specific enterprise needs. They are custom-tailored to fit the needs of the client enterprise. These types of programs are usually conducted through a community partnership established between the employment service offices, vocational training centers and employers. Example 2.3 describes how the Quick Start training process helped create 510 jobs in Debrecen, Hungary.

Example 2.3
Quick start training for workers at a duckling processing plant in Debrecen, Hungary

In early 1995, the Hadu Bet Company purchased a former State-owned Enterprise that had been closed several years earlier due to loss of markets. The company wanted to restart operations at the enterprise in the summer of 1995. They asked that the County Labour Office and Regional Vocational Training Center to help them develop a training program and recruit and train a workforce for the facility, using the Quick start methodology that was being introduced into Hungary at that time by the USDOL as part of a restructuring adjustment project. Over 1,600 people were recruited and screened by the County Labour Center, and 540 were referred to the Quick start training. Of the 540 people trained, 510 (or 94 percent) were employed. The rate of pay they received was higher than for similar levels of semi-skilled work in the area.

Because of the success of this project, the company and vocational training center continued to work together to train forklift operators and other company employees in Debrecen.

(6) Business promotion and support centers

Business promotion and support centers (BPSCs), or small business development centers as they are sometimes called, are organizations that assist:

- people who want to start their own businesses;
- micro- and small business owners who want to strengthen and expand their businesses, and
- medium-sized enterprises in select areas that need assistance to remain competitive or grow.

These centers are often organized as non-governmental organizations and have representatives from the whole community in their general assemblies. BPSCs are an essential component to a properly functioning business environment. Often, developing countries or countries undergoing restructuring from command to market economies lack this type of institution.
Core BPSC activities include the:

- promotion of an entrepreneurial culture to acquaint potential business owners with the responsibilities, risks and possibilities of self-owned businesses;
- delivery of locally based comprehensive support to potential or actual micro, small and medium-sized entrepreneurs;
- introduction of new management techniques and new technologies;
- delivery of a wide range of information services;
- consulting services to formulate and select “bankable” projects, implement new projects, provide follow-up and counseling on projects’ operations to guarantee sustainability and help with the promotion and marketing of the product on an international level;
- mobilization of opportunities and resources as well as guidelines and procedures to facilitate access to credit and incentives to generate employment and training; and
- stimulation and support of a “dialogue” between the public and private sector at the local and national level to promote private entrepreneurship.

Having a center like the BPSC to assist restructuring employers and facilitate the startup of new businesses in a community or region is an important community BR/LA program tool. Example 2.4 illustrates how this tool has been used successfully in Bulgaria.

Example 2.4

**Bulgaria: The Mesta Valley Business Promotion and Support Center**

Beginning in 1995, as part of a project to strengthen the local economy in the Mesta River Valley, the ILO helped pilot test a business promotion and support center (BPSC) in Bulgaria. Thus far, over 1,500 long-term sustainable jobs have been created, over 2,500 people have been trained on a variety of topics, almost 2,000 people have received business-related information, and over 1,900 people have received business consulting services. Perhaps, most significantly, the center became self-sustaining after two and one-half years of UNDP funding.

The Mesta BPSC has helped companies in the region organize successful business networks that enable them to compete in the global market.

The success of the Mesta BPSC led to the project’s expansion to other areas in the country. A second BPSC has been established in two other regions in Bulgaria covering 15 municipalities. In 2001, the Bulgarian government approved a new project to expand the BPSC program to establish 20 new centers throughout the country, and include rural agribusiness centers in the program.


Example 2.5

**Using worker ownership conversions to save jobs and enterprises in Spain**

Beginning in the 1970s, Spain developed a cooperative joint stock form of enterprise to preserve jobs and save enterprises. Converting failing companies to worker-owned enterprises was an innovative and entrepreneurial approach to employment preservation and enterprise development. The conversions were called labor-limited companies and cooperative stock companies.

Since the process began, over 100,000 jobs and thousands of enterprises have been saved or created by the workers who purchased the enterprises where they worked rather than see them close.

The substantial growth in the numbers of conversions and the “phoenix-type” enterprise development in the next decade led the Spanish government to pass a law in 1986 to regulate this new business model of ownership and enterprise development.


(7) Prefeasibility studies to explore ownership alternatives. Over the past 25 years, various groups of employees, management representatives, community groups and labor organizations have organized to rescue hundreds of companies in North America and elsewhere that were scheduled for closure. Employee buyouts have occurred in the manufacturing, service, agricultural, transportation and financial industries, saving countless numbers of jobs.

Corporate conglomerates frequently close or sell plants or facilities that may be profitable, but no longer meet their core business application or are viewed as excess capacity in their overall operations. Perhaps labor, management or local economic issues contribute to the decision to locate the facility elsewhere. Early response is critical in these events.

A very important community or rapid response step is to assess the reason for the announced plant closure or mass layoff. The initial inquiry should be made immediately after the early warning network or industrial adjustment (IA) specialist receives word that a business closure is likely. If the management, labor or other stakeholder gives a reason why there might be an opportunity to retain the business operation through a buyout or restructuring, it may be prudent to launch an initial evaluation and prefeasibility study to determine the viability of the enterprise and perhaps retain the business.

While advance notice about the possible downsizing or closure of an enterprise is necessary, it is not sufficient to save an enterprise and jobs in a community. So what can workers and community leaders do after learning about the possibility of a plant closure? How can they determine the viability of an enterprise and perhaps prevent its closure or departure?

Ownership transfers and worker buyouts have saved enterprises and jobs in a number of countries in both Europe and North America. Example 2.5 presents an example of how this approach succeeded in Spain.

Twenty years of ownership conversions in the United States have demonstrated that changing the
ownership structure of some business enterprises threatened with closure or major layoffs can preserve jobs and prevent economic losses in communities. Consequently, the 1988 national worker adjustment assistance legislation in the United States allows state Dislocated Worker Unit (DWU) rapid response specialists to authorize and finance the conduct of prefeasibility studies. Prefeasibility studies can identify likely failures.

A prefeasibility or business viability study is a preliminary assessment of both the financial risks and job retention potential when a company or group, including the workers, plan to purchase a plant and continue operations. From the perspective of a community and DWU, a prefeasibility study is an early and important part of the total process of considering the economic viability of a firm or enterprise as well as a prelude to formal discussions about purchasing it.

The prefeasibility study:
- analyzes financial statements;
- estimates the rough value of the company;
- outlines the financing required for a proposed buyout;
- identifies logical sources of financing and potential financing structures and costs;
- determines the suitability of the firm for a buyout (employee or otherwise);
- analyzes conversion issues;
- reviews the market for the firm’s products or services, how the firm’s products are marketed and other relevant marketing issues;
- assesses management strengths and weaknesses;
- analyzes the age and quality of the workforce and labor relations issues;
- considers production issues such as capacities, product quality, and the age, the condition, and the quality of equipment and facilities;
- summarizes findings and makes recommendations.

Upon receiving a request from employees, managers, or some other group, a community “action team” or rapid response IA specialist carries out a seven-step process to approve and finance a study to determine the feasibility of an employee buyout, or purchase of a business enterprise by another owner, to preserve jobs in a community.

The cost of the prefeasibility study depends upon the size and complexity of the enterprise being considered for ownership transfer, the level of analysis, the availability of information, the time available, and the type of individual or group that conducts the study.

A prefeasibility study normally takes several weeks to complete. If the study concludes that a buyout or transfer of an enterprise is feasible, the individuals or group initiating the process can move to the next stage of the buyout process—a formal feasibility study that carries the process to its logical conclusion.

The formal feasibility study (sometimes called a business plan) is a comprehensive and in-depth study of the firm’s risks and opportunities and determines whether the buyout or transfer of ownership will be successful. The business plan is also used to convince potential lenders or others to provide the necessary financing for the buyout or ownership transfer.

2.5 How to start a community business retention/layoff aversion program

**ACTION MODULE: Steps to start a community business retention/layoff aversion program**

**Step 1: Create an early warning network to help identify “at risk” companies**

The key element of community involvement in business retention/layoff aversion is monitoring existing businesses to prevent shutdowns of potentially viable businesses. This involves creating an early warning network comprised of community leaders, labour, economic development agencies and business organizations. Early warning networks help gather and organize information about a community’s existing businesses with sufficient lead-time to:
- identify companies at risk of moving or closing;
- provide assistance to companies needing resources or skills; and
- identify opportunities to increase corporations' performance and stability.

Early warning networks gather information about companies through extensive research and members’ first-hand knowledge. This information helps community leaders develop effective strategies for assistance and intervention to strengthen competitiveness and prevent job losses. It enables them to:
- facilitate an effective working relationship with community and other agencies;
- identify problems and barriers that make the local business climate less favorable;
- provide access to new and improved management personnel;
- provide access to capital;
- offer business planning assistance;
- offer technical assistance to improve productivity and cut costs;
- offer turnaround assistance;
- train and develop the local workforce;
- identify a qualified community friendly buyer who is committed to keeping the business in the area; and
- help arrange an employee buyout.
Step 2: Focus early warning efforts on published and unpublished information

Early warning focuses on two types of information: published and unpublished. Published information on companies can be found in annual reports, databases, trade journals, the business press, and public records. Unpublished information comes from people with first-hand knowledge of the company, including employees, customers, residents of the community, service providers, local economic development officials, utility companies, and local governments. Often these people see signs of trouble without knowing how to interpret them. Educating the workers, community leaders and others about how to read the warning signs can provide critical information for effective intervention.

Using both published and unpublished information, community leaders can identify potential problems at a company, analyze the particular problems and opportunities, verify the information, and develop a course of action to encourage and assist a company to keep its doors open. (Companies or enterprises that are beyond repair and assistance can also be identified and the stakeholders informed to prevent misinformed public investment and misplaced expectations.) Systematic analyses of local companies can result in as much as two years’ notice of potential problems that could result in closures.

Step 3: Form an action team

If the information collected and analyzed by the network coordinator (e.g., IA specialist) and the job retention network participants indicates that assistance or intervention may be required, the network coordinator should put together an action team. The team should include members with experience handling the specific issues the company faces.

The action team should determine the best way to approach the company, introduce itself, and offer assistance. If the company is open to the team, they can work together to save the company and its jobs. If the company is hostile to the network, the team must determine how to intervene, perhaps by waging a campaign to prevent a closure. (See Number 5 under Step 4).

Step 4: Take appropriate action(s)

The whole purpose of early warning is to secure timely and accurate information about companies so the network has time to take action to help the enterprise improve its performance and reduce job losses or even closures.

Job retention network actions include encouraging employers and trade unions to use PI/CS teams and the other tools discussed previously. Additional job retention network actions are designed with the company’s stakeholders (employees, community members, government officials) in mind. The job retention network can take five categories of actions:

1. Business climate and infrastructure improvements
2. Management and technical assistance
3. Financial assistance
4. Ownership transition assistance
5. Intervention

Determining the appropriate action for any given enterprise depends on the warning signs, the results of the business analysis and the network participants’ capacity.

The community job retention action team can use any of the above categories of actions depending on the kinds of problems firms are experiencing, the types of help firms need to solve their problems, and what will provide the greatest chance of strengthening the enterprise and preserving jobs in the community.

1. Business climate and infrastructure improvements

Before community leaders can help local businesses, they must first identify community problems resulting from infrastructure, bureaucratic rules and regulations, and other issues that affect business growth and effective operations. For this reason many communities include, as part of their business retention efforts, actions that improve the local business environment and eliminate as many business barriers as possible. By identifying the needs and concerns of local businesses, the network can help communities set economic renewal priorities and activities while working to save individual enterprises and jobs.

Based on the information gathered by the network, communities can assist and encourage local businesses to stay in the community and to grow and expand by reducing their costs and increasing their productivity and competitiveness through:

- Infrastructure improvements;
- Quality of life changes;
- Government procurement;
- Networking;
- Marketing assistance, and
- Tax breaks and other incentives.

Some early warning signs may reveal potential business climate problems that can be solved by infrastructure improvements and other changes. The job retention network can use early warning information to lobby the appropriate government officials and agencies to make needed changes or improvements.

2. Management and technical assistance

Some early warning indicators reveal problems that can be solved by good technical assistance, management consulting, worker training, and improved access to local resources.

Management assistance. Job retention networks often find companies have trouble because their management has difficulty keeping up with technological ad-
vances and changes in the economy. An important resource for the business and job retention network is to develop access to professional management assistance as the current management may need to be strengthened with new talent or replaced. Equally important is linking the early warning network to the programs and activities of other technical assistance programs to strengthen enterprise competitiveness.

**Technical Assistance.** Many companies need corporate planning assistance to meet new pressures in the market place, keep pace with technology, or make adjustments in their production or management processes. They may require small adjustments or a complete turnaround of management. Whatever the problems, it is important to find and use local experts who have the same values and priorities as the job retention network members – preserving jobs and enterprises in the community.

**Skill training.** Some early warning indicators may reveal that the workers' skills are inadequate or outdated relative to the needs of the enterprise. The workforce may require retraining or upgrade training such as Quick Start training – short, intensive vocational training custom tailored to the specific needs of the employer. Such training programs can focus directly on the skills employers need their workers to have to remain competitive or develop and produce new products or services.

**Financial assistance.**

Providing financial resources to a company can be a real opportunity to further anchor a company in the local community and strengthen its linkage with the development objectives of the community. Good businesses need access to capital under the right terms. They may need more equity or loans for capital investments or working capital. Local enterprise development funds or economic development agencies may have staff with the skills to assist companies in securing capital under favorable and useful terms.

A good early warning business and job retention network must establish contacts with various sources of funds that can make a difference in the success, expansion, or failure of a business. But all types of financial assistance must include a careful examination of the company, its books, and its financial management practices to ensure that the investment is needed and will be used effectively. It is important that the financial assistance terms require the company to first strengthen the business and, hopefully, complement the objectives of the job retention network. Common and creative sources of capital that the network might access for a company include:

- loans from banks, government, or individuals;
- equity from other investors, investment banks, or a community network;
- an ESOP (equity from the employees);
- investment from a community investment fund.

**Ownership transition assistance**

The early warning business and job retention network may be able to help a company resolve specific problems related to business ownership such as:

- lack of a successor;
- sale of the company;
- an acquisition offer to save the company.

These conditions present opportunities to provide qualified, committed, and preferably local ownership to a company. They also provide a chance to develop the local economy and anchor the local company for generations to come. Ownership transition situations also open up opportunities for employee ownership or purchase by other local groups.

When arranging for a transition in ownership, companies need to be matched with an owner who will preserve the company at the local site and meet the qualifications of the network members. The owner must be competent to protect the interests of local investors and lenders.

If there are indications of ownership problems, the job retention network must take the following steps:

- **Determine the viability of the business** by conducting a prefeasibility study that examines the company's markets, finances, management structure and capacity, machinery and assets, sales and marketing capacity. (If a company is beyond salvage, the network should turn that information over to the appropriate rapid response worker adjustment component, discussed in Chapter 5, to address employee dislocation benefits, retraining, and job placement.)
- **Identify the right buyer** – a group of employees, a group of individuals or managers, or a single entrepreneur
- **Using suitable intermediaries, provide assistance in negotiating the sale,**

When considering possible buyers for a company, think about:

- employee ownership;
- existing local ownership; and
- non-local ownership committed to keeping the business and jobs in the area

There is no absolute formula for employee ownership. It can take the form of workers as cooperative partners in a business (worker cooperative), or an Employee Stock Ownership Plan (ESOP).

Recent studies show that employee ownership increases the growth rates of these companies by 8-11

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18 Quick Start training was the name given to this form of employer-centered vocational training by the US Department of Labor when it introduced it into Central and Eastern Europe as part of rapid response projects in the mid-1990s.
percent over non-employee owned companies and enables them to out-perform competitors on job growth measurements 49 percent of the time. Employee ownership:

- creates shared interest between workers and outside stockholders;
- unleashes the employee-owners' creativity and productivity;
- maintains a long-term perspective;
- increases employment and job security;
- provides a supplementary income source from ownership equity;
- anchors jobs and capital in communities.

Acquiring a local company may be good for another company in the same geographic area that wants to increase its capacity or broaden its range of business activity. Under the right terms, clustering and combining small companies can be a positive development for the community while meeting the network's development objectives – access to better jobs at a livable wage, housing, health care, and schools.

If employee ownership is not a viable option and there is no appropriate match among buyers in the local community, the network should seek out an owner who is committed to keeping production located in the community. A person living in or near the community is more likely to share that commitment, but other entrepreneurs and investors in the regional, national, and international arena might be willing and able to be excellent partners with the local workforce and community. In all situations, be concerned about a potential buyer's commitment to sustain local production and further develop the business into a profitable enterprise. Never be so desperate that you fail to check out new owners.

Some businesses, regardless of their ownership situation, will need other forms of assistance, financial, management or technical, to help them become competitive and continue operations without resorting to mass layoffs or closure.

(5) Intervention

In some situations the job retention network can solve a company's problems by providing a solution that is supported and embraced by management and the owners. Sometimes, company will not only refuse to work with the job retention network but will refuse to act on its own for the good of the workforce and the employees. If all possibilities of persuasion fail, intervention becomes necessary to bring about a negotiated settlement that meets the needs of both parties. The job retention network should not sit idly by and watch an uncooperative company harm the social and economic fabric of the community.

Most interventions take place when a plant closing is imminent, either the company plans to move or shut down. Such interventions typically include one or more of the following:

- a legal challenge,
- a capital challenge, or
- a campaign to pressure or persuade in the public press.

While some interventions achieve positive outcomes, others may not. The action team must determine what strategy to use based on the particular situation and the potential costs and benefits.

Step 5: Monitor the progress of the enterprise and evaluate the results

The action team (and early warning network) should continue to monitor individual enterprises or workers assisted by them and note the actions taken, the outcomes, and whether the enterprise and jobs have been preserved.

The network members should:

- assess the relevance and success of the strategy the action team used to avert layoffs or save the enterprise;
- determine any changes that could be made in the strategy or approach to make it more successful;
- assess the need for additional resources and take appropriate action to access or obtain them; and
- incorporate any insights or recommendations arising from the action team's work that would improve the network's ability to accomplish its business retention/layoff aversion objectives in the future.

Tips: Remember the importance of establishing linkages with other groups

Regardless of the category of action(s) the community business retention/layoff aversion network takes to help employers prevent mass layoffs and plant closings, it should establish close linkages with all public agencies – vocational training, economic development, small business loan funds, business services, small business development centers, productivity and quality centers – and private organizations and resources – trade unions, chambers of commerce, management consultants, and financial institutions. Such linkages enable the network to: (a) obtain needed information in sufficient time to take preventive action, (b) refer troubled businesses to the right kind of organizations and experts who can help them, and (c) mobilize the necessary resources to implement timely and cost-effective action plans.

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19 National Center for Employee Ownership.
20 Northeast Ohio Employee Ownership Center, 1993.

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Chapter 3

Assess your community's ability to respond quickly and effectively to worker displacement events

Effective rapid response worker adjustment programs require well-organized community or regional (county, provincial) institutional frameworks and qualified staff to facilitate the delivery of dislocated worker assistance and services to enterprises and workers in a timely and effective manner. How does a community determine its state of readiness – and ability to respond quickly to the threat of mass layoffs and plant closures? What are the critical elements that make up an effective community rapid response worker adjustment system?

3.1 The importance and role of early warning networks, rapid response and industrial adjustment specialists

3.1.1 Early warning networks

Successful worker adjustment programs require advance notice, careful planning and effective use of the time preceding layoffs or plant closures. To minimize or prevent layoffs, community or regional worker adjustment programs need up-to-date information about businesses in their area and an effective early warning network like that discussed in Sections 2.2.2 and 5.2 – Step 1. Effective early warning systems include:

◆ taking whatever steps are necessary to establish a communications network to obtain accurate, up-to-date information about enterprises in the community or region;
◆ using all available contacts and information to identify enterprises or industries that might lay off employees or are scheduled for restructuring; and
◆ closely monitoring enterprises and industries having problems to determine: (a) when to contact them to discuss their situation, and (b) whether rapid response should be activated.

3.1.2 Rapid response

Rapid response means that the community is able to respond quickly (within 48 hours) and effectively to announcements or receipt of information about impending mass layoffs or plant closures in a community or region. Experience demonstrates that worker adjustment programs are most successful when they begin well in advance of the actual layoff or closure. Meaningful rapid response requires a number of program linkages with national and local agencies to implement basic readjustment services for dislocated workers.

3.1.3 The IA specialist and rapid response

Experience also demonstrates that effective rapid response and broad-based efforts to implement programs and services to workers displaced by mass layoffs and plant closures require the skills and leadership of skilled IA (Industrial Adjustment) specialists. Ideally, community or regional rapid response worker adjustment programs are implemented by trained, dedicated IA specialists who join together with other key people from the community or region to form a rapid response team. Regardless of the reason for the dislocation, the rapid response IA specialist or team is responsible for providing early intervention planning assistance to help workers being displaced by mass layoffs or plant closures.

The IA specialists need training to perform the basic assessment, planning and leadership functions to motivate others and to organize and operate a successful rapid response worker adjustment program as outlined in Chapter 4. They can be located in the local or regional employment service offices, a suitable local or regional public agency, attached to another government agency (such as the mayor's office, redevelopment agency, restructuring ministry or regional development agency), set up as a separate entity, or as part of a non-governmental organization (NGO).

The primary objective of IA specialists is to function as organizers and facilitators. They work with enterprise managers, worker representatives, and community leaders to assess the layoff situation and develop action plans to provide adjustment services and programs to transition large groups of workers to new employment as quickly as possible. IA specialists are responsible for bringing together all the concerned partners to develop and maintain effective rapid response and worker adjustment capabilities in a timely and effective way. To do so, IA specialists need to be knowledgeable about:

◆ local, regional and national training and employment legislation, delivery systems and programs
◆ state-owned enterprises (e.g., in CEE countries)
◆ private industry
◆ market trends and their relationship to potential layoffs and closures
◆ labour markets and labor market institutions
◆ national and local economic development activities
◆ labour-management relations
◆ enterprise competitiveness issues and human resource development issues in business

The IA specialists must have high-energy levels, be self-motivated, well organized and have good communication and writing skills and good facilitation and negotiation skills. They also need to be able to facilitate
the organization and operation of reemployment assistance committees (RACs) or labour-management adjustment teams (LMATs) to plan, organize and arrange for the timely delivery of services to dislocated workers.

### 3.1.4 Building rapid response capacity

Rapid response capacity is the ability of a community, with the help of an IA specialist, to undertake an initial needs assessment and information sharing with both employees and employers to help them gain immediate access to all public programs that can help displaced workers obtain new jobs. The rapid response concept guides a community’s initial response to an impending plant closure or mass layoff. Rapid response activities are typically authorized and funded by governments through special legislation or through appropriations made to local entities, such as the employment service or other suitable agency. In some Central and Eastern European countries, the resources for rapid response services have come from the government agencies responsible for privatizing state-owned enterprises.

Rapid response assistance is generally a collaborative effort involving representatives from many organizations, including the local employment service, vocational training institutions, economic development, social services, and other appropriate agencies and non-governmental organizations.

#### 3.1.5 Typical rapid response activities

When information is obtained or received about the likelihood of a mass layoff or plant closure, the rapid response activities of the IA specialist or rapid response team typically include:

- **Contacting the employer and employee representatives** shortly after the notice or information is received (preferably 48 hours or less), to assess the situation, provide information about all available public programs and services and facilitate access to them.

- **Promoting the formation of a LMAT or RAC** with management and worker representatives in the restructuring enterprise to organize and direct the worker assistance program. The team or committee determines the types of assistance the workers at a specific site are likely to need and eligible for and helps them obtain them.

- **Developing a plan to access funds and active labor services for dislocated workers** - retraining services, needs-related payments, certificates of eligibility, contracting arrangements and customized worker assistance as eligibility permits.

- **Assessing the need for a worker assistance resource center (WARC)** to provide on site access to specialized forms of assistance and services – outreach and intake, testing and counseling, individual service plans, labor market information, job development, job fairs, job search and placement services, job clubs, peer support programs, supportive services (including child care and financial counseling), and pre- layoff assistance programs.

- **Providing or obtaining appropriate financial and technical advice and liaison** with economic development agencies to help the local community develop a coordinated response and access to public economic development assistance to preserve and create jobs.

- **Assessing the competitiveness of surviving enterprises in the community** impacted by plant closures or downsizing and providing or obtaining appropriate financial and technical advice to help them cut costs, improve their productivity and preserve jobs.

The specific steps an IA specialist normally takes to implement a rapid response worker adjustment program are discussed in greater detail in Chapter 4.

### 3.2 Using rapid response worker adjustment programs in North America and Hungary

Impressive results have occurred when skilled IA specialists have organized rapid response worker adjustments using RACs or LMATs to help dislocated workers in North America (Canada and the United States) and Central and Eastern Europe countries transitioning from command to market economies.

The early 1980s pilot rapid response worker adjustment programs organized by IA specialists and using RACs or LMATs in the United States were so successful that the U.S. Congress passed legislation in 1988 to make them the cornerstone of the American system to ameliorate the impacts of mass layoffs and displacement on workers and communities. Since that time every state and many local government units in the United States have established dislocated worker units and trained IA specialists to provide leadership and technical assistance to employers faced with possible layoffs.

During the mid-1990s the use of IA specialists, rapid response and RAC techniques to deal with mass layoffs and plant closures in North America were adapted to deal with layoffs resulting from economic restructuring situations in six Central and Eastern European countries. Example 3.1 summarizes the successful Rapid Response Project in Hungary, the first country in the CEE region to use this methodology. (Example 4.1 in Chapter 4 summarizes the results of implementing a community economic renewal component as part of the Rapid Response Project in Hungary.)

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**Example 3.1:**

**Hungary: Using rapid response and RACs to help dislocated workers find new jobs**

A pilot project using the rapid response approach and labour-management RAC process was begun in Hungary in 1994 to help workers displaced by mass layoffs and plant shutdowns in five locations. The initial success led to the expansion of the program nationwide. Each county labour center (the local employment service) appointed a person to serve as an IA.
worker adjustment program using RACs was a dramatic reduction to find new jobs. During the next five years, the Hungarian IA specialists established some 60 RACs to help nearly 5,000 dislocated workers find new jobs.

Use of IA Specialists

A small cadre of IA specialists located in a county labour center was responsible for responding rapidly to layoffs and plant shutdowns caused by economic restructuring and privatization. They did so by organizing adjustment teams or RACs comprised of labour and management representatives at each site to help dislocated workers transition to new jobs and reduce the length and severity of unemployment. The RACs assessed workers’ needs, developed a strategy and worker adjustment plan, and mobilized community and other service providers to deliver the needed services.

Importance of Rapid Response and pre-layoff services

The main idea behind the rapid response worker adjustment is that early intervention is a key to preventing long-term unemployment. Experience in the United States and other countries has shown that workers facing layoffs are more inclined to take advantage of services before they lose their jobs than after they become unemployed. As a result, the workers need access to support and counseling before they drop out of the labor force. Experience shows that the longer workers are unemployed, the harder it is for them to get new jobs and their chances of joining the ranks of the long-term unemployed increase. Effective pre-layoff services provide workers with the needed support in a timely fashion.

In Hungary, as in other countries, there is often a gap between the time workers receive notice of layoff and when they become eligible to register as unemployed. A primary goal of rapid response worker adjustment is effective and intensive action during this crucial period.

Reemployment Assistance Committees (RACs)

The management and worker-directed RAC approach is one of the most successful and cost-effective techniques in the United States and other countries to organize and deliver assistance to dislocated workers. The Hungary Rapid Response Project adopted this approach because of its flexibility, its proven success in other countries, and a developing emphasis in Hungarian legislation and initiation of tripartite (labour, management and government) cooperation.

Starting the worker adjustment program in Hungary

To introduce rapid response and RACs in Hungary in late 1994, the USDOL Rapid Response Project, in cooperation with the Ministry of Labor and National Labour Centre, trained 30 directors and staff from the County Labour Centers (CLCs) in four pilot counties to function as IA specialists during a one-week workshop. (In Hungary, they were first called layoff coordinators and later Regional Employment Counselors). Subsequently, the CLC coordinators begin organizing RACs in the four pilot regions under the direction and leadership of the Rapid Response Project manager, an experienced Rapid Response expert.

In March 1995, even before the first RAC projects were completed, the NLC was so impressed that it requested that all CLCs in Hungary receive the rapid response training and that the project coverage be expanded nationwide.

Outcomes

During the ensuing four-years, the CLC IA specialists helped with 60 enterprise layoffs (including heavy and light industry, public administration and the army) that dislocated 10,578 workers. Of those workers, 8,115, 77 percent of them, participated in the RAC programs. At the 60 sites, the RACs helped 3,551 dislocated workers, 49 percent of the 7,256 active job seekers, to find new jobs.

The most important outcome of the Hungary rapid response worker adjustment program using RACs was a dramatic reduction in the time it took workers to find new jobs. Project statistics show that RACs cut in half the time it took workers to find new jobs—from 265 days to 130. This reduction provided considerable financial savings to the government for UI payments and other social services.

A customer satisfaction survey administered to a sample of RAC participants found that 73 percent of those finding new jobs credited the RAC with helping them, 97 percent said they would use RAC services again, and 97 percent said they would recommend RAC services to other workers in similar situations.

The rapid response project’s layoff experience has confirmed many of the lessons observed in other countries. Among the most important is that early intervention is important when dealing with layoffs. CLC staff were surprised to learn that dislocated workers are easier to assist while they are still employed or in their notice period than after they have been unemployed for several months. The project’s quantitative data has demonstrated that it can take substantially less time for dislocated workers to find new jobs when they have access to early intervention services, especially when delivered on site.

Even in high unemployment areas, the project found that an active RAC with on-site services could uncover job leads. In one area with a 30 percent unemployment rate, the CLC branch office had an average listing of one job per 100 job seekers. A local RAC was able to draw aggressively on area contacts and staff a well-equipped on-site Transition Center. The committee achieved a 60 percent placement rate for the active job seekers dislocated from the enterprise.

The project found that several factors affect working with layoffs in an economy in transition. When the project began, unemployment was still a relatively new phenomenon for Hungary. There was little cultural understanding of coping with bouts of joblessness and often a reluctance to think in terms of transferable skills or occupational change. The RACs helped to empower workers to help themselves while many people expected a government solution. Several RAC members said they believed their efforts highlighted new realities.


3.3 Assess your community’s rapid response worker adjustment and economic renewal needs and capacity

Communities seeking to help dislocated workers and renew their economy in the face of economic restructuring should have or should develop the institutional capacity and industrial adjustment expertise to:

a) utilize early warning mechanisms to identify in advance the nature and size of potential layoffs or closings;

b) respond rapidly to assess needs and plan dislocated worker services for affected employers and workers;

c) provide the training and technical assistance enterprise managers and worker representatives need to plan, organize and deliver adjustment services to dislocated workers and their families;

d) mobilize community’s resources to provide the support and other services dislocated workers and their families need; and

e) take other economic renewal steps to strengthen existing firms and attract new firms and jobs to the impacted community and region.
ACTION MODULE: Community worker adjustment needs and rapid response readiness checklist

Community leaders should assess the capacity and state of readiness of their community to address worker dislocation events in an effective and timely way. Such an assessment should include a careful review of the following items:

1. Determine your community's and area's potential need for and capacity to deliver rapid response worker adjustment services.
   - Are worker displacements (mass layoffs, downsizings, plant closures) a problem in your community?
   - How are these problems currently handled? Do you have a designated person or unit in some agency of government (e.g., the employment service) that deals with displaced worker problems? If so, how effectively are the needs of displaced workers being met?
   - Is worker displacement likely to be a continuing problem in the future?
   - Is your community large enough and are enough employers facing potential layoff problems to justify having a full-time or part-time IA specialist? Should the IA specialist (or such a person) and the rapid response team be located at a regional or other level of government?
   - What is the nature and extent of your social safety net?
   - What is the level and quality of social dialogue in your community?

2. Determine whether an effective early warning network exists in your area. Can you obtain accurate, up-to-date information about the health (viability) and prospects of enterprises in your community or region? If not, what do you need to do to establish a network or capacity to obtain this information in a timely manner?

3. Determine the type, quantity and quality of resources, institutional capacity and expertise available (if any) under existing employment legislation, or other legislation, to address the impacts of worker dislocation in your community or region.
   - Does your nation have any legislation that specifically outlines a framework to address plant closures and worker dislocation problems at the community and regional level? Where does the responsibility for administering this function reside? If specialized legislation or provisions to deal with displaced workers are lacking, how are displaced workers helped?
   - If specialized displaced worker provisions exist, does the displaced worker component have legislative or administrative provisions to develop and operate an early warning and rapid response capacity at the regional or local levels?
   - Are any resources and staff available from the national or local level to help communities organize and pay for rapid response activities and services?

4. Determine the rapid response role and responsibilities of the local government and other public agencies and labor market institutions with local offices (e.g., labor market intermediaries such as the job service, education and training institutions, social service agencies, etc.) to organize, house and operate an effective dislocated worker adjustment program.
   - Does your community have the resources to organize and operate a rapid response dislocated worker adjustment program? If not, does it see the need? Does it want to develop such capacity? Where should the leadership and staff for this activity be located?
   - What kind of training would existing or new staff need to function as IA specialists?
   - Does your community have an employment service or labour office? Does it have a skilled, trained staff and sufficient resources to provide the basic levels of labour market service - job search, job development, vocational testing and counseling services - to unemployed workers? Does it have the capacity to effectively participate as the lead agency (or a partner) in providing rapid response and other specialized services to dislocated workers?
   - Does your community have adequate vocational training and educational institutions to serve as effective partners and provide suitable retraining services to dislocated workers? If so, does it have the resources and staff to do so? If not, how could such services be obtained?
   - Are social service agencies available and equipped to provide assistance and services to dislocated workers and their families?

5. Provide resources and space to house the rapid response unit and function and arrange for IA specialists.
   - How will the rapid response capacity in your community be financed, housed and organized? How will its services be made available to restructuring employers and dislocated workers?
   - If it is decided that an IA specialist is needed, how will that person be recruited, trained and paid? Where will that person and the rapid response function be housed - e.g., job service, city government office, local economic development agency, NGO?

6. Establish linkages with other agencies and organizations (including employer associations, trade unions and NGOs) that need to be actively involved in
providing dislocated worker services and identify potential roles for each agency or organization. As noted previously, rapid response worker adjustment is a collaborative effort.

- What other partners should be invited to participate in the rapid response worker adjustment program? Will they be supportive and active in developing such a program?
- What kind of linkages can be established and organizational arrangements made to mobilize the members of the rapid response team and get them to work together for the best interests of the dislocated workers?

7. Identify potential roles for businesses in the rapid response dislocated worker adjustment.

8. Identify potential roles for trade unions in the rapid response dislocated worker adjustment.

9. Provide a suitable organizational framework and obtain resources to finance the work of the IA specialist and the pre-layoff rapid response activities for about-to-be-dislocated workers.

10. Identify all available resources to provide or finance the delivery of post-layoff dislocated worker services.

11. Determine the status of your community economic renewal (CER) efforts and the effectiveness of current economic development assessment and planning activities.

- Has your community undertaken any substantive economic renewal assessment and planning activities recently? If so, what have been the results of those efforts? Does your community have a viable, active economic development program? Has it been effective in strengthening your community's economy? Has it saved any enterprises and jobs? If not, why not?
- Does your community rapid response worker adjustment program need a more effective economic renewal component to preserve and create jobs?
- How can the CER activities currently underway be coordinated with other elements of the rapid response worker adjustment program?

Once community leaders answer the questions in this checklist, and other questions they might add, they should have a good idea of what, if any, steps they need to take to improve their community's rapid response capacity and readiness to deal with mass layoffs and plant closure, or whether they should have additional discussions before trying to implement a rapid response worker adjustment program in their community.

3.4 Select and train a community IA specialist and establish a rapid response team

If your community lacks a rapid response worker adjustment capacity, and needs or wants one (or has a lower level of readiness than is desirable), it can take steps to improve or create this capacity. Years of experience have demonstrated that the implementation of a successful rapid response worker adjustment program requires an IA specialist or someone with the requisite industrial adjustment knowledge and expertise to provide leadership to the effort. It also requires other people and agencies in the community to serve on the rapid response team and help out as needed.

Normally an IA specialist implements a rapid response effort in a community or region experiencing mass layoffs or plant closing. (In some instances, a small task force or rapid response team led by an IA specialist can implement it.) The community rapid response team or task force is typically made up of the social partners - employer representatives, worker representatives, and community leaders (i.e., leaders representing community government, employment service or labor office, vocational training, social service agencies, NGOs).

Chapter 4 outlines the steps and actions IA specialists take to help employer and worker representatives in a restructuring enterprise organize RACs or LMATs at the enterprise level to plan and obtain adjustment services for employees faced with being permanently displaced in a community or area. Chapter 5 explains how to organize and operate a worker assistance resource center. Chapter 6 identifies some tools communities undergoing enterprise restructuring and worker displacement can use to implement a community-wide economic assessment and planning effort to preserve and create jobs for the displaced workers.
Chapter 4

Steps Industrial Adjustment Specialists take to set up worker adjustment programs and help displaced workers find jobs

As discussed in Chapter 3, the primary objective of the Industrial Adjustment (IA) specialists is to work with restructuring enterprise managers, worker representatives, and community leaders to assess the situation and facilitate the delivery of adjustment services to transition large groups of workers to new employment as quickly as possible. One of the important tools used by the IA specialists to organize and facilitate this process is the reemployment assistance committee (RAC).

4.1 Role and functions of the reemployment assistance committee (RAC) in worker adjustment programs

Before listing the specific actions an IA specialist can take to set up a dislocated worker assistance program in an enterprise or community, it is useful to review the central role and functions of a RAC. A RAC or labour-management adjustment team (LMAT) is an ad hoc group of workers and managers from the restructuring enterprise who plan, organize, implement or obtain the necessary adjustment services to help displaced workers quickly find new, productive jobs. A RAC or LMAT can be implemented in plants with or without a union and carries out the worker assistance program.

The IA specialist:

- works with enterprise managers and worker representatives to organize the RAC or LMAT;
- provides the necessary training and technical assistance to get the RAC or LMAT started; monitors the work of the RAC or LMAT the entire time it assists displaced workers; and
- activates social partners to implement rapid response programs in communities undergoing economic restructurings that could result in substantial worker displacement.

The RAC or LMAT approach to help dislocated workers can be implemented through:

- the joint efforts of labour and management representatives in a plant facing a major layoff or closure;
- (in the U.S.) a state or local IA specialist or DWU rapid response specialist or IA specialist;
- (in Canada) an officer of the Canadian Industrial Adjustment Service;
- (in Hungary) a county labour center employment counselor; or
- another public agency concerned with workers and jobs, such as economic development, employment service, or regional planning.

Keys to a successful RAC or LMAT process to assist dislocated workers include: (1) an employer who is willing to provide assistance to the displaced workers and to support the RAC; (2) a small group of competent employer and worker representatives who are willing to serve on the RAC or LMAT; and (3) a qualified, trained person in the community or region who is (or can function as) an IA specialist and provide ongoing guidance and technical assistance to the employers and worker representatives desirous of using the RAC or LMAT process.

4.2 Steps IA specialists take to start and manage a worker adjustment program in a community

A number of steps and actions are required to activate rapid response efforts for restructuring enterprises in a community or region: As noted above, they are normally taken by a trained Industrial Adjustment Specialist working for the employment service or labour office, or someone else in the community who is capable of functioning in this capacity. This individual provides leadership to help the community organize and carry out the following steps:

Step 1: Establish an early warning network and continually assess enterprises and industries subject to economic restructuring and downsizing

Successful worker assistance programs require an effective early warning network and accurate information about what is happening to businesses in the community or region. Therefore, the IA specialist or community leaders should:

- establish an early warning network or system to obtain accurate and up-to-date information about enterprises in the community or region;
- use all available contacts and information to identify enterprises or industries in the region in danger of layoffs or restructuring; and
- closely monitor such enterprises and industries to determine: (1) when to make direct contact with
them to discuss their situation, and (2) whether rapid response should be activated.

**Tips on using an early warning network**

**Verify expected job losses.** Verify every rumor or unofficial word that a layoff or plant closure is likely. Rapid response specialists can turn to a number of sources for information about what may be happening:
- newspapers,
- chambers of commerce and industry,
- local unemployment benefits and employment service offices,
- local government officials, and
- local union and employer association officials.

To verify job losses, check out:
- the accuracy of the information,
- the dates of the layoff or closure,
- the number of workers affected,
- the key people, including managers and union or other employee leaders, and
- persons to contact about forming an RAC.

**Re-evaluate resources.** Because overall resources can vary from time to time, each closing or mass layoff should spark a re-evaluation of available local resources. This re-evaluation should take into account the amount of time before the layoff and the resources the affected parties could contribute to a reemployment assistance effort.

**Evaluate the labour-management environment.** RACs are more readily accepted where labour and management have a history of cooperation and mutual respect. Therefore, before developing an approach to introduce a RAC in a layoff situation, the rapid response IA specialist should learn:
- if the organization is involved in collective bargaining negotiations;
- if there is a union, is the relationship between the union and management cooperative or hostile; and
- if there is no union, has an established employee organization worked cooperatively with the management?

**Assess the company culture.** Recognize that organizations have both an informal and a formal culture that governs the way the organization really works. The informal culture includes the standards, beliefs, and relationships outside the official organizational structure.

Before marking an onsite visit, the rapid response IA specialist needs to know:
- who the key officials in the organization are; what they know about labour-management relations, and their basic attitudes about them;
- what the key officials believe the employer’s and union’s responsibilities are regarding employee outplacement;
- who the real, official and unofficial, opinion leaders in the organization are;
- the best way to sell the RAC idea in that particular environment;
- pitfalls to avoid when trying to sell the RAC idea to the organization; and
- key people in the organization who should be involved in selling the RAC concept.

**Step 2: Initiate direct contact with the restructuring employer and arrange to meet with them concerning the impending restructuring or closure**

The rapid response IA specialist should:
- contact the management and unions (or worker representatives if no union exists) faced with downsizing or closure and request a meeting to discuss the need for a worker assistance program. If an on-site plant meeting is not acceptable to the employer, the IA specialist should make other arrangements for a community meeting;
- contact community leaders and alert them to the potential worker dislocation and its impacts;
- conduct a separate on-site meeting with the employer and employee representative before conducting a joint meeting;
- explain the available worker assistance services and procedures to access them. Also explain the RAC concept to the employer and worker representatives and promote its use;
- Obtain the employer's agreement to work with the IA specialist, public agencies and community groups to address worker adjustment problems and provide needed services. If the RAC concept is agreed to, the IA specialist should help find a suitable chairperson and offer group effectiveness training to get the committee started. If the RAC approach is not agreed to, the IA specialist should consider forming a community task force or RAC and begin establishing linkages with appropriate agencies and community leaders.

**Tips on making the initial presentation.**

In preparing the presentation, the rapid response IA specialist must be sensitive to the pressures on both the managers and the workers facing dislocation, especially while the firm continues to produce goods and fill orders. When meeting with employer and employee representatives, the rapid response IA specialist can stress the benefits of the RAC worker assistance program for both the management and the employees.

- **The RAC can help reduce administrative burdens.** Organizations may not have sufficient staff to handle dislocation while maintaining production. The RAC can assume the administrative and management functions associated with retraining and outplacement.
◆ **The RAC can help maintain productivity and product quality.** Maintaining productivity and quality benefits both the management and the workers. Because the RAC represents the company’s commitment to the workers, it can help sustain morale, reduce absenteeism, minimize employee errors, and reduce deliberate acts of sabotage. It also can serve as a communication and rumor control forum and address employee concerns directly to maintain productivity and quality.

◆ **The RAC can help preserve the image of the company and the union.** A cooperative employer-employee response tailored to workers’ needs projects a positive image of both the company and the union. It also helps to retain and attract employees during operations.

◆ **The RAC can help reduce workers’ compensation claims.** Maintaining worker morale reduces the incidence of on-the-job accidents that, in turn, reduce worker compensation and other health related claims.

**Step 3: Make a preliminary assessment of the size and complexity of the potential worker displacement**

IA specialists are responsible for assessing the nature, extent and impact of the restructuring on the workers and their communities. They must:

> ◆ review the personnel policies of the enterprise;

> ◆ inventory the entire work force – wage levels, education, age, experience;

> ◆ analyze the composition of the work force;

> ◆ review the labour regulations or special arrangements governing severance pay, retraining, transfers, retirement;

> ◆ review the collective bargaining agreements if any exist;

> ◆ estimate optimum workforce numbers if the enterprise is being downsized rather than closed;

> ◆ determine the size of the layoff and the number of workers likely to need services;

> ◆ determine if the remaining workers and the enterprise (if it is being downsized rather than closed) will need access to enterprise competitiveness services; and

> ◆ assess the appropriateness of the enterprise adjustment strategies or policies the employer intends to use to carry out the closure or downsizing.

**Step 4: Assess the ability of those affected to cope with the anticipated change**

IA specialists need to assess the nature and magnitude of the problems the workers and employer face and their capacity and that of other community groups to provide the necessary assistance. To do so, the IA specialists must know:

◆ the environment where the specific restructuring is taking place, including the local labour market situation and the state of the economy;

◆ the coping strategies, such as farming, trade, self-employment, commuting;

◆ the capacity of the local Employment Service or Labour Office to assist dislocated workers;

◆ the institutional, NGO, or other community based capacity to help the workers – retraining, vocational counseling, job search, job development, financial help, peer counseling;

◆ the community leaders involved, the roles they play and their degree of willingness to participate in the adjustment process;

◆ the degree of willingness and capacity of the employer and trade unions to become actively involved in facilitating the adjustment process, and their degree of willingness to establish and support a RAC; and

◆ whether to establish a worker assistance resource center (WARC) or transition center on-site or elsewhere to provide services to the dislocated workers.

**Step 5: Set up a mechanism to manage the worker adjustment program**

The IA specialist is responsible for establishing an effective ad hoc mechanism, usually a RAC or LMAT, to organize and manage the worker adjustment program and deliver the needed services to workers and their families. The IA specialist must:

◆ develop institutional arrangements to link restructuring policies with local action;

◆ identify all key players or stakeholders who should be informed or involved in the adjustment process and enlist their support and participation; and

◆ sign an agreement to establish the RAC or LMAT. If the enterprise managers and worker representatives agree to the formation of an ad hoc RAC in the enterprise, an agreement spelling out who will provide the needed facilities, services, staff, etc., needs to be signed by representatives of the company, the union and the IA specialist, representing the community or other agency employing the IA specialist. If the parties do not agree to establish a RAC, the IA specialist may take a leadership role to help the community leaders plan and organize a community task force or RAC and coordinate the delivery of services and assistance to affected workers. If so, the IA Specialist drafts an agreement with the community group to establish roles, services and facilities to address the dislocation;

◆ provide training and technical assistance to the company-sponsored RAC or community group so they can effectively carry out steps 6 and 7. (Additional information to help provide training to RACs can be found in: Skills Training for Labor-Management Adjustment Committees and Guidebook for Labor-
Management Committee Members and third party Neutral Chairpersons.)

**Tips for gaining an agreement to create a RAC**

At the initial meeting, management and labour representatives should enter into a simple written agreement that sets forth the duties and responsibilities of the RAC as well as those of the employer, employee representatives, and rapid response IA Specialist to the RAC mission. The purpose is to establish a climate of understanding, trust, and consensus. A speedy decision is particularly critical when the lead time is short.

- **Financial support.** The agreement should establish the mix and level of financial support for the RAC by the parties and the government unit represented by the IA Specialist. The amount is determined in large part by decisions about whether the committee chair and members are to be paid and the scope of their duties. Some agreements also spell out other resources (such as equipment, facilities, and staff) that the employer, employee representatives and rapid response unit will make available to the RAC.

- **Status of the RAC.** The agreement should indicate that the committee represents both labour and management. To underscore the RAC’s independence from conflicting pressures, the agreement should state unequivocally that the RAC does not participate in nor is it subject to collective bargaining. The RAC ceases operations during any collective bargaining sessions.

- **Neutral chair.** To avoid the possibility of a conflict of interest, or the appearance of it, the agreement should specify that the chair is not to be affiliated with any service provider, such as the employment service, vocational training department, etc.

The most effective way to preserve the RAC’s independence and ensure impartiality during meetings has proven to be a neutral chairperson. This neutral role is especially helpful if the labour-management relationship is unpleasant or workers and management distrust each other. However, in some instances, co-chairs, one from labour and one from management, have expedited consensus and helped to guarantee impartiality. Co-chairs work well when the parties have a cooperative labour-management relationship.

**Tips about how to organize the RAC and train its members**

Once an agreement is reached to form a RAC, the IA specialist, in consultation with management and worker representatives, begins organizing the committee. The first decisions to be made are:

- the size, membership, structure and orientation of the committee;
- specific objectives; and
- the selection of the chairperson.

**Determine committee size and membership.** Two principles guide the size and selection of the RAC membership. First, the committee should represent all shifts and employee organizations. Second, any imbalance in membership should favor employee representation.

A typical RAC has three members – a representative from management, a representative from labour, and one neutral chairperson. Ex-officio status is usually accorded to a representative from the administrative entity that provides the rapid response IA specialist and the local branch of the employment service or labour office.

- **Select members.** The rapid response IA specialist can draw on the experience of other RACs to advise the committee on the best people for RAC service. The fact that the RAC members are employed at the affected work site and are scheduled for layoff contributes to their effectiveness.

Both labour and management select their own representatives. Note: The presence of high-ranking company or union officials on the committee may interfere with the equality and openness necessary for the committee to succeed. Alternates should be selected to replace committee members who leave.

The IA specialist (an ex-officio member of the committee) serves as a staff support person and technical resource and, as such, attends all meetings.

- **Orient and train committee members.** Orienting the RAC members to their tasks can take many forms – from delivering basic information about RAC responsibilities to providing group dynamics and committee-effectiveness training. The nature and extent of the orientation depends on the RAC members’ experience and the time available to both the committee members and the rapid response IA specialist. The RAC orientation should include:

- **Basics.** Committee members should understand the essential purpose of their work, the tasks to be performed, the support available from the rapid response IA specialist, and the local training and employment system components that can be used.

- **Specific objectives.** Although the RAC has a broadly defined mission and the labour-management agreement sets some goals, committee members should further refine their mandate by setting objectives for their particular situation. Setting objectives helps the committee members better understand their work, gives them ownership of the worker adjustment process being launched, and starts team building.

- **Committee Structure.** Developing worker adjustment procedures, staying in touch with the workers, and helping them find new jobs are time-consuming activities, especially when the RAC members are also in the throes of job dislocation. During their orientation, the members decide how to carry out their work given all the demands on their time.

- **Qualifications for the chairperson.** During their orientation, the RAC members develop a set of criteria for selecting the chairperson and the qualifications they would like that person to bring to the job.
Chair qualifications include proven business acumen, organizational, interpersonal, and facilitating skills and the ability to work in a climate requiring consensus decisions. Because many RAC members may be new to group decision-making, the chairperson needs to be skilled at including everyone in discussions and deliberations. Familiarity with local employers and labour markets is highly desirable, and a willingness to see the committee through to the completion of its mission is also important.

The chair conducts the RAC meetings, provides leadership, serves as chief RAC spokesperson, and oversees the business of the RAC. The chair is also responsible for approving all expenditures, including payments to contractors, and reports all payments to the full committee. Meetings are held as often as needed, and the chair, in consultation with the committee members, sets each meeting agenda and organizes the meeting in response to the level of job readjustment activity taking place.

Select the neutral chairperson. The next order of committee business is selecting the neutral chairperson. Numerous sources can be drawn upon, including RAC members, the IA specialist, the local employment service, business organizations, chambers of commerce, local chapters of professional and trade associations, and retired trade union officials.

Sometimes the rapid response IA specialist helps with advertising, applicant screening, and compiling a list of possible candidates for the RAC. This system is used primarily in regions and local areas where the agency providing the rapid response IA specialist pays the chairperson and, therefore, requires compliance with procurement and personnel policies.

Develop an operating plan. The RAC should develop an operating plan for the entire worker assistance effort. A minimum plan should include:

- methods for assessing individual needs (e.g., through a survey) and providing personal counseling;
- services to be provided by service providers;
- services to be received pro bono;
- services to be provided by the RAC;
- location of services; and
- methods for tracking worker progress and contractor performance.

Step 6: Provide technical assistance to the RAC to survey workers to determine the most vulnerable employees and their needs

The IA specialist provides technical assistance to help the enterprise RACs or a community task force:

- develop a set of questions to gain information on the basic demographic characteristics of the workforce, their training and other needs, and the services they will need to transition to new employment;
- decide how to carry out the survey;
- conduct the survey;
- develop an action plan to provide adjustment services to workers and their families;
- establish a data base;
- establish good communications links to workers and the local media;
- organize individual and group presentations to provide workers with information about adjustment issues and concerns;
- plan and staff an effective WARC or transition center at the enterprise or in a nearby community facility (see Chapter 6 for additional information about establishing a WARC or transition center and the functions it can perform);
- set up a peer support program if appropriate (for additional information on how to do this see: Peer Support Programs: What they are and how to start one);
- analyze the local labour market conditions;
- develop job leads for workers;
- conduct job fairs;
- establish job clubs;
- organize, arrange or contract for and coordinate the delivery of worker services and other adjustment measures – early intervention services, basic readjustment services, retraining services, community services including mental health, family and financial counseling; and
- track the dislocated workers over time to determine their success in finding new employment or their need for additional services.

Step 7: Provide technical assistance to the RAC as it develops and implements an action plan

The rapid response IA specialist serves as a liaison with education and training institutions and public employment offices, encourages RAC linkages to ongoing services in the community, and provides technical assistance to help the RAC or community task force as they:

- review and analyze the surveys; and
- compile the data in a useful format.

Step 8: Monitor progress and results, and assess the relevance of the strategies used

Rapid response IA specialists monitor the progress and success of the RAC or community task force to see whether the workers’ needs are being met in a timely and cost-effective way. The IA specialist provides leadership to:

- establish performance measures to monitor the impact on the workers to ensure that the action plan produces the anticipated results;
- measure the financial effectiveness of the services provided by the service deliverers;
- assess the relevance of various employer and community strategies to avert or cushion the layoff or
closure, such as those involving economic development or ownership transfers; and
continually assess the need for additional public resources and to take appropriate action to access such resources when indicated.
Experience in a number of countries has demonstrated that specialized worker assistance resource centers (WARCs) are an important component of successful rapid response dislocated worker programmes for restructuring enterprises – particularly when a substantial number of workers are being displaced. As noted in the previous chapter, once a reemployment assistance committee (RAC) is organized, one of its primary tasks is to develop a WARC to provide services and support to workers dislocated as a result of a mass layoffs or plant closures. The Industrial Adjustment specialist (IA) assists the RAC to develop the WARC.

5.1 Role of the IA specialist and the RAC in setting up a WARC

The early planning stage is designed to help the RAC members, local enterprise managers and worker representatives not only understand what a WARC is but create in them a sense of joint “ownership” of the center. The IA specialist holds meetings with the RAC and/or company and union representatives to:

- explain what a WARC is and how it operates as part of the rapid response worker adjustment program;
- explore the costs involved in starting a WARC, the staff required, and the contributions the enterprise and the union make;
- spell out the resources that public sources can provide;
- identify available community and agency support for the WARC;
- discuss the roles of various agencies for service delivery and program operations; and
- help the RAC develop funding proposals and other actions to initiate the operation of a WARC.

Subsequent meetings are held by the rapid response IA specialist and the RAC with representatives of the local agencies – job service, vocational training, social service agencies – to identify the services they can provide to workers at or through the WARC.

Basic responsibilities of the RAC regarding the establishment and operation of a WARC include:

- hiring or appointing a director and staff;
- promoting the WARC and encouraging worker participation;
- designing and implementing worker orientation sessions;
- planning WARC services - outreach, intake and enrollment, job development, job search workshops, job clubs, job fairs, individual assessment and counseling, social support networks, and peer support;
- developing a communications strategy and program to inform the constituencies and community about the work of the dislocated worker assistance program and WARC;
- developing brochures and other materials that explain the services of the WARC; and
- establishing financial, administrative, and client tracking operations.

The rapid response IA specialist, in cooperation with the RAC and other members of the community rapid response team (if one exists), provides or arranges for training and technical assistance to the WARC staff during the start-up stage and monitors the operation of the center until it ceases operations.

5.2 Layout and functions of WARCs

WARCs have been an essential component of successful dislocated worker programs in the United States for over 20 years and have been used successfully in Central and Eastern Europe for the past five years. They are designed to deliver tailored services and support to dislocated workers in a cost-effective and timely manner.

Physical Facilities. The WARC may occupy one room or a whole building. It may be located at the work site, in a nearby union hall, or some other suitable location. When possible, it is created and operated under the direction of a RAC. However, it can be established as part of a larger consortium of services organized under the aegis of a Job Service Office or another community task force or group.

Regardless of how the WARC is organized, it is a supportive place where displaced workers can get the information and services they need to transition to new jobs. Plus it serves as a bridge to other community services as well as a place where the workers can visit or just get a cup of tea or coffee and a friendly smile.

Location. The WARC should be located on-site or at a location convenient for the workers. Ideally, it should have a resource room large enough to hold support groups or job club meetings as well as a place where workers can talk privately.

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1 Most of the material in this section has been adapted from Chapter 5 of Serving Workers in Transition: A Guide for Peer Support, prepared for the AFL-CIO, HRDI by Lee Schore and Jerry Atkin.
5.3 Worker adjustment services and the WARC

Workers transitioning from a closing or downsizing enterprise typically need and benefit from some or all of the following pre- and post-layoff services:

**Pre-layoff**
- peer counseling and support;
- information sharing; and
- delivery of other services.

**Post-layoff**
- outreach;
- assessment and planning;
- budgeting;
- job development;
- job search;
- job clubs or networking;
- vocational testing and counseling;
- referral to training;
- social support networks;
- referral to social, financial, and health services; and
- relocation assistance.

Ideally, most or all of these activities and services take place or are provided at a WARC located on-site or at a location convenient for the workers. Furthermore, the WARC should remain open until most of the workers obtain reemployment, enter training or no longer need help.

5.3.1 Pre-layoff services

Many rapid response worker assistance programs establish WARCs and offer pre-layoff services at the workplace before workers lose their jobs. Pre-layoff services help the workers make a smoother transition to post-layoff services, new employment or further training.

(1) **Peer counseling and support**

Peer counseling and support are a very important part of the adjustment services the WARC provides to dislocated workers. Peer counseling can help workers make better use of the services available to them. The RAC that oversees an enterprise's layoff process often creates peer support programs.

Peer support team members are drawn from the workforce and trained for their work. They remain on their jobs, but are available to help co-workers during the pre-layoff period.

One of their most important roles is to help co-workers work through their anger and despair and maintain a productive working environment.

A peer support specialist or WARC staff member provides peer counseling to every shift of employees three to six months prior to and following a layoff. A good ratio is one peer counselor or peer support specialist for every fifty workers. Peer support specialists receive information and training that develops their peer support skills, and makes them a fully functioning peer support team. Peer support specialists often have chances to suggest ways to better serve their co-workers and build relationships with the local service providers.

Supplementary materials describing the role of a peer support specialist or counselor and how to organize a peer support program can be made available to communities and enterprises using a rapid response worker assistance program for plant closures or mass layoffs.
(2) Information sharing

To prevent the spread of damaging rumors, the peer support team and WARC staff give employees accurate and up-to-date information about the layoff and the services that are available to them. Such information is critical to the workers’ successful transition. The WARC and peer support staff also can arrange for and hold meetings to inform employees about the reemployment assistance services.

(3) Delivery of other services

Six months or more advance notice of a layoff or closure is necessary to organize and provide timely and effective assistance programs to the workers and their families. While some employers fear that workers will leave early or that productivity and quality will suffer if a RAC is set up and a WARC is established before the closure or layoff, experience suggests that this is seldom the case. Product quality and productivity seldom fall and have even risen to new heights because the workers appreciate their employer’s concern and effort on their behalf.2

5.3.2 Post-layoff services

After a major layoff or plant closure, the post-layoff services typically emphasize job search, job development, and social support for workers undergoing training. These services may involve more WARC staff and fewer peer support specialists than the pre-layoff period. Some of the peer support specialists may work at a local agency or program office instead of at the old work site. The WARC staff and peer support specialists work with families and community agencies to carry out the following activities:

(1) Outreach

Establishing a WARC and a peer support program significantly enhance outreach activities. The goal is to contact all the employees who are eligible for the worker adjustment program, inform them about the available services, and help them use WARC services. Good outreach can help a WARC reach the workers who need help the most.

Reaching hard-to-find workers. While some workers will come to the WARC on their own, others may need a lot of encouragement and support. Workers who do not come on their own may suffer from low self-esteem, family problems, or a lack of basic skills. The greatest outreach challenge is to get the information and services to them so they do not “fall through the cracks.”

Word of mouth from co-workers is the best way to find the workers most in need. WARC staff and peer support specialists should view every employee they contact as a potential source of outreach to workers not yet reached. Co-workers often keep in touch with friends and relatives and bump into co-workers at their place of worship, at the market, in the pub or on the soccer field and should be given printed materials to hand out. The best WARC public relations people are employees who are comfortable with the worker assistance program services and feel they are getting the help they need.

Keep track of worker outreach

To keep their outreach efforts on track, WARCs and peer support specialists need to write their own outreach plan, including a timeline. Different situations require different strategies. Rural areas require different approaches than urban areas. A closure that affects a whole community is very different from a downsizing in a large metropolitan area.

WARC staff and peer support specialists should keep some records for themselves, such as an Outreach Log to record the names of people they have contacted and workers who need follow-up or more encouragement, notes about materials sent or handed out, personal contacts, phone calls made, follow-up notes sent, etc.

Hotline. Direct telephone access is a good way to inform workers about WARC services and give them job information. A WARC hotline allows workers to make initial contact with the program via the telephone and gives peer support specialists an opportunity to encourage them to come in and use the services. If the hotline is staffed only part of the day, its hours should be publicized widely. If the WARC has a voice mail system, it can be used to publicize services, announce job opportunities, or provide up-to-date information about the proposed closure or layoff. Information for the hotline can be obtained from the company, the union, and the local agencies serving the dislocated workers.

Personal contact. The most effective form of outreach is personal face-to-face contact. Personal contact helps to prevent employees from becoming isolated, a major danger of jobless workers. Much personal contact occurs outside work and the WARC. Telling people and workers about what the WARC is doing and what the transition program offers can connect them to the worker assistance program and help dislocated workers get answers to their questions. Every casual contact WARC staff and peer support specialists have with employees eligible for the program (or with their friends or families) is an important outreach activity. Employees spread the word everywhere they go.

Telephone calls. Often telephone calls are a primary form of personal contact with workers not using the WARC’s services. WARC staff should set up a calling system so peer support specialists or others talk with those workers. Regular telephone calls saying, “Hello, How are you doing? What do you need?” may bring reluctant workers to the WARC. Some unemployed workers served by the WARC may welcome an oppor-

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2 Ford’s San Jose Assembly Plant had the highest quality rating of all Ford assembly plants in their North American operations during the last quarter of its operations.
tunity to call fellow workers for a few hours each week. Most workers welcome phone calls from fellow workers who know what they are going through.

**Social activities.** Volunteer help is often available to set up social activities at the WARC to create a greater sense of community and make the WARC a welcoming place. Group projects connect both the workers and their families. Holding an open house to introduce the WARC, monthly potluck dinners, swap meets, and family soccer games have worked well for some WARCs. A skills exchange is another way to give workers an opportunity to help each other and save money. Workers can exchange a wide range of skills, including car repairs, home repairs, childcare, and cooking. Many workers who are not ready to enroll in a program will visit the WARC if they have other reasons to come, such as talking with friends in a resource room.

**Meetings.** A good way for WARC staff to publicize information about the WARC is to make presentations to local organizations. Have a business card to give out and, whenever possible, circulate a sign-up sheet so people can volunteer to help. Even if a staff member or peer support specialist is not making a presentation, attending community meetings is a good way to make contacts and distribute information about the program that people can give to their friends, neighbors, and relatives who are being laid off.

**Mail.** WARC staff and peer support specialists should send mail – informational letters, booklets, meeting announcements, newsletters, and family information – to the workers’ homes even if the workers are still employed. Mail increases the likelihood that the workers will share the information with their families. Families can be a major source of “recruitment.” But peer support specialists and WARC staff should not assume that the workers read what is mailed to them. Some workers will not. The workers should be asked if they have seen the information that was mailed to them or posted on a bulletin board. If the workers say, “Yes,” the WARC staff can ask them if they have any questions or would like more information. If the workers say, “No,” it is an opportunity to develop personal contact and review the information with them.

**Community outreach.** Public service announcements and feature stories on radio and television and in local newspapers can help WARCs provide outreach and support. Some programs have used local radio and TV to give workers an opportunity to talk about their skills and the kind of work they are looking for. Peer support specialists should take brochures, posters, and flyers to the places where workers “hang out,” such as the unemployment office, bars, soccer fields, churches, union halls, and libraries, and tell the people who work there about the WARC so they can tell others about its services.

One worker assistance program invited local businesses to sign up with their WARC. Stores that signed up gave dislocated workers enrolled in the program 10 percent discounts.

### (2) Assessment and Planning

Assessment means evaluating the workers’ strengths, resources and weaknesses, relating them to training and reemployment options and developing plans to help the workers get from where they are to where they want to be. Some workers fear taking tests and need childcare. Some have strong family support or a savings account that increase their options.

**The assessment process.** First, the WARC staff and peer support specialists should undergo the assessment process so they have first-hand knowledge of what it involves (including any tests) and how it is used. The word assessment triggers fears and self-doubt in many workers. They fear that assessment will expose their deficiencies to ridicule. They need to be assured that the assessment process does not involve any judgments or punishments, that it respects their dignity and pride and confidentiality is maintained. Workers need to understand that the assessment is to help them.

**Individual planning sessions/interviews.** Although some worker assistance programs require formal vocational assessments, including testing (as number 7 below suggests), the WARC may first want to conduct alternative informal individual planning sessions to start the assessment process.

These one-on-one individual planning sessions/interviews have three main purposes:

1. Communicating basic information about the transition program. Individual planning sessions give the WARC staff and peer support specialists a chance to follow up on any group orientation and make sure that the workers know how to use the services available to them.
2. Gathering background information as a basis for individual planning and goal setting. Background information includes the workers’ education, work experience, skills, resources, and special needs.
3. Establishing a relationship with the workers. These one-on-one contacts help the WARC peer support staff and workers get to know each other better and build trust. These contacts also influence how the workers feel about the WARC and its services.

The information gathered during these individual planning sessions/interviews helps the workers plan the education, training, or other services they need to make a successful transition (as discussed in the section on Individual Action Plans). Workers who have a clear idea of what they need and want can be referred immediately to the appropriate services (number 8). Some workers may need a more complete assessment. Serious workers’ problems must be addressed to help them use the program effectively.

When conducting the informal individual planning sessions/interviews, the WARC staff and/or peer support specialists need good social support skills to help the workers assess the skills and experience they have and to repair damage to their self-worth. Instead of grilling
workers, ask if they anticipate any problems after layoff and what help they think they might need.

The worker assistance program may design its own form to gather information for individual development plans, a local employment and training agency may supply one or the "Goals and Plans Worksheet" can be used. The worksheet can be completed jointly by the worker and a WARC staff member or peer support specialist during the individual planning sessions/interviews, or the workers can fill them in on their own as a basis for discussion at their next meeting.

**Individual action plans.** During their first individual planning session/interview with a peer support specialist or WARC staff member, workers are helped to develop realistic and achievable action plans ("Goals and Steps to Meet Them") to guide them through their transition. The individual worker's action plan includes short- and long-range goals, specific steps to accomplish them and a timeline to follow. If workers lack basic skills, their first step is to take brush-up language and/or math classes. Detailed, realistic action plans require a lot of time, but are necessary for the workers to achieve their goals.

WARC staff and peer support specialists also need to help workers develop a personal strategy to stay healthy and get the necessary support to reduce their and their families' stress as they go through the transition. This may mean scheduling some recreation time, volunteer work, or doing projects around their houses that make them feel productive.

(3) **Budgeting**

The best time for workers to develop a budget/spending plan is before they are laid off. During the pre-layoff program, the WARC staff and peer support specialists can encourage co-workers to think about cutting their household expenses by 10 to 30 percent while they are still working. The money saved can help cushion them and their families while they take long-term training or during unemployment.

As budgeting may be new to some workers and their families, a WARC counselor or peer support specialist can provide workers with budgeting/spending plan materials and help them develop realistic budgets to use when making decisions about training, relocation, or taking a new job at reduced pay. (Sample Budget and Debts worksheets should be provided.) Involving the whole family in developing a family budget helps kids understand family financial constraints and how they can contribute. Often children come up with the best ideas for saving money or earning extra income.

If the worker assistance program runs a job club (discussed in number 6 later in this chapter), budgeting is a good subject for a meeting. The WARC staff or peer support specialists facilitating the job club can introduce budgeting steps, hand out budgeting materials for workers to take home and have them share their ideas and experiences the following week.

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### Budgeting steps

1. **List all your monthly income.**
   As income can vary from month to month, write down all your sources of income and the amount for at least three months. (See our sample "Budget Worksheet")

2. **List all your monthly expenses.**
   As expenses can vary from month to month, write down all your expenses, including rent or mortgage, car, appliance, credit card, loan, and other payments for at least three months. Check your checkbook, debit, credit card and other payment statements for expenses and amounts. (See our sample "Debts Worksheet")

3. **Evaluate the importance of each expense item to your family.**
   As a family, look at all the expenses you've written down and decide which ones are most important to you. Write an H for high priority, M for medium, and L for low priority after each expense.

4. **Prioritize your expenses.**
   First, list your High priority items (rent, food, transportation, loan payments, etc.) and how much you spend on them each month. Next, list your Medium priority items (cable TV, beauty shop, dues, subscriptions, donations, etc.) and how much you spend on them on each month. These are items that are important to you but could be reduced or skipped some months. Then, list your Low priority items (cigarettes, non-essential clothing, parties, entertainment, gifts, vacations, etc.). These are the items that you can begin to eliminate.

5. **Subtract your total monthly expenses from your total monthly income.**
   Add your total average monthly income and subtract your average total expenses.

6. **If your income exceeds your expenses, set that amount aside.**

7. **If your expenses exceed your income, identify expenses to cut.**
   Ask your family to help you find ways to cut costs.

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(4) **Job Search**

In many cases, a local job training agency or Job Service office has the primary responsibility for dislocated worker job search activities, but the WARC staff and peer support specialists can do a lot to help the workers succeed.

Feeling prepared gives workers confidence when applying for jobs. One way to prepare them is to hand out sample job application forms that the workers can fill out at the WARC. Another way is to hand out a checklist the workers can use to put together all the documents and information they might need when applying for jobs, including references, letters of recommendation from their supervisors, pens, pencils, and paper. Perhaps the company personnel office will prepare letters of reference as well. The WARC staff also may be able to help workers obtain needed school transcripts.

If the worker assistance program has the money, copies of a "Job Search Folder List" and an "Application
Tip Sheet* can be placed in file folders and given to workers who come to the WARC for help. Workers can refer to these lists when filling out job application forms. A sample "Your Job Search Log" can also help workers organize and keep track of their job-hunting activities.

In addition to participating in job search workshops or job search classes, WARC staff and peer support specialists have frequent opportunities to support workers’ job searches during their individual and group contracts with them and can conduct a job club (discussed later in this chapter) to keep workers on track.

(5) Job development

Job development involves talking with employers and finding out where the jobs are. Since timing is critical in getting a job, the goal is to set up a system that helps the WARC get job information to both jobseekers and employers as quickly as possible. This is very important because many jobs are in the “hidden job market,” and are not known to the Job Service or Labour Office. Experience demonstrates that leaving job development solely to the Job Service is not in the best interests of transitioning workers.

The following paragraphs provide a few ideas from other dislocated worker assistance programs. At the simplest level, setting up a job board can be very helpful to workers. WARC staff should make sure that job openings are posted promptly and legibly on the board and removed when they are no longer open. WARCs can also use a job board to post training opportunities and examinations for civil service and other positions.

If the WARC has job development responsibilities, its staff should set up a file of the workers’ skills. When staff learn that an employer is hiring, they can easily reach the workers with the required skills. The WARC staff and peer support specialists should also keep a list of where workers have gotten jobs and periodically check back with those employers to learn when they plan to do more hiring. This is also a good way to tell employers about the WARC and its services and help them recognize applicants from the worker assistance program. WARC staff and peer support specialists can also encourage companies laying off workers to place ads that tell other employers about their excellent workers. The restructuring company can invite prospective employers to come to the plant and meet the workers before the workplace closes.

In some cases, RACs have a job development subcommittee that conducts the job development. In other cases, this activity is part of the WARC function. Some WARCs have a full-time job developer who finds job openings for the dislocated workers. In a few cases, restructuring employers assign some of their managers to the WARC as job developers.

Even if the WARC is not primarily responsible for job development, a WARC job developer and peer support specialist can tap into the hidden job market and provide services that improve job development. If someone else has the primary responsibility, WARC staff or peer support specialists can meet with them and ask how they can help.

(6) Job clubs

"Job club" is the name given to a group of workers who meet together regularly as part of their job search efforts. Sometimes job clubs are conducted jointly by a Job Service office and a WARC job developer or peer support specialist. Job developers usually give workers job information, and the peer support specialist provides support to workers seeking new jobs. Workers need information, encouragement and respect to get jobs. Job clubs can take a variety of forms. In some places they are simply weekly meetings where workers get job leads and job referrals, but they can be much more than that. They are ideal places to teach workers job search skills and have them practice them.

A lot of social support can take place at job club meetings. Workers can talk about their job-hunting frustrations, their fears, the effects of unemployment on them and their families, and receive support from workers in the same situation. Meeting together can break down damaging isolation and help the workers help each other – one of the best ways to keep workers strong and maintain their self-respect and self-confidence. The role of the WARC job club facilitator or peer support specialist is to make that happen.

What happens in a job club?

A typical job club provides a variety of activities. Each group should decide the activities it needs. Other activities can be added to the list.

- Receiving job leads from job developers
- Sharing information about job openings with each other
- Developing job-search strategies
- Preparing resumes
- Creating job-hunting teams for moral support and shared transportation
- Taking field trips to workplaces that may be hiring
- Helping each other complete job applications
- Gaining skill and confidence by role-playing job interviews
- Practicing phone skills and phone follow-up
- Listening to guests talk about different kinds of jobs
- Brushing up on skills to prepare for employment exams
- Reducing test anxiety by practicing test taking
- Sharing experiences, good and bad
- Talking about how they feel trying to get a job
- Talking about the effects of unemployment on them and their families
- Getting and sharing information about housing, legal aid, medical assistance, and other community resources
- Planning social events

Dealing with workers’ feelings. A job club can be a safe place for workers to express the anger, self-blame, and depression that often result from unemployment.
Feeling free to talk, to be understood and cared about helps workers deal with their turmoil and develop positive strategies to move ahead. This is especially true when they feel the job club is a caring place that can help them. The help may come from another group member who volunteers a service, a WARC staff member who helps them obtain needed resources or a peer support specialist who provides support and encouragement. Job clubs can recreate much of the team strength that workers felt when they were working together.

During job club sessions, workers can express their frustrations, including how angry they feel about the way they are treated when applying for jobs, and learn they are not alone. When workers experience difficult job searches, other workers in the same situation are their best source of understanding, advice, and support.

**Job search activities.** During each job club session workers report on their job search activities, including not looking for a job if they did not. As the job club members talk about their experiences, the facilitator asks questions that help them learn from their experiences. For example, if workers were frustrated by interview questions they were not prepared for, the facilitator writes the questions on a flip chart and keeps a list of "worst questions" to use when they practice interview skills. One worker is the interviewee, and another worker is the interviewer. If the WARC has a video camera, the mock interview activity is videotaped. The club members then offer tips and suggestions about how to answer difficult interview questions.

If the dislocated worker assistance program has a job developer, he/she should attend a portion of each job club session to give job leads. Based on the job leads and information from the workers seeking jobs, the facilitator makes a list of where members have had job interviews or applications accepted, and a list of places where applications are not being accepted.

**Social support activities.** Attending a job club helps workers stay active and connected instead of staying home and brooding. While job clubs have serious purposes, they are also places where workers can relax and have some fun. No job club is complete without a coffee pot and time for workers to socialize. Through the job club, workers can organize potlucks, picnics, swap meets, and sports events.

Plant closures and layoffs make workers feel angry and unproductive. The WARC job club can organize a skills exchange so workers can trade car and home repairs, childcare, and other needed services. Feeling productive improves their frame of mind, which is very important to workers’ job search and quality of life.

**Setting up a job club.** There are two basic types of job clubs. The first type has an open membership, meets on a regular basis with set hours, and operates something like a drop-in center. The second has a closed membership, meets weekly or twice weekly and decides as a group when to admit new members.

To set up a job club, the WARC needs a room that can be used on a regular basis (separate from the main WARC space), someone to lead the meetings, and workers who want to participate. The job club facilitators and participants make the job club successful. The facilitators can use peer counseling skills and group skills--active listening, helpful questions, withholding judgment, responding with respect, and putting people at ease -- to create a comfortable, safe environment that encourages workers to open up about their concerns and feelings. Getting them to talk about what is happening in their lives is a key step in developing successful action plans. Talking together and clarifying what workers need to do strengthens them. A job club is one of the best places to make that happen.

The more comfortable and informal the setting, the better. If the WARC lacks enough space to house a job club and the restructuring enterprise lacks adequate space near the WARC, the union hall (if one is available) may be a good site because it is both familiar to the workers and belongs to them. The materials and equipment needed for a job club resource room are similar to those listed on the "WARC requirements" earlier in this chapter.

(7) Vocational testing and counseling

In some countries, the Job Service, another public agency or an NGO may have sufficient counseling techniques and testing systems training to create an effective vocational assessment and counseling program as part of an overall employment and training system. Where this is the case, the RAC and/or WARC should contact the Job Service or Labour Office to arrange to have a formal vocational testing and counseling program made available to the workers. If possible, the testing and counseling services should be located at the WARC so the workers can easily obtain professional help to help them select new careers and needed training. If it is not possible to arrange for on-site delivery of these services, the WARC should help workers get to where they are available.

When a high quality vocational testing and counseling program is available, workers can take the appropriate tests and vocational counseling prior to being referred to training or other educational programs. Either the Job Service staff or the WARC staff can then assist them to find suitable training programs to meet their needs and, if money is available at the national or local level, help them access resources to pay for the programs.

(8) Referral to training

Whether or not the WARC staff and peer support specialists are directly responsible for referring workers to training, they play a key role in helping workers overcome resistance to training. In some dislocated worker assistance programs, employment and training agencies (e.g. the Job Service or Labour Office) perform this function. If so, it is important (when possible) that the vocational testing and counseling and the referral and regis-
Making referrals is a four-part process:
1. identifying and investigating community resources;
2. giving workers accurate information about available resources;
3. listening to workers’ fears and feelings about needing help; and
4. checking with the workers and the agencies to make sure that the workers get the help they need.

Any time workers go to a public agency to get help they may be turned off by a bureaucratic approach or the attitude of the staff and “fall through the cracks.” One way to increase the likelihood that the workers get good service is for the WARC staff to familiarize themselves with the agencies and their services and procedures and to tell the agencies something about the dislocated workers’ needs.

The following box, “Service Agency Information Checklist,” suggests what WARC staff need to know about every community resource. The next box, “Developing a Referral Network,” suggests steps to follow.

### Service agency information checklist

- Agency name
- Address and phone number
- Agency head
- Contact person
- Services available
- Eligibility requirements
- Application process
- Agency materials on hand
- Applications on hand
- Is the agency familiar with your program?
- Have you visited this agency?
- What can a worker expect when visiting this agency?
- Have you observed how the agency treats people?
- Do you feel competent referring workers?

### Developing a referral network

#### Identify outside agencies
Investigate the services available through your community agencies.

#### Contact agencies
Visit community agencies to introduce yourselves, learn all you can about their services, pick up copies of agency materials, including forms that must be filled out, and familiarize yourself with the forms.

#### Identify a contact person
Identify an agency contact person you can call if you have questions and, if possible, a staff member you can refer workers to personally. This will eliminate some of the workers’ anxieties. Good personal connections may eliminate some “red tape,” help referred workers get good service and smooth problems that arise.

#### Know agency requirements
Know who is eligible for agency services and who is not. It is very demoralizing for workers to be turned away from an agency. Find out what kinds of records and papers workers need to take with them.

#### Be available to help with problems
Workers may find agency bureaucracies very difficult to deal with if they have not had to do that before. Help the referred workers with agency problems. Show them a copy of the agency’s application form and, if necessary, help them fill it out.

#### Be a resource to the agency
Networking means helping the agencies that help your referrals. Your assistance makes the agency more responsive. Arrange for their representatives to speak at union meetings or help them recruit volunteers for a special project.
If the community lacks agencies that can provide essential services to dislocated workers and the dislocated worker assistance program has sufficient resources and a supportive employer, the WARC (or RAC) may be able to hire certain kinds of services to be delivered to the workers. For example, in some instances family financial planners have been engaged to come to the WARC and hold budgeting and financial planning workshops for the workers and their families. In other instances, enterprise managers have arranged to have a staff member provide some marketable skill training to the workers during the pre-layoff period. For example, several companies have provided personal computing classes to their employees or used company equipment to teach them transferable skills such as welding, auto mechanics, upholstering, and painting that are part of their production operations.

(10) Relocation activities

One of the most difficult decisions workers and their families may have to make is whether or not to relocate. Relocation can be a very complicated decision that many personnel officers and service providers do not fully understand. While moving to another city or to another country where there is work may make economic sense, it may be a bad decision for some workers and their families where housing shortages and other relocation issues pose significant problems (such as in CEE countries). WARC staff need to be sensitive to the reasons families may not want to move, such as elderly parents, grandchildren, kids in school, or a spouse’s job.

**Support needs.** The relocation decision should be made by the whole family, not just the laid-off worker. WARC staff and peer support specialists should encourage workers to talk with their families to reach a decision together. When possible, families should visit the new area to see what it is like and to talk with the school personnel there. Children may have an easier time moving if they have visited the place.

Workers struggling with a relocation decision need a lot of information, patience, and understanding from the WARC staff and peer support specialists. The WARC staff and peer support specialists should not try to tell the workers and their families what to do, but they can help them evaluate their options and the benefits and risks involved in each one. If workers decide not to relocate, the WARC and its resources continue to help them.

**Sharing information.** The WARC can help workers obtain information about potential relocation areas from Chambers of Commerce, newspapers, area employers, local unions, and school districts. Workers thinking about relocating need information about housing costs, schools and churches. They also need some contacts in the area when they visit or relocate. If co-workers have friends or relatives in the area, they are a valuable source of information as well as friendly faces.

If workers from the same layoff are considering relocating to the same city, WARCs or peer support specialists can set up a potluck for them and their families so they can meet each other and maybe initiate shared rides, shared housing, and shared childcare. Children feel better if they know someone else who is moving there. If families stay behind while the workers take new jobs, WARC or peer support specialists can help them stay in touch with each other and build a support system.

It is a good idea for the WARC to set up a relocation board to post information about selling houses, moving tips, buying a house, renting an apartment, etc. The board can also display letters from workers who have moved and are settling in and from local unions and employers in areas where workers and their families might want to relocate.
6.1 Community assessment and planning for economic renewal

Many communities experiencing substantial worker displacement resulting from enterprise restructuring suffer serious blows to their local economy. Simultaneously, they need to take actions to help the displaced workers and renew or strengthen their economy. How can communities experiencing economic restructuring and worker displacement address the larger problem of economic development and job creation? When should local economic development efforts be started? How can these efforts be linked to worker adjustment efforts in a community?

Experience gained in economically depressed communities in the United States and industrialized countries in Europe suggests some actions community leaders can take. (1) They can hire an economic consultant to assess the community’s situation and recommend a strategy. (2) They can organize as a community to assess the situation, come up with a strategy to foster economic renewal, and implement it. (3) They can accept their fate and do nothing - let nature take its course. Examples of each of these approaches can be found in the literature. Needless to say, the first and second strategies hold much more promise than the third one.

In a number of communities, the second strategy - conducting a community assessment and coming up with a practical plan for economic renewal - has been a useful complement to the rapid response worker adjustment efforts discussed in the previous chapters. This approach has been used successfully in both the United States and Central and Eastern Europe. Training materials and technical assistance can be provided to local IA specialists and community leaders who would like to implement this approach as part of an expanded rapid response worker adjustment program in their communities.

Example 6.1 Hungary: Using economic renewal to create new jobs for dislocated workers

When the Hungary Rapid Response Project was initiated, most of the communities experiencing mass layoffs and plant closings were economically depressed. Consequently, an outside consultant initiated an economic renewal component as an integral part of the overall project. While the consultant tried to work with the various stakeholders in the region where the first layoff project and RAC were located, the initial attempt could not be sustained beyond an initial seminar because the local actors did not feel that it was their initiative.

As a result, an important lesson was learned - local actors have to feel ownership of whatever local economic development approach is used and be committed to seeing it through. Another lesson learned was that taking one group of local actors through a seemingly improvised process does not produce a model that can be replicated across the country in tandem with the rapid response worker adjustment component. Local actors need a well-designed step-by-step community economic renewal (CER) component or model to follow.

The selected CER model had been used successfully in the United States and adapted for inclusion in a manual written for use as part of an ILO/UNDP regional LED project in Central and Eastern Europe. The CER model training materials enable local facilitators to walk through and direct the economic renewal process themselves. In addition to the workshop materials, the CER manuals provide participants with “how to” sections and descriptions of innovative approaches to job creation and preservation, including networking and inter-firm cooperation, starting and working with business incubators, and establishing unique forms of entrepreneurship and business ownership. The Hungary Rapid Response Project translated and pilot tested the new CER model materials.

Implementing the CER Component in Hungary

County labour center (CLC) IA specialists (now called regional employment counselors) implemented the Rapid Response Project’s CER component in Hungary after participating in a one-week CER training course directed by international CER consultants. They worked with government, business, labour and community leaders in...
areas experiencing economic restructuring and privatization to help them better understand local economic development and economic renewal principles.

CLC IA specialists helped interested communities set up a local team consisting of mayors, Local Enterprise Agencies, NGOs, local area federations, businesses, chambers, Regional Training Centers, County Development Councils, incubator houses, banks, tourism agencies and other interested community members. That team organized and participated in a series of four Phase I CER workshops designed to help the participants assess community situations, develop a local economic development strategy and generate ideas for specific projects. Communities that completed Phase I workshops were invited to participate in Phase II workshops during which they prepared strategic plans and formal CER project proposals, obtained funding from the Rapid Response Project and other sources, and began implementing their projects. The first 14 pilot sites completed the entire process (Round One) in about six months.

Outcomes

Over a three-year period, 31 areas (individual communities or federations of communities ranging in size from 3,500 to 80,000) implemented the complete CER component (Phases I and II) under the auspices of the Hungary Rapid Response Project. Results from the first 31 areas indicated that 867 workers obtained new jobs, 156 retained their jobs, 781 received training, and 92 entrepreneurs started new businesses. The 31 areas participating in Round One and Round Two attracted roughly 12 times the amount of U.S. financial support from other sources – mayors’ offices, County Development Councils, Phare, National Employment Foundation, Ministry of Agriculture and Rural Development, Telecottage Federation – to carry out their projects. Five Round Three areas have already obtained financial support from PHARE in excess of US$1 million for their projects and plans.

An additional 5 areas completed an accelerated Phase I. The 36 participating areas undertook 56 local economic development projects. In addition, these communities were able to use their CER-designed strategic plans and projects to leverage substantial additional funds.

Projects initiated by communities as part of the rapid response project in Hungary include:

- organic farming and food processing plants;
- telecottages;
- business innovation and information centers;
- a fruit cold storage facility;
- a foundation to help the unemployed;
- local economic development offices and federations;
- professional staff to manage local economic development efforts;
- a network of six tourism offices;
- a community promotion and marketing program and promotional materials;
- a bike trail;
- an integrated agricultural complex;
- an industrial park planning effort;
- a craftsmen cooperative;
- a village tourism and folk festival;
- a handicrafts school;
- a fruit processing and marketing cooperative;
- a village hotel network;
- an ecological and agricultural survey;
- a computerized cultural database;
- an information network;
- a “youth for economic development project”; and
- an area beautification project.

The success of the CER component in the 36 Hungarian sites resulted from the project’s unique community workshop design and emphasis on three themes: (1) teaching the workshop participants the basic principles and techniques of local economic development; (2) encouraging collaboration and partnership among the cross-section of local actors; and (3) stressing the mobilization and use of local initiative. The outcomes and achievements in the 36 sites reflect the participants’ successful internalization and application of these themes.

CER workshop attendees indicated that they were pleased with the results of the USDOL Rapid Response Project’s CER component, and 97 percent said the workshops achieved their goals. The participants said that the emphasis on broad community support “increases the odds for the implementation of the strategies and projects, rather than resulting in plans that sit on shelves.” Equally important, they said that the CER approach helps local people realize that “they must take the situation into their own hands.” One community group said that an earlier LED strategy had involved “waiting and hoping for a new investor to come to town to save them. But the CER process showed them that nothing was going to happen if they did not take concrete steps on their own.”

The CER process has had very positive impacts in most communities and areas. One group of communities faced with the closure of its major employer credited the CER workshops “with instilling a sense of community in the region that had been lacking for decades.” The CER workshops led them to create a local area foundation and to forge a cooperation agreement among the seven mayors. That group published two brochures – one containing information geared to potential investors, and one containing a community assessment, including workshop summaries and projects ideas. One of the association’s first projects was a
campaign to encourage local residents to devote the one-percent of their taxes that could be set-aside as an NGO contribution to support the new association and its LED efforts.


6.3 Should your community undertake economic renewal?

The local economic renewal self-assessment and strategic planning process used in Hungary is just one of several possible approaches to develop workable strategies and specific projects to improve local economic and business conditions, but it is one of the most successful and widely used. Small and medium-sized communities, those typically needing help to start an economic renewal program, have used it to generate, evaluate, and select suitable strategies and viable projects without depending on or waiting for outsiders to do the job. This guide includes the CER approach because it has a proven track record in North America and Central Europe. It works in a variety of settings, is relatively inexpensive to carry out, and can be implemented by ordinary people in a community. Finally, it is a grassroots, participative approach that can be used to teach communities how to solve their economic renewal problems.

If your community would like to implement the process used in Central and Eastern Europe – using the ILO/USDOL developed economic renewal workshop process – training materials and technical assistance to implement it can be made available through joint ILO and USDOL efforts.
1. Socially responsible restructuring

**Enterprise Competitiveness and Responsible Restructuring Training Modules (ILO, 200?)**

(These training modules are currently under development by the Management Development Programme (MANDEV) at the ILO)

Tools socially responsible employers use to implement restructuring and save jobs

**Resource Materials:**

Socially Responsible Enterprise Restructuring. (A joint working paper of the ILO and the EBBF, 2000)

Productivity Training Modules (ILO, 1996)

Road to High Performance Workplaces (USDOL Office of the American Workplace, 1994)


- Training to reduce conflict and build successful labor-management partnerships
- Interest-based problem-solving
- Interest-based negotiations
- Training for partnership

Leading the Saturn Way (Saturn and Tennessee Dept. of Econ. & Community Dev., 1993)

Excel for GM Partners: Instructor Guide (Saturn, 1993)

2. Business retention and layoff aversion

**Business Retention and Layoff Aversion Training Modules (ILO, 200?)**

Using small business networking to preserve and create jobs

Conducting business visitation programs

A step-by-step guide to starting business promotion and support centers

Using ownership changes to save jobs

Starting productivity improvement/cost saving projects at the plant level

Training to reduce conflict and build successful labor-management partnerships

- Interest-based problem-solving
- Interest-based negotiations
- Training for partnership

Organizing Quick Start training programs to retain and create jobs

**Resource Materials**

Preventing Layoffs (USDOL, 1986, 1988)


Extension Business Retention & Expansion Program. (Western Rural Development Center, 1997)


A step-by-step guide to starting business promotion and support centers (ILO/UNDP)


A Manual for Developing Quick Start Projects in Bulgaria (USDOL, 1997)

Labor-Management Cooperation: Trainer’s Manual (Utah Center for Productivity & Quality, Utah State University, 1994)


Interest-based Problem Solving: Trainers Guide (USDOL Academy, 1992)

Committee Effectiveness Training (USDOL, 1989)

Training for Partnership Workshop Series: Trainers Manuals (USDOL, Office of the American Workplace, 1994)


3. Rapid Response Worker Adjustment

**Rapid Response Worker Adjustment Training Modules (ILO, 200?)**

A handbook for rapid response Industrial Adjustment (IA) specialists

Skills training for IA specialists

Guidebook for RAC members and third-party neutral chairpersons

Skills training for RACs

Peer Support Programs: What they are and how to start one

The jobseekers guide
Resource Materials:


Exemplary Model of Triage in a One-Stop Setting: Instructor Manual (Developed by the New York Employment and Training Institute for the USDOL and New York Dept. of Labor, August 1997)

Committee Effectiveness Training (USDOL, 1989)

Coping with Unemployment: What to do when you’re out of work. (Life Skills Education, 2000)

An Introduction to Stress. (Life Skills Education, 1999)


The Mature Resume: The resume with experience. (Life Skills Education, 2000.)

Rapid Response Procedures Manual (Dislocated Worker Unit, Oregon Econ. Dev. Dept.)


Surviving a Layoff (Dahlstrom & Company, 1995)


Coping with Unemployment (Steele Publishing Co., 1993)

A Guide to Managing Stress (Krames Communications, 1985)

Dislocated Workers Transition and Adjustment Workshop: OUR PLAN FOR YOU IS WORKING (Utah Dislocated Worker Unit, Utah Office of Job Training, n.d.)


Oregon Peer Support Train the Trainer Manual (Oregon Dislocated Worker Unit, October 1998)

4. Community Economic Renewal

Community economic renewal training and implementation manuals


Part I: CER Participant Workbook

Part II: CER Resource Handbook

Resource Materials:


The Concept in Cooperation, (Tompkins Institute, University College of Cape Breton, 1991)

Finding and Evaluating Business Opportunities, (Vancouver Community College, July 1991)


Know About Business Training Package (International Training Center of the ILO, 1997)

Local Economic Development Case Studies (Prepared for the International Conference on “Mobilizing Community Resources for Local Economic Development,” Bucharest, Romania, Nov. 9-12, 1998.)


Steps to Starting a Worker Co-op (Center for Cooperatives, UC Davis and NW Coop Fed., 1997)

Participatory Employee Ownership: How it Works. (Worker Ownership Institute and Ohio Employee Ownership Center, 1998)

Business Plan Pro 4.0 (Palo Alto Software, 2000)


Community tourism assessment handbook (Western Rural Development Center, Utah State University, 1996)

Conducting a community audit of workforce development needs and resources in your community. (USDOL, ETA, Office of Adult Services, August 2000)
Appendix B

List of Acronymns

ACTWU Amalgamated Clothing and Textile Workers Union
AFL-CIO American Federation of Labor-Congress of Industrial Organization
BPSC business promotion and support center
CEE Central and Eastern Europe
CER Community economic renewal
CIAS Canadian Industrial Adjustment Service
DWU dislocated worker unit
ECONTHAI An employer association in Thailand
IA industrial adjustment
IAS industrial adjustment specialists
ILO International Labor Office
L-M labor-management
LMAC labor-management adjustment committee
LMAT labor-management adjustment team
LMC labor-management committee
NGO non governmental organization
PI/CS productivity improvement/cost saving
RAC reemployment assistance committee
RR rapid response
RRWA rapid response worker adjustment
TC transition center
USDOL United States Department of Labor
US United States
USA United States of America
WARC worker assistance resource center