EXCERPTED FROM

Forced Out:
Older Workers
Confront Job Loss

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ISBN: 978-1-935049-03-6 hc

FIRSTFORUMPRESS
A DIVISION OF LYNNE RIENNER PUBLISHERS, INC.
1800 30th Street, Ste. 314
Boulder, CO 80301
USA
telephone 303.444.6684
fax 303.444.0824

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www.firstforumpress.com
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1
What It Means
to Lose a Job

The plant shutdowns and downsizings that have become common occurrences in the U.S. and elsewhere around the world in today’s global economy continue to create stress and uncertainty in the lives of those impacted. In recent years millions of workers have been terminated, with the U.S. experiencing a significant share of blue-collar displacement as manufacturing declines, and mergers and acquisitions in diverse industries such as banking, publishing, and defense transform job-secure white-collar workers into dislocated workers. Simultaneously with closures and mergers, large conglomerates are restructuring in the name of efficiency, exacerbating job security concerns for those employed. Such organizational transitions reduce employer costs—and the number of employees—by relying on computerized methods, part-time workers, and outsourcing, among other efforts.

Annual totals of the Challenger, Gray and Christmas announced layoffs from 1994 through 2003 (cited in Beeson, 2004) document that job loss is no small problem. During that 10-year period the lowest yearly total was 434,000 in 1997, while the largest was in 2001 at over 1,957,000 job losers. Laabs (1999) reported that job cuts in 1998 had reached an unprecedented level in the U.S. with nearly 678,000 people terminated in shutdowns and downsizings over the preceding 12 months. Cited as causal factors in creating this significant increase were depressed oil prices, the Asian economic crisis, numerous mergers, a weakened manufacturing sector, and the instability of the stock market. In the 10-year period from 1993 to 2002, there were over 1000 mass layoffs involving more than 185,000 workers in Minnesota alone (Meyers, 2003).

For those workers confronting displacement, the impacts have been found to generally create significant negative change in their lives, with ramifications for family members as well (Komarovsky, 1940; Wilcock and Franke, 1963; Stern, Wood, and Hammer, 1979; Liem and Liem, 1988; Abedian, 1995). Finding replacement work has sometimes been difficult, obtaining new work with comparable compensation and benefits is often problematic, and the loss of friendships through work,
as well as employment identity are troublesome, leaving the worker angered and distant from family, co-workers, and society-at-large.

Job loss, according to psychologists, is one of life's most difficult life events (Holmes and Rahe, 1967), creating a variety of stressors; some of which are financial, some social, and others psychologically painful. Most displaced workers experience some financial loss, and for many, the amount is significant. Financial losses are of two types: the foregone earnings lost during the period of unemployment, and the lower reemployment earnings attained in the new position. For long-term workers, the industry specific skills they had attained prior to their redundancy are often not viewed as equivalents by potential employers.

The Costs of Job Loss

The financial losses and being without work means that displaced workers are unable to continue living in the same manner they had been accustomed to. Those without work, and those earning substantially less than previously attempt to adjust by decreasing their costs. As well, some displaced worker family units attempt to maximize the earnings of another adult in the household—either by starting a job, taking a second job, or working more hours. While both financial management and increasing the family work effort are effective coping methods, worker-family units become fearful of downward mobility through occupational skidding, and experience heightened awareness of reality as their savings become depleted between the time of job loss and reemployment. For many of those made redundant through no fault of their own, the longer the period of unemployment experienced, the greater the strain and concern with their marginality.

Beyond finances, other job loss costs may not be as easily recognized, but they are equally as real and eventually understood by job-losers. One of these is an increase in the social distance between workmates. For most displaced men, contact occurs infrequently with former workmates and it is largely unplanned and momentary. Displaced women however have been described much differently, utilizing each other as a close support network, even going together for job interviews (Rayman and Bluestone, 1982).

While we tend to believe that the family is the main support system for displaced workers, the family also responds to the crisis of job loss, and while that response is most frequently supportive of the displaced worker, it can also be detrimental. In those situations the family moves on, leaving the worker behind, typically through divorce. Conger, et al. (1990) provide empirical support for the idea that economic pressure
and unstable work creates an economic strain that ultimately influences marital instability, a situation confronting displaced workers who have difficulty finding replacement work at comparable wages and benefits.

Anxiety is another social cost of redundancy. That anxiety can surface personally for the dislocated worker, and for family members. For those who continue to be without work and want to work fulltime, job loss means that social identity and status is ambiguous, and their past achievements are almost without meaning in a contemporary context. For some terminated workers, social contacts are minimal, and their day is without much structure. A number of studies have pointed to the social, psychological, and physiological impacts of job loss (Aiken, Ferman and Sheppard, 1968; Slote, 1969; Kasl, Gore and Cobb, 1975; Brenner, 1976; Gore, 1978; Liem and Liem, 1979; Rayman and Bluestone, 1982; and Voydanoff, 1983).

Some researchers point to the critical significance of social support networks as aids, and as determinants in shaping personal outcomes (Gore, 1978; Rayman and Bluestone, 1982). Researchers have also found that while dislocated workers experience stress, depression or emotional problems, and/or physical symptoms, they infrequently use professional help. Rather, the job loss (and often related unemployment) is viewed as a personal matter and coped with in the confines of the family. As Rayman and Bluestone maintain: “in short, while unemployment remains a social phenomenon, most of the coping mechanisms to deal with it remain private” (p. 298). When displaced men do not replace their friendships that were linked to their job, they restrict their adjustment by having a smaller informal social network. We should not be surprised then when we learn that men displaced from their work are having difficulty: their informal network is now limited, and they are unlikely to use professional services for assistance.

In a shutdown, all workers are left without work, regardless of seniority, gender, company position, or education. In these situations, seniority often proves a disability because older long-seniority workers are frequently the last out, made more vulnerable because new work opportunities will have become limited as those terminated earlier absorb the available jobs. Older workers who had counted on their jobs to last are now out, and at the end of the employment line. Compared to a closure, a downsizing reduces a smaller set of workers, sometimes determined by reverse seniority, and sometimes through an offer of an “early-out” to those most senior. Thus, long-term employees are not immune to job loss; in fact, some researchers maintain that older workers are more likely to be made redundant than younger workers (Rones and Herz, 1992; Couch, 1998; Helwig, 2001).
How Job Loss Affects Older Workers

The frequency of job loss among older workers—regardless of the age benchmarks characterizing older—appears to have reached a meaningful level of concern in the United States (Crown, 1991). This is the case because late career job loss has significant and lasting effects on future employment probabilities, including exit rates from any work. The research literature consistently documents that older workers stay unemployed longer, are not as likely to find reemployment as younger displaced workers, and if they can secure work, their earnings are typically reduced (Couch, 1998; Chan and Stevens, 1999). Stevens (1995) finds persistent wage reductions and earnings for dislocated workers for at least six years beyond job loss. Chan and Stevens also find that previously displaced workers who are in their 50’s leave employment at twice the monthly rate of non-displaced workers the same age with similar characteristics. A major explanation for both the continued earnings reductions and the differential employment exit rate is that the rehired dislocated workers are “hit” again with job loss. Involuntary retirement and joining the ranks of discouraged workers (those who are unemployed and have given-up looking for work) are not uncommon outcomes for older jobless workers. While most research on job loss has focused on displaced males and their adjustment to joblessness amidst changes in their positions as husband and father, research on dislocated females indicates an even stronger push towards involuntary withdrawal from the labor force.

Older workers thus face particular difficulties after job loss (Parnes, Gagen, and King, 1981; Sum and Fogg, 1990; Gallo, Bradley, Siegel, and Kasl, 2000). For many displaced workers who are older blue-collar workers, they have lost the core of their existence, their “worker” identity, and when that identity is impacted, so too are other statuses and expectant role behaviors. Displaced workers also lose their long-term workmates, as well as the structure for the day. If large numbers of workers are terminated on the same day, a congestion effect occurs, meaning that the state workforce center system becomes overloaded, and the help dislocated workers need is not likely to be available. As well, those displaced wind up being competitors for the same work as their former workmates. If there are too few jobs available for the number of applicants, those unable to relocate are at an additional disadvantage. Since older workers are among those least likely to relocate, they bear the disadvantage of remaining locally embedded.

During periods of prosperity and reasonably low-unemployment, workers may not give much thought to job loss, but it happens none-the-
less. Those workers terminated in periods when the economy is depressed have greater difficulties finding reemployment than when the economy is robust. Still, as we will see in this case, a robust economy does not last forever, and those anticipating joblessness in one type of economy find themselves needing to be flexible when the economy turns sour. For some, that flexibility means re-entry into the work world, for others it means taking a part-time job when a full-time position had been sought. Others tighten their belt, but for those struggling with long-term unemployment, there is little they can now do without. Social support systems are highly important for dislocated workers, and for those who have little support, or who lose that support system, there exists a strong tendency for them to fall apart.

While the decline of U.S. manufacturing is an ongoing phenomenon, there have been reasonably few studies of displacement from the defense industry, an industry that has historically been through numerous boom and bust periods (Bain, 1968; Rayman and Bluestone, 1982; Schoeni, Dardia, McCarthy, and Vernez, 1996). Among those studies of defense displacement, most have focused on job loss among scientists and engineers, not production workers (Mooney, 1966; Brandwein, 1965; Loomba, 1967; Eaton, 1971).

Job loss is often viewed as the harbinger of hardships for workers falling out of the middle class as well as those who live closer to the margin. Much of that strain for displaced workers is attributed to manufacturing companies relocating work to other countries, referred to as “runaway plants”, with trade agreements, changes in the economy, and a tight labor market making adjustment to job loss more difficult. Runaway transnational corporations have generally found favorable wage rates, reduced taxes, and an ample low-cost labor force in the host country, thus providing substantial profit margins justifying corporate moves to stockholders. But there are other factors influencing worker dislocations, including changes in the economy, global competition, a decline in product demand, or the efficiency effort of any contemporary bottom-line-directed corporation.

The pervasiveness of job loss has not gone unnoticed, and periodically politicians and government agencies set out to determine what the causes of job loss really are, and what can be done to help both those displaced and simultaneously revitalize the impacted community (Kremen, 1974). One example of the concern for dislocated workers was the Manpower Development and Training Act of 1962 (MDTA), which became the first post-WWII federal program created to provide assistance to displaced workers. The impetus for MDTA was a concern for those made redundant because of automation, as well as those
confronting job loss unrelated to technological advances. Sometimes the
questions of cause and what can be done to assist will focus on a
particular terminated worker category—minorities, women, or older
workers—who tend to bear the brunt of difficulties in job loss situations.

More recent federal legislation has sometimes targeted assistance
for these dislocated worker categories, although as Representative
Bonker (Washington) noted in a hearing before the Select Committee on
Aging for Displaced Older Workers (U.S. Congress, House of
Representatives, 99th Congress, July 24, 1985:4):

The Federal response under the Job Training Partnership Act [JTPA]
has been wholly inadequate. Though there is a special fund set-aside
for older workers under JTPA, most State plans fail to mention them
as a target group, and only a handful have actually assisted them. In
addition to being turned away from training programs, older dislocated
workers often face age discrimination, and if they are lucky to acquire
new work, it will probably be at less pay and have fewer benefits.

Unfortunately, a common definition of older workers is not consistently
applied. A U.S. Department of Labor publication titled The employment
problems of older workers (1971:2) states: “Although age 65 is
considered the beginning of old age for many purposes, the older worker
generally is defined as those workers aged 45 or older.” Job loss
researchers Pursell and Torrence (1978) and Parnes, Gagen and King
and Rones and Herz (1992) use 40 years of age, and Portis and Suys
(1970) categorize older workers as those age 50 and older. The age
requirement for the Job Training Partnership Act (JTPA) Title IIA
relating to older workers requires that the participant be 55 years of age
or older (Adult Training and Dislocated Worker Programs, 1997). In this
study, we use age 45 and older as our working definition of older
workers.

While manufacturing almost everything imaginable could be done
abroad, U.S. armaments related to defense are often withdrawn from
consideration. The U.S. Department of Defense procures nuts and bolts,
paper, pens and soap—which could all be produced by transnational
corporations. However, the military hardware—the guns, ships, and
planes—are expected to be U.S. made products.
Study Focus

This book focuses on the questions of adjustment related to job loss of older production workers in the defense industry, those whose jobs did not go abroad, but disappeared nonetheless. These long-term dislocated workers, downsized in 1998-1999, had been employed with United Defense in the Minneapolis-St. Paul metro area (Fridley, Minnesota). The 1998-99 downsizing was due in part to reduced demand for military hardware, and to the company reallocating production work to other corporate sites. While the study describes the specifics of the downsizing and the unique conditions of this particular job reduction, there were several questions that provided a focus to our research. Since workers were terminated from October 1998 throughout December 1999, which was for the most part a period of relative prosperity and low unemployment in Minnesota, we were interested in how these workers had fared. Given the favorable economy, was the impact of job loss relatively easy? Workers in this downsizing averaged 55 years of age, with more than 29 years of seniority at their plant, now known as United Defense, but for most of their tenure, simply known as FMC. We wondered what difficulties these older workers had adjusting to job loss, and whether redundant workers from the defense industry faced unique problems after displacement.

United Defense

The Company involved here is United Defense, a corporation with a number of facilities located around the country, with the Fridley facility being the base for their Armament Systems Division. It was the Fridley (Twin City-area) United Defense facility that was to downsize, and a unique downsizing for researchers because of the age of the soon-to-be terminated personnel and the fact that there is still much to learn about how older displaced workers adjust to job loss.

The 1998-99 United Defense-Fridley downsizing was the fifth reduction (1985, 1990, 1992, 1994) over the past 15 years, reducing the 2600 manual workforce to only 550 after the 1994 terminations. Also in 1994, United Defense Limited Partnership was created which merged the defense lines from both FMC and HARSCO. In 1997 the partnership was sold and within a year the new owners expected to terminate 350 of the remaining 450 production workers at the Fridley plant. Few displaced workers from the 1998-99 downsizing expected the Fridley facility to remain open for very long.
A downsizing in a defense plant is not necessarily synchronized with what is taking place with the rest of the economy, for while the defense sector budget had declined and some employees were terminated, prosperity was evident in other sectors of the economy over the past several years. While both employers and employees prospered outside of defense, significant shifts of dramatic proportions had been initiated. Not only were standard retailers changing style, but a host of other transformations in the economy were taking place, including mergers and consequent terminations of “duplicate” staff, as well as a general softening of the economy. Both large and small firms made more than one round of terminations as the ripple effect of a soft economy pushed manufacturers to reduce the size of their orders, in turn influencing layoffs in smaller companies. Multiple downsizings—such as those that had occurred at United Defense—were now occurring elsewhere, and are believed to reduce both morale and productivity from the remaining workforce. Those new ax swings not only severed people but also caught folks in the second, third, or fourth rounds of layoffs that thought they had dodged the bullet. Polaroid, Dell, and Nortel were among larger companies making more cuts, including reductions of management staff. According to McGinn (2001) there were over 650,000 layoffs in the first six months of 2001, which was the fastest rate of downsizing loss since the outplacement firm of Challenger, Gray, and Christmas began keeping track in 1993.

Involuntary job loss does not provide the dislocated worker with much choice, where choice is viewed as a major asset. From any worker’s perspective, they would rather choose to change employers and locate other work in a smooth transition between employers when they elected to do so. When that’s possible, uncertainty is minimized. However, uncertainty is at a peak when workers are forced to leave with no alternative employment intact, and terminated at the employer’s timing. When forced out without work, choice is minimal. Morris (1997) notes, and there probably isn’t a displaced worker who would disagree, that the best outcomes in shifting jobs occurs when workers can secure a new job before leaving their old one and having no employment break between jobs. But the question remains, who wants to leave a good job even if another job is available?

The Job Loss Literature

Job loss, whether the cause is from a closure or a downsizing, is not a new phenomenon. It is actually a topic that has had serious social science inquiry since the Great Depression. In both the United States
and England a number of studies were completed that have remained classics in the field. Some of the U.S. studies include: Mirra Komarovsky’s *The unemployed man and his family* (1940); Harold Sheppard, Louis Ferman, and Seymour Faber’s *Too old to work—too young to retire: A case study of a permanent plant shutdown* (1959); and Richard Wilcock and Walter Franke’s *Unwanted workers: Permanent layoffs and long-term unemployment* (1963). The English classics include Dorothy Wedderburn’s *White-collar redundancy* (1964) as well as her *Redundancy and the railwaymen* (1965). For our purposes the Sheppard, Ferman, and Faber report and Wedderburn’s *Redundancy and the railwaymen* provide a solid background for understanding the dynamics of job loss, and present a comparative backdrop for our study of United Defense workers.

The thrust of those earlier job loss studies stemmed from the extensive societal adjustment and magnitude of the problem dislocated workers faced. Even today, our view of the difficulties of joblessness for worker-family units is reflected in increments of marital friction, alcohol consumption, and abusive relationships once job loss occurs (Leana and Ivancevich, 1987). Stone and Kiefer (1984:23) note that the dislocated workers “…most at risk of adverse impact are those with heavy obligations, those without adequate social support, and those experiencing repeated unemployment.” An extensive job loss literature documents the difficulties for workers in a host of industries, including heavy industries such as steel and automobiles, as well as service sector employees, and people in middle management. That literature describes, among other topics, family impacts (Voydanoff and Donnelly, 1989); adjustments of men (Ensminger and Celentano, 1990); and women (Rosen, 1987; Kempers and Rayman, 1987); as well as those who relocate or have transferred (Bradburn, 1964; Lipsky, 1970).

**A Caution Regarding Generalization**

Some job loss researchers question whether previous research is transferable and relevant to the existing period. For example, is the research knowledge we have about terminated workers in one locale applicable to dislocated workers in yet another community? Besides community variation in unemployment rates, diversity of the local economy, and the degree to which the community might be organized to either assist dislocated workers or be involved in economic development pursuits, does the knowledge about dislocated workers from one time period (e.g. a recessionary period) apply to displaced workers terminated during a period of economic expansion? While these questions cannot
be easily answered here, it is important to note that generalizations about the impact of workers from this United Defense downsizing may not be specifically applicable to another situation where job loss occurs. This is the case because each downsizing or closure is a unique event. At the same time that we acknowledge the variations in each job loss situation, as social scientists we know there are also generalizations that can be made.

In the 1998-99 United Defense downsizing the Company allowed a rollover of retirement benefits, in addition to providing a monetary Special Separation Benefit, although neither of these perks are common features in job loss scenarios. Further, the United Defense workers were initially terminated in a period of economic expansion, and jobs in many fields were available in the early months of layoffs. The tide turned quickly though and some terminated UD workers found themselves searching for a position with thousands of others. The post-displacement shift in the economy is one adjustment redundant workers must face; yet another is their position in the lineup of those displaced, with those first out having the greatest opportunity for reemployment. Long-seniority workers will likely have to make several adjustments, including being among the last out-the-door as well as experiencing age discrimination in their job hunt. An example from the Packard Study follows.

The Focus on Older Workers, the Packard Study

While job loss studies became important in making a contribution to understanding the outcome of displacement during the Great Depression, it wasn’t until 25 years later that significant attention was placed on the job loss impacts for older workers. One of the major contributors in this venture was the Sheppard, Ferman, and Faber study titled Too old to work-- too young to retire: A case study of a permanent plant shutdown (1959). This study focused on the shutdown of the Detroit-based Packard Motor Company. Unable to secure additional funding for retooling for the 1957 model, Packard was forced to go out of business in 1956 after making automobiles since 1899. Because Packard had gone through earlier reductions-in-force, the workers who were now being displaced were long-seniority older workers. Although the study was not entirely based on an older worker sample, 95 percent of the redundant Packard workers were at least 40 years of age, and 85 percent were 45 or older. The overriding focus of this research was the handicap of age in finding another job when thousands of others were also looking for work. The authors’ concern became reality, reflected in the fact that the average duration of unemployment for the entire sample
was three months, but for those redundant workers age 45 and older, the
mean length of unemployment was six months. While more than 75
percent of the ex-Packard workers did find work, a significant number
(40%) were deemed surplus as the Eisenhower Recession deepened, and
they found themselves either unemployed, or working for their second
or third employer since their Packard termination. Few displaced
Packard workers elected to retire. Not surprisingly, the duration of
unemployment appeared to be directly related to the age of the displaced
worker, and for those who found reemployment, older workers were
pushed to other manufacturing positions while younger workers found
work with other auto manufacturers.

An Example from Wedderburn's Railshop Research

Another classic in the job loss literature is Wedderburn’s (1965)
Redundancy and the railwaymen, which also focused on older workers.
Employees at the British rail-shops built new rail cars and locomotives,
as well as maintained and repaired the rolling stock. The railways had
been nationalized in 1947, merging old private railways into a national
system of 29 main workshops and 78,000 workers. From 1962 to 1967,
total workshop labor was to be reduced from 62,000 to 42,000 and the
29 railshops were to be reduced to 16. While railshop workers knew
about the proposed contraction, they were unwilling to believe the
unpleasant news for themselves, in part because workers had a view that
their job was “a job for life” and workshop management had a
reputation for keeping a stable work force. For some, the rumors of job
loss had persisted so long without becoming real, they were now
ignored. Others believed their shop too large to be shut down. When
dismissals began, the men were selected on seniority, so the younger
men were terminated first, leaving half or more of the workshop labor
force at more than 50 years of age. The question immediately arose,
would these older men get other jobs once they were made redundant?

One year after the closures, 10 percent of the total workforce
remained without work. This figure includes those who had retired,
those too sick to work, as well as those interested and willing to work.
Some men found reemployment quickly, but at the other extreme, 31
percent of the terminated workers were without work for five months or
longer. Unemployment rates had moved upwards from two percent to
five percent, and numerous other employers had terminated workers as
well. Displaced railshop workers were aware of the difficult
circumstances, and in particular the rash of other closures or
downsizings that had taken place. Many of those who remained
unemployed were those who were within a year or two of retirement age. The railshop closures meant that many redundant workers were forced to retire before normal retirement age; other older workers who remained in the labor force took longer to get work than those younger.

At least one third of the redundant railshop workers were dissatisfied with the way the union handled the redundancy, with workers critical of union leaders for not being militant enough. In any job loss situation, there appears to always be a need to determine who or what should receive the blame for causing the terminations. There is enough blame to be spread around, and it is infrequent that everyone agrees on who or what the culprit really is. If it’s not management, it’s the union, or it’s outsourcing, or something else.

Even with a 35-year time lag and cultural differences, there are important similarities between the Packard, railshop, and United Defense studies:

[1] all three are studies of manufacturing contraction;
[2] each of the studies focus on long-term workers, many of whom were senior workers who have put in most of their work-life at the plant from which they were terminated;
[3] many of the workers in each study were skilled;
[4] for both the railwaymen and United Defense employees, work involved creating large products, often with equipment and tools many people would consider oversized;
[5] the buildings each group worked in were old—50-60 years or more;
[6] railway workmen and United Defense workers were each characterized as having enormous pride in their work, while equally proud ex-Packard workers had enjoyed the reputation of having built a status symbol.

Wedderburn concluded that major job dislocations could be accomplished with a relatively small hardship to workers if there was: [a] careful long-term planning, [b] lengthy prenotification, [c] close collaboration with government units, including the local community, and [d] a reasonably generous compensation scheme. In contrast to Wedderburn’s optimism, a good number of the earlier U.S. job loss studies were done under difficult situations—either the economy as-a-whole was in disarray, or the impact of a closure/downsizing was viewed as being catastrophic for the entire community. In other situations there was no displacement notice, no planning, local officials were sometimes neither interested nor involved, and not uncommonly,
workers were left without any compensation whatsoever. The title of Moberg’s (1979) article “Shutdown: Shuttered Factories, Shattered Communities” aptly reflects the serious negative consequences generally perceived to be experienced by both the redundant workers and the community. The generalization about the impact of job loss for workers has thus been passed to all workers at virtually all times, which may or may not be correct.

**Changes Related to Economic Displacement**

Since those classic studies of job loss, there have been both interesting and significant changes related to economic displacement in the United States. Some of these changes included: [1] a company announcement to close a facility was virtually an absolute that the closure would occur, that is, until the 1990’s when an IBP meatpacking operation in Perry, Iowa scheduled to close was reversed, thus indicating that closure announcements might be retractable. [2] Companies that downsized or closed generally had a policy of shutting everyone out on the street at the same time (which Root calls the congestion effect), but have shifted to a staged, gradual reduction of workers. [3] The employment stigma (the refusal to hire because of previous employment, including how much you were paid, or whether you had been a member of a union) so significant for displaced workers 25 years ago seems to have been drastically curtailed. [4] A rather recent creation of Federal requirements (Notice requirements for plant closings, 1988) has made pre-notification of job loss mandatory for employers who displace 100 or more workers. According to the WARN regulations, workers involved in a major downsizing or closure (as well as state officials) are required to receive notification of the workforce reduction 60 days prior to implementation. While a longer duration, or a flexible period of termination might be even more advantageous, this period of time does provide for some planning, and is certainly an improvement over the typical two days to two weeks blue-collar workers received prior to WARN (U.S. Office of Technology Assessment, 1986). Prior to WARN, non-union establishments provided two-days notification; unionized workers typically had two weeks notice; although unionized or not, workers were not infrequently told that at the end of the day everyone should clean out their lockers, there was no more work.

There have been other important changes in U.S. employer-employee relations as well. Among these has been an abandonment of longstanding paternalistic work relationships in favor of market-mediated processes (Koeber, 2002); a shift from using displacement as a
reactive response to economic downturns to terminating workers in a proactive stance to remain competitive; as well as increasing managerial use of subcontracting and contingent work (DiTomaso, 1996), and more autonomous decision-making for managers. Leach and Winson (1995:345) maintain that U.S. firms now employ a variety of strategies to retain their competitive advantage or restore their former levels of profitability; all of which are designed to help them increase their “flexibility”—“a euphemism for cutting their wage bill.” These strategies include: [1] pressure upon both union and nonunion workers for concessions to reduce wages and overall compensation packages; [2] the introduction of a two-tiered wage structure with recent hires paid less than those employed earlier; [3] utilizing part-time contingent work schedules, including part-time or temporary workers, or increased subcontracting; and [4] outsourcing production to non-unionized firms at home or abroad while downsizing unionized facilities.

Chapter Summary

Job loss is now prevalent in our society, with involuntary termination a major difficulty borne most heavily by the dislocated workers and their families. The downsizing of long-term production workers from a Minneapolis-St. Paul area defense facility is the focus of this study. Multiple downsizings had occurred at this same plant over the past 15 years, but the terminations scheduled for 1998 and 1999 were expected to take three-fourths of the remaining production employees. The confrontation with redundancy came as a shock to the workers who, sometime in the future, expected to retire from the plant.

Two important earlier studies that focused on job loss among older workers, one in the U.S. and the other in England, were reviewed to help set the stage for assessing the problems encountered by the workers in their job search and adjustment to job loss. It needs to be understood that all kinds of differences—cultural factors, industry-specific conditions, government policy, the economy at the time, among others—exist between the earlier studies and the downsizing presently discussed, but the focus on older workers and their adjustment is a commonality they all share.

The displaced United Defense workers in our sample are illustrative of contemporary dislocated workers who have long periods of attachment to their employer, and are dismayed when they discover that their corporate commitment has not been reciprocated. For many former UD employees, the dismay becomes anger, which for some individuals turns to bitterness. At least three explanations for the lack of corporate
reciprocity for worker commitment are evident: [1] workers were oblivious to a significant sea-change in U.S. corporate labor policy, shifting from paternalistic-oriented to market-mediated processes; [2] a series of changes in corporate ownership shifted from a single corporate owner to a joint venture to a fresh buyer sale in the four year period just prior to the downsizing announcement indicates that corporate loyalty was not firmly established, and [3] numerous issues relating to the factors influencing the downsizing. Those factors influencing the downsizing are the topics for the next chapter.

The Outline of This Book

Framed in 12 chapters, this book presents a longitudinal study of the adjustment of older displaced defense workers who had been long-term company employees involved in contract production work for the U.S. Navy. All employees terminated in this downsizing were men, because female workers had less seniority and had been made redundant in earlier plant downsizings. Chapter 2 describes the specific context of job loss, and both worker and author views about the causes pushing the involuntary separation. Chapter 3 provides demographic characteristics of our sample, while Chapter 4 continues to unfold the story with the first reactions of job loss; jobs that not only paid well, but provided excellent benefits and middle-class status to the UD workforce. Chapter 5 focuses on the financial costs of job loss. In Chapter 6 we learn about some of the men whose termination literally left them financially, socially, and psychologically in a no-man’s land of unemployment and discouragement. In Chapter 7 we describe the job search efforts of older workers who appear competitive with younger workers for part-time jobs or jobs with few benefits, but are at a competitive disadvantage when competing for jobs with health insurance benefits (Scott, Berger, and Garen, 1995). Workers who opted for self-employment are the focus of Chapter 8. In Chapter 9 we cover the retirement outcome for our displaced sample. While early retirement in our society has become normative, a segment of those who retire early do so because of low wages after becoming unemployed (Peracchi and Welch, 1994). Displacement also hastens retirement for mature job losers when they experience difficulty obtaining new work. We summarize our study in Chapters 10 and 11, focusing on worker views about the outcome of their job loss in Chapter 10, and in Chapter 11 a reassessment of their Special Separation decision and other issues in a further analysis of T3 data. While some of the difficulties older job losers face may be unavoidable, others are made worse by failings of social policy and
programs, which we detail in Chapter 12. Appendices detailing our research are provided for those interested in the specific research procedures we employed, along with copies of the questionnaires.