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# **Identification and analysis of needs concerning the use of outplacement as a tool to increase the adaptive potential of enterprises in the kujawsko-pomorskie**

## **The summary of the main results**



The percentage of enterprises from the kujawsko-pomorskie which have ever given support to some of their dismissed employees is relatively high, particularly among enterprises employing at least 250 persons. Given support, however, very rarely includes using outplacement and usually it's not complex as needed: mostly it is limited to find a job offer or pay a redundancy payment.

The key factor that seems to influence the perspective of given support to the dismissed employees in the future is economic crisis. It can be expected that economic downturn will cause on the one hand, the growth of enterprises reducing redundant staff and the growth of the number of the dismissed employees and on the other hand, it reduces the percentage of enterprises that are giving support to the dismissed employees among those firms who reduce the level of employment.

Data of the Central Statistical Office of Poland (GUS) shows that the number of people registered as the unemployed, who were dismissed by reason of the employer, is growing from the beginning of the third quarter of 2008, both in the kujawsko-pomorskie and in Poland as a whole. It was also observed that in the kujawsko-pomorskie between 2007 and 2008 there was a significant growth of those enterprises who have announced the group dismissal. The survey conducted amongst employers shows that 4% to 7% (depending on the size of firm) of employers presumed that "it is possible" or "it is rather possible" that there would be a dismissal in their enterprise before the end of 2010. The expected fall in percentage of firms (among those who are dismissing employees) which are giving support to the dismissed employees is linked to the fact that giving support to those employees dismissed by reason of the employer is less possible when the reduction of employment is caused by the sudden economic setback. In such a situation an employer usually has no resources that can give as a support for those dismissed employees.

Among reasons which, along with the economic setback, may decrease the employers' inclination to help the dismissed employees are also difficulties with conducting effective outplacement in the situation when there is no demand on the labour market for those categories of employees that are being dismissed. In view of very adverse circumstances on the labour market, actions taken within classical outplacement concentrating on the search for a new job for the dismissed person is not sufficient. The scale of the problem of low employability of some employees dismissed because of the employer is even larger since because people who have low adaptation skills and low qualifications are being dismissed often than the others.

In such a situation it is recommended to use more advanced forms of outplacement including long-term work for reinforcing the activity of those people, who are qualified to get support, as well as actions aimed at creating new work places where the dismissed people could work or where they could – waiting for a job – do any constructive activity. It has to be underlined that resources and engagement which would be needed in case of more advanced projects exceed the potential which employers licensing people would be ready to engage in similar situation.

What's more, those employers who are giving support to the dismissed very rarely collaborate with the institutions of the labour market. Collaboration with the Poviát Labour Office (PUP) is taken almost exclusively when it is required by the law. These actions which concern the outplacement are also rarely deputed to the commercial institutions. Employers are discouraged to collaborate with the Labour Office because they don't believe in its effectiveness. The main barrier, in turn, limiting the collaboration with commercial institutions is the lack of resources that employers would be able to allocate in order to finance the costs of external outplacement programme. The percentage of firms which could allocate enough money for the outplacement projects, that would be adequate to its market price, is marginal (1-2%). What is more, some employers doubted whether private employment agencies – aiming at profits – would ensure sufficient quality of these projects.

The analysis of survey results conducted with the employers of the kujawsko-pomorskie, taking into account a criterion of statistical significance of differences observed in the research sample, allows to state that regardless of the size of the firm, the outplacement is acknowledged as a solution less useful (in the perspective up to 2010) than drawing up fixed-term employment contracts and than shortening or lengthening working time adequately to current needs of the firm.

Comparing adequacy of flexible form of employment with outplacement from the perspective of employees' interests we need to take into account a specific situation of particular employee. Generally, it can be pointed that with respect to significant group of the dismissed employees who have low and non-adaptive skills and qualifications that are not needed on the local labour market, classical outplacement seems to be worse solution than making a work contract more flexible. It has to be also outlined that in case of this category of people (who are accustomed to stable work conditions and who have no initiative) the choice between making a work contract more flexible and being dismissed seems to be of "lesser evil".

Economic conditions and labour market context do not exhaust the list of factors that are influencing the frequency of the outplacement usage. Building up the popularity of outplacement usage requires a popularization of information about this tool. During the survey only 8% of respondents from small firms and 15% of respondents from medium firms were able to define the term "outplacement" or "monitoring dismissal" correctly. Among employers from big enterprises the percentage was significantly higher, but only just the half of them responded correctly (42%). The results of the survey conducted among employers from the kujawsko-pomorskie also show that people responsible for human resources – contrary to the thesis presented in the literature of the subject – mostly do not think that an employer using outplacement derives real advantages by implementing this tool.

The level of declared interest in outplacement among employers from the kujawsko-pomorskie can be found as relatively high among small and medium *enterprises* (SMEs) and high among employers who employ at least 250 people. The percentage of respondents declaring interests in completing knowledge in outplacement have passed the half among respondents representing small firms (54%) and medium firms (56%) and was almost three quarters among respondents from big enterprises (74%). The most preferred sources of getting information about outplacement, regardless of the size of the firm, were: internet and trainings, and further paper publications and the press. Employers have paid attention to the fact that currently the main barrier in getting knowledge about adaptive tools used in employment is an excess of available pieces of information among which it is difficult to choose and implement the adequate one. The problem concerns the difficulty in estimating the credibility of different sources and meaning of these information what makes it difficult to make out whether implementing these solutions is possible in particular firm.

The knowledge about the outplacement is a necessary condition of using this tool, but it is not sufficient. The employers' attitude toward employees is also of much importance. In a view of this we can find as relevant condition the level of interests in implementing outplacement declared by employers from the kujawsko-pomorskie – only 16% of the respondents from small firms and 19% of the respondents from medium firms said that employer is responsible or co-responsible for the professional future of his employees who were dismissed by reason of the enterprise. Employers from big enterprises (employing over 250 people) have agreed with this statement more frequently (the analogical percentage was 40%). Representatives of enterprises have given much of the responsibility for the future of the dismissed employees to the dismissed themselves and to the Labour Offices. The conducted interviews indicate that employers fixing the groups

of people for who, by virtue of their function, they are responsible for, very often choose as a criterion the existence of relation between an employer and an employee. This attitude derives from their ethos of employer and manager. The presented results show that an effective way of promoting outplacement among employers, who are characterized by above mentioned attitude, would be probably placing and describing the support for the dismissed employees as profitable action for the whole company which, what is more, is in accordance with all standard of professional human resources management.

The research revealed that one of the factors that reduce probability of using outplacement is deficits concerning the management of human resources. In the situation when the rank of this area is perceived as low, employees responsible for human relations are unable to communicate effectively to their employer the expected benefits resulting from taking actions that exceed typical HR tools. Another aspect of this problem may be also a small number of people responsible for the human resources and very often – their low and insufficient competences. The human resources unit in over the three quarters of small firms and in 64% of those medium is represented by only one person. This situation is considerably less prevalent in case of big firms: it happens only in 14% of firms employing at least 250 persons. What's more, in the kujawsko-pomorskie in 71% of small firms, 63% of medium ones and 42% of big ones there's anyone who have graduated from *Human Resources Management* (among those people who are responsible for human resources).

Apart from employers, the key stakeholders, which attitude and involvement (or its lack) influence on outplacement are also labor unions. Firstly, it results from the fact that employers are obliged by law to consult their decisions with labor unions and secondly because labor unions' activists influence the crew.

The perspective of threat for an enterprise as a result of economic crisis very often leads to the situation when the attitude of labor unions come close to that represented by the employers. Referring directly to the attitude of labor unions to the outplacement it is important to point at two possible attitudes they usually have: acceptance (or sometimes even support) and objection. Some consultants of work agencies as well as authors of the subject have pointed out that objection of labor unions results from the fact that they dread to implement the outplacement tools because they prefer to get redundancy payments for the dismissed employees. It seems, however that negative attitude of labor unions towards the outplacement may result from the anxiety of accepting the support which results are uncertain (in case of redundancy payments, responsibility for its effects entirely rest on the person who has received it).

That is why it is very important to build up knowledge about outplacement among labor unions in order to reinforce their possibilities in assessing available forms of support for the dismissed employees.

The Operational Programme Human Capital Funds (OP HC) available within the Action 8.1.2 open a window of opportunity by breaking through at least some of barriers which limit the usage of the outplacement in the kujawsko-pomorskie. Because of the fact that there is a small number of projects which have received funds within the Action 8.1.2 (and only one of them concerned the outplacement) and also due to the fact that because of lengthy procedures the realization of projects is just starting off now we can acknowledge that possibility of getting funds from EU in the kujawsko-pomorskie has not influenced by now the assuaging the effects of the job loss for the employees. It is also limited on account of omission of outplacement projects by the Intermediate Body within the only as yet contest of the Action 8.1.2 that was carried out in the kujawsko-pomorskie.

The most important formal constraint which – in opinion of many respondents from different institutions – prevent from realization of outplacement projects within the Action 8.1.2 is lengthy process of proposal assessment and limited period of its submission (only about one month in a year). These formal constraints create a paradoxical situation in which getting a support for adaptation to the changing economic context have to be planned many months before. In this case it is very important to use so-called *fast path of proposal assessment* and announcing within the Action 8.1.2 open contests with separate contest rounds.

Survey conducted among enterprises from the kujawsko-pomorskie shows that only several enterprisers have knowledge about possibilities of financing the outplacement tools from the public funds. The percentage of enterprisers who said that they knew (not just only assume it) about possibility of getting funds for outplacement is similarly low among small firms (7%), medium firms (11%) and big ones (6%). None indicated the Action 8.1.2 of the Operational Programme Human Capital as a source of financing.

The percentage of enterprises who were interested in getting information on possibilities of financing outplacement projects from EU funds was relatively high. Among respondents from big enterprises it was 34%, in small firms (29%) and in medium ones 31%. The most preferred forms of getting this kind of information are: internet resources and trainings, especially in case of enterprisers from big firms.

It is also very important to customize information to particular target groups to make them easy to assess which available forms of support may be applied in their firm. This customization should involve reaching wider groups of recipients with accessible form

of information about these programmes that offer the support as well as put concrete indications and examples presenting practical possibilities of using these forms of support.

Generally speaking capacity of the labour market institutions, especially the Poviats Labour Offices, to apply for EU funds (therein for funds for the outplacement projects) seems to be larger than the potential of enterprisers. It results from the experience in getting funds from the European Social Fund and from the adaptation of these institutions to the realization of projects financed from these funds. Funds allocated for the Poviats Labour Offices within the Action 8.1.2 of the Operational Programme Human Capital are less available than other sources of financing (for example other Action within which they may apply with system projects) what reduce their interest in applying for funds within the Action 8.1.2.