

ANALYSIS OF COMPANY'S LOSS CONTROL PERCEPTIONS OF WORKERS'  
COMPENSATION COSTS AND OUTPLACEMENT SERVICES

by

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ABSTRACT

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Analysis of company's loss control perceptions of workers' compensation costs and  
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The purpose of this study was to survey the perceptions of a Environmental Health and Safety Engineer and a Human Resource person in regards to the increased costs of workers' compensation and corporate downsizing, and the effects of outplacement services on overall costs. The goals of this study were to survey four different areas. The goals assisted in determining whether or not corporations should consider implementing outplacement services into their company as a loss control measure, and if they have, how effective have they been. The four goals of the study were:

- 1) To show a comparison of workers' compensation costs and layoffs;
- 2) Determine whether or not placement services have been beneficial to employers in times of layoffs;

- 3) Determine the perceptions of management regarding workers' compensation costs in relation to layoffs; and
- 4) To identify if the two manufacturing companies have implemented outplacement services and if they have how effective has that been as a loss control measure.

A structured set of questions were constructed and asked of the interviewees. The questions that were asked of the interviewees were formulated based on issues and concepts that deal with the four goals of this study and were also based on the literature research that was conducted. Questions asked of the interviewees pertained to the following areas: the economy, workers' compensation costs, workers' compensation claims, loss control preventative measures, layoffs, employee morale, and outplacement services.

The research completed indicated that employees who are laid off develop feelings of helplessness and anger: this was found to be true with companies ABC and XYZ. Both companies had similar perceptions as to why employees made claims around the time of layoffs.

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## CHAPTER ONE

### Introduction

This chapter will provide a brief introduction of current literature regarding why this study is being conducted. Information on the purpose of the study, goals of the study, assumptions, limitations and definition of terms will be provided to define the scope and focus of the study. The first aspect of this study begins with a look at the economy.

The economy entered into a decline in the first quarter of 2001; the gross domestic product (GDP) went from 9,243.8 billion to 9,229.9 billion (in 1996 adjusted dollars). This represents a decrease of 13.9 billion. A recession is defined by economists as two consecutive quarters of negative real growth, or declining output, as measured by GDP. The economy continued to decline into the second quarter of 2001, making the recession official (see Appendix A). With the recession came layoffs.

With the current state of the economy, layoffs have increased in the manufacturing industry. According to the Bureau of Labor Statistics, there were 18.3 million people employed in 2000, though in 2001 there were 16.9 million people employed. This represents a 7.8% decrease in employment (see Appendix B). The layoffs in the manufacturing industry were higher than any other industry (Siegel, 2002). When layoffs occur, employee morale decreases. The decreased employee morale problem could have an impact on the filing of workers' compensation claims.

Brooker and Sullivan showed that workers' compensation claims tend to drop during a recession because injured workers are less inclined to file a claim if they have a

perception that making a claim would lead to them being laid off. The Bureau of Labor Statistics indicates there were 1.65 million injury/illness cases in 2000, compared to 1.39 million in 2001. This represents a 0.8% drop in the ratio of total cases to total employees. The Minnesota Department of Labor and Industry found that the “sharp drop in the claim rate for 2001 may be related to the current recession, to the degree that injury rates fall when production is slower and fewer experienced workers are hired.” While the Minnesota Department of Labor says there are sharp drops in the claim rate for 2001, there is contradicting data that suggests there is an increase.

Experts in fraud investigation have found that workers who feel that their company has wronged them are likely to file a claim (*HR Focus*, 2001). While there are other aspects that cause an increase of workers’ compensation claims, (hiring inexperienced workers, late reporting, and injuries) this study is looking at the aspect of the effect that layoffs have on workers’ compensation rates.

#### Purpose of the Study

The purpose of this study was to survey the perceptions of a Environmental Health and Safety Engineer and a Human Resource person in regards to the increased costs of workers’ compensation and corporate downsizing, and the effects of outplacement services on overall cost.

#### Goals of the Study

The goals of this study are to survey four different areas. The goals will assist in determining whether or not corporations should consider implementing placement services into their company as a loss control measure, and if they have, how effective have they been. The four distinct areas of this study are:

- 1) To show a comparison of workers' compensation costs and layoffs;
- 2) Determine whether or not placement services have been beneficial to employers in times of layoffs;
- 3) Determine the perceptions of management regarding workers' compensation costs in relation to layoffs; and
- 4) To identify if the two manufacturing companies have implemented outplacement services and if they have how effective has that been as a loss control measure.

### Significance of Study

The significance of this study is to research whether or not two manufacturing companies have or have thought of implementing outplacement services as a loss control measure. A lot of companies have incurred layoffs and the research will study if outplacement services are being used, in addition this will also look at if a companies workers compensation rates have increased when they incurred their layoff.

### Definition of Terms

Throughout this study the following defined terms are used.

Combined Ratio - ratio of losses, loss adjustment expenses, underwriting expenses, and policyholder dividends to premiums (Hartwig, 1997).

Downsize - "to undergo a reduction in size" (*Merriam-Webster Online*, n.d., n.p.).

Mass Layoff Statistics - "are from establishments which have at least fifty initial claims for unemployment insurance (UI) filed against them during a five week period" (Bureau of Labor Statistics, 2001, n.p.).

Outplacement Services - an independent service that provides job search assistance and guidance to former employees, and is designed to minimize the risks associated with employee terminations (Knappen, 2001).

Restructure - “to change the makeup, organization, or pattern of” (*Merriam-Webster Online*, n.d., n.p.).

### Assumptions

Manufacturers workers compensation could be affected by the overall state of economy.

Manufacturers face layoffs when there is a downfall in economy.

### Limitations

This study strictly considered the effect that layoffs have on workers' compensation rates, though there are other issues that affect workers compensation rates.

### Summary

By investigating and surveying the perceptions of manufacturing managers regarding the costs of workers' compensation and corporate downsizing this will provide insight as to whether current companies have implemented outplacement services and if they have has this been effective from a loss control perspective.

## CHAPTER TWO

### Review of Literature

#### Introduction

This chapter will discuss the economy, history of workers' compensation, workers' compensation costs, workers' compensation costs in Minnesota, workers' compensation relative to manufacturing, manufacturing layoffs in Minnesota, employee morale and outplacement services.

#### Economy

The economy has entered into recession as of March 2001. With profits becoming absent from corporations, layoffs have become a greater reality (Hartwig, 2001b). When the economy slows down workers will take advantage of the workers' compensation system for an array of reasons. The primary reason is that the workers' compensation pays at a higher amount than unemployment. In addition, there is no tax on an individual's income (Hartwig, 2001b). Studies have suggested that workers' compensation costs will show an increase during a recession. The cause for the increase could be explained by the change in behavior of claim filing, the denial rate per claim, or the cost on each claim could increase (Anderson, n.d.).

When companies are developing their vision of what goals and objectives they want to achieve, a loss control measure for layoffs should be considered. According to the Bureau of Labor Statistics, job loss in manufacturing industries accounted for 34 percent of all mass layoff events, and 38 percent of all initial claims filed in August 2002. It is helpful to understand the history of workers' compensation.

### History of Workers' Compensation

Workers compensation pays benefits to employees that have been determined to have incurred an injury while on the job. Workers' compensation benefits include: medical expenses, death benefits, lost wages, and vocational rehabilitation.

Germany was the first country to begin workers' compensation laws (1885), then Great Britain (1897), and finally the United States (1902) (Grimaldi & Simonds, 1984). The first state in the United States to pass a workers' compensation law was Maryland (1902).

The 1910s marked a period of time where employees were first able to be compensated for their lost wages and medical expenses due to work place accidents (Kantor & Fishback, 1994). With the adoption of workers' compensation came more involvement with legislators and administrative agencies and less involvement for the courts in settling differences between employee and employer (Kantor & Fishback, 1994). By 1913, Minnesota had adopted a workers' compensation law. By 1921, 42 out of 48 states had enacted workers' compensation laws. No other legislation that dealt with labor was so well received (Weiss, cited in Kantor & Fishback, 1994).

### Workers Compensation Costs

Over the last nine years a decrease in employment rates have caused an impairment, which in turn increases the payments of workers' compensation costs. The data indicates that when industry faces a decline in hours worked, the following months cause an increase in workers' compensation costs. This information is based on employment statistics that were calculated from "eight major industries" (Anderson,

n.d.). Along with industry facing an increase in unemployment, low employee morale is also an issue within organizations.

In 1992, workers' compensation costs went to a combined ratio of over 120 percent; expenses were more than \$1.20 per every \$1.00 of earned income. By 1995, the ratio decreased to 97 percent. The economy and its growth, or the lack thereof, may be the most significant factor on workers' compensation, though this rationale often goes unnoticed. If employees were to gain a more in-depth understanding of how economic activity and workers' compensation relate to each other, this could help to improve effectiveness of workers' compensation (Hartwig, 1997).

During the time period of 1980 to 1995, the changes that occurred in claim frequency and cost of a claim per worker were attributed to economic growth (Hartwig, 1997). There has been an increase in workers' compensation rates in Minnesota in the last nine years. More update to information regarding workers' compensation cost in relation to economy decline was not located.

#### Workers' Compensation Costs In Minnesota

The Minnesota Department of Labor and Industry suggests that the current recession may have affected workers' compensation. There is no hard evidence but many possible theories. Throughout the 2001 Minnesota Workers' Compensation report the economy is noted as a probable effect (Minnesota Department of Labor, 2003).

The cost of workers' compensation went from \$1.02 billion in 2000 to \$1.16 billion in 2001 (MN Department of Labor, 2003). The Minnesota Department of Labor suggests another reason for an increase in workers' compensation costs, which is the notion that with the current economy there are less opportunities for employment and

with less opportunity for employment workers have a need to receive benefits for longer duration. Though this is important and a possible contributor to the increase in claims it has not been established as a concrete fact or because of the lack of data that is currently available. Another suggestion is that benefit payments are made at a higher amount in relation to payroll.

Claim rates had taken a descending turn in 2001, and the explanation the Minnesota Department of Labor provides is that the recession brings a decrease in production and that there is a smaller number of inexperienced employees.

#### Workers' Compensation Costs Relative to Manufacturing -- Statistics

In 2001 manufacturing accounted for 20 percent of the worker's compensation claims that were filed (Minnesota Department of Labor, 2003). This figure is based on cash benefit costs only, not medical costs.

#### Manufacturing In Minnesota- Layoffs

The manufacturing industry in Minnesota has faced a layoff of more than 39,000 people since the start of the recession (Minnesota Economic Trends, 2002-2003). From 1990 to 2000 there had been an elimination of over 40,000 jobs from Minnesota manufacturers.

Throughout the 1990s, only Texas, Wisconsin, and Indiana, added more manufacturing jobs than Minnesota. The manufacturing sector delayed feeling the effects of the 1990-91 recession due to increased employment opportunities until 1998 when the financial Asian crisis occurred. At this point employment opportunities no longer increased from 1998-1999. Manufacturing came bouncing back in late 1999 and hiring held strong until the summer of 2000; this is when the sagging of the industry started and



continued throughout most of 2001. There are 8,000 or more manufacturing firms located in Minnesota. In 2001, over 42 percent of the manufactures had to decrease their payrolls. Twenty six percent of manufacturers were able to hold the employment stable, and 32 percent actually increased their payroll. Of the 42 percent of manufacturers that faced a decrease in their payrolls in 2001, as estimated 37,600 jobs were eliminated ( Minnesota Economic Trends, 2002-2203).

The current downturn in the economy has contributed to the 10<sup>th</sup> downturn that Minnesota manufacturing has faced over the past 50 years. Each downturn is attributed to a national recession except from the time period from 1984 to 1986, which was due to the disintegration of the “mainframe computer-making industry and its instate suppliers.” (Minnesota Economic Trends, 2002-2003).

### Employee Morale

One of the effects of layoffs is a decrease in employee morale. The decrease in morale is found in the employees that are laid off, the employees that survive the layoff, and the managers that must implement the layoff. Management can reduce some of the negative employee morale by communicating all reasons for the layoff and offering assistance to laid off employees (Mishra, Spreitzer, & Mishra, 1998).

The employees who are laid off experience feelings of helplessness (Mishra, Spreitzer, & Mishra, 1998). The laid off employee faces a great deal of uncertainty and may experience low morale and have less concern about their job in the interim before their layoff. Those employees who are laid off have the challenge of finding employment. The anxiety the workers may have cause them to file a claim to try to create an impediment for the company (Marchese, n.d.).

The survivors of the layoff will develop their own coping mechanisms. Some employees may exhibit a positive attitude about the decision and others may have strong negative feelings; however, the most common impact on the survivors is a negative one. The employee may develop a lack of trust for management and, overall, there will be a low sense of morale throughout. Some common signs that may be exhibited are sadness, low energy levels, wanting to be alone, and becoming easily irritated. Lee Hecht Harrison's research has depicted that the productivity of layoff survivors, over more than half the time, stays the same or increases (Purchasing, 1999).

The research has found that managers who survive a layoff often become harsh, conceited, reserved, estranged, uninterested, or depressed. Many managers may place blame on themselves for the hurt that they have caused fellow employees (Vries, Manfred, & Balazs, as cited in Mishra, Spreitzer, & Mishra, 1998).

What needs to be implemented in the time of a layoff is a plan that will convey to laid off employees and the remaining employees that they should be empowered to trust that management has the well being of each person in mind. Mishra's research has identified that 50 percent of the implementation of downsizing should be completed before the actual act of downsizing is announced.

Employees need assistance to help them adapt to drastic changes within the company, and it is worth the investment to provide programs that will assist them with the change, says Psychologist John Dillion Riley, PhD, manager of employee assistance program and work/life services at Chevron Corporation in San Francisco, California (Tselikis, 2001). Companies need to implement termination policies with the companies'

best interests in mind. Employees that are departing from the company need to be empowered (Bayer, 2000).

Employees who are laid off should be provided the best services a company can possibly afford (Bayer, 2000). Such services or assistance that could be offered to employees are career counseling, stress management, skills assessment, retraining reimbursement, medical and dental benefits, a week's salary for every year the person has worked at the company, interview training, resume preparation, incentives, and lastly, outplacement services (Mishra, Spreitzer, & Mishra, 1998).

Employees who are laid off will be more likely to leave the company feeling empowered if they have been provided a detailed explanation for the reason the company needs to lay off employees and if they are provided with separation benefits and service that will be useful. A company must make it clear to the laid off employees that a support system has been implemented specifically for them and that support services are being offered to them. If employees have been empowered they will leave believing they are important and their efforts were valued (Mishra, Spreitzer, & Mishra, 1998).

### Outplacement Services

When companies are in the planning stages of laying off employees, outplacement services should be included as part of the layoff process. Outplacement services provide employees with job search assistance and guidance (Knappen, 2001). The use of outplacement services will benefit the employee, employer, and the employees' that remain, in many ways. There are many different options when it comes to implementing outplacement services into a severance package. When a company is making the choice to implement outplacement services into their organization, there are many aspects to

consider to aiding the laid off employees in re-employment and they should assess the benefits before making a final decision (McNerney, 1995; Roth, 1995).

Employees will experience many benefits from outplacement services. One example is they will have the opportunity to obtain guidance and training that would enable them to learn tools and techniques for their future career paths. The second benefit is that an employee can work with a counselor to ask questions that relate to their specific circumstance and to gain guidance. A third benefit of this is the ability to assist employees with the transition mode from layoff to job market. The fourth benefit is that employees would be able to go through a discovery process that would enable them to identify and strengthen their job skills and training. Lastly, outplacement services will aid employees in the execution of an effective job search plan (Roth, 1995).

Not only would employees benefit from outplacement services but employers would also. First and foremost, if a company makes the choice to use outplacement services it will improve their reputation in the community, and improve their ability to draw new employees when they reach the point of hiring again. One of the most important aspects that needs to be kept in mind is employee morale; outplacement services assists a company in maintaining positive morale rather than negative morale. Employers will be able to make certain that employees are receiving the tools and techniques that they would need to search for new employment. Another key aspect is that providing outplacement services aids in the prevention of lawsuits and other forms of retaliation, such as filing a workers' compensation claim. The last important benefit that employers would gain is that they would be playing an active role to improve morale for

their employees and would assist an employer with returning to a productive working environment (Roth, 1995).

The use of outplacement services will also assist the survivors of the layoff in that it creates reassurance that if anything should happen to them in future layoffs, they will receive assistance and would be treated with respect (Roth, 1995).

Companies can choose to outsource the outplacement services or provide in-house outplacement services. Either way, whether the in-house option is used or the service is outsourced, the service will improve morale and will save a company money in the long run because employees will think the company still has their best interest in mind.

There are many different options that outplacement services can provide to employees that are laid off. One service that could be provided to laid-off workers is access to telephones, computers with internet access, and secretarial assistance (Roth, 1995). Another service would be to provide workshops that assist employees in analytical skills, resume writing skills, and interviewing skills (Friedman, 1995). Lastly, career counseling should be provided for employees.

There are several factors a company needs to consider when implementing outplacement services. Employers first need to recognize that an outplacement service is not something that can be created overnight nor in the heat of a layoff. The planning and developing of this should be done before the actual layoffs occur. Senior management should be educated on the need for outplacement services. Some important aspects that need to be addressed to management are how important it is for employees to feel that the company has their best interest in mind. The idea of creating good morale amongst the

laid off employees will reduce the unemployment costs and will lower the risk of lawsuits as employees will be empowered through the outplacement services (McNerney, 1995).

When a company chooses to outsource their outplacement services, they should evaluate the outplacement services firm as whole. Companies for which the outsourcing firm has worked with previously, could be researched to determine the success rate from an employer's perspective, as well as how long the firm been doing business. A company should make sure the firm they select is familiar with the job market in their area, and know if they work with small or large -scale layoffs. Some other things to consider are how often and when will a company receive feedback from the laid off employees' job search progress; this will make sure that the outplacement service will be held accountable for the services they stated they would provide. Another question to research is how many clients are they providing service to currently, and do they have a cap on how many they will handle at one time. Additionally, a company should partner with a firm that has the ability to customize a service to each individual employee. Some employees may just need the resources to develop their resume, while other employees' needs may range from assistance with writing the resume to interviewing skills; it all depends on each individual employee. Lastly, inquire about the rates and discounts a firm offers (McNerney, 1995). These are just some guidelines that will assist a company in deciding which firm would be best suited for their needs and their employees' needs.

If a company decides to implement an in-house outplacement service they should combine the skills and talents of employees who have experience with employee relations, training, and career development. Choosing to offer an in-house program has one advantage: it helps to reduce employee costs as opposed to outsourcing, as the

company will have to pay for outsourced outplacement services. A key aspect is that most companies have human resources departments that assist employees in developing a career; the one difference in this instance is that they would assist the employee in developing a career path outside the company (Carroll, 1993).

Employees with employee relations experience can be available to assist the employees who are having a hard time concerning the shock of the layoff. Some employees, as mentioned in the employee morale sections previously, have a hard time accepting the initial layoff and just want to be heard (Carroll, 1993).

Training departments can lead individual or group sessions with employees. Through the evaluating of employees' needs and skills it can be determined what kind of training and assistance an employee will need (Carroll, 1993).

The employees who have career development experience will need to be on hand to assist employees in developing a long term plan and goals for new employment opportunities (Carroll, 1993).

A company that does not have all the expertise to implement outplacement services could consider having a consultant come in and assist in the development and implementation of these services. This provides a company with the dual benefits of using the skills and talents that are in-house and partnering with an outside expert. A consultant should be used when it is determined that the in-house staff needs some additional guidance and if current staff needs to increase their current competence (Carroll, 1993).

Outplacement services are the key to assisting laid off employees whether a company uses in-house services or an outside firm or a combination of both. The use of

the service will provide employees with company paid assistance in finding a new job. Beyond helping the laid off employee, this will provide for assistance to a company in maintaining their reputation and will empower employees to have the belief that their best interests are in mind even though they are being laid off. In addition, with using outplacement services employees are going to be less likely to file a workers compensation claim or a lawsuit, and the employee morale and productivity will not be as affected as much as it would be without outplacement services.

### Summary

When there is a downturn in the economy a resulting factor, as explained in this chapter, companies may incur a layoff. Though layoffs occur, companies can take a proactive approach in assisting their employees in the time of layoff, by offering some form of outplacement service, whether the decision is made to offer in-house service or they make the decision to outsource the service, this should be considered.



## CHAPTER THREE

### Methodology

#### Introduction

The main objective of this chapter was to explain how subjects were chosen, instrumentation was used, how data was collected, how the data was analyzed, and the limitations of the data.

The purpose of this study was to survey the perceptions of manufacturing managers regarding the increased costs of workers' compensation and corporate downsizing, and the effects of outplacement services on overall costs.

#### Goals of the Study

The goals of this study are to survey four different areas. The goals will assist in determining whether or not corporations should consider implementing placement services into their company as a loss control measure, and if they have, how effective have they been. The four distinct areas of this study are:

- 1) To show a comparison of workers' compensation costs and layoffs;
- 2) Determine whether or not placement services have been beneficial to employers in times of layoffs;
- 3) Determine the perceptions of management regarding workers' compensation costs in relation to layoffs; and
- 4) To identify if the two manufacturing companies have implemented outplacement services and, if they have, how effective has that been as a loss control measure.

### Subject Selection and Description

Research has been completed on the companies that incurred layoffs in Minnesota since the recession. The two companies that were chosen to participate in this study were chosen based on the fact that they incurred a layoff. The information concerning whether or not they have outplacement services was not known. The information of whether or not they incurred a change in their workers' compensation rates was not known. There were two participants of this study (N=2). The companies that participated in this study were not identified by their company name; one company was identified as ABC and the other company was identified by XYZ. The person interviewed at company ABC was the Environmental Health and Safety Engineer and the person interviewed at company XYZ was the Director of Human Resources. The only knowledge entering the study was that the companies had incurred a layoff and that they were both manufacturing companies.

### Instrumentation

A structured set of questions was constructed and asked of the interviewees. The questions that were asked of the interviewees were formulated based on issues and concepts that deal with the four goals of this study and were also based on the literature review that was conducted. Questions asked of the interviewees pertained to the following areas: the economy, workers' compensation costs, workers' compensation claims, loss control preventative measures, layoffs, employee morale, and outplacement services (Appendix C).

### Data Collection

Prospective manufacturing corporations were initially contacted by phone and at that time they were told the nature of the call and had the choice to accept to be interviewed. Letters were sent out to the manufacturers confirming our conversations; consent forms and a list of the questions that would be asked were included. The questions that were asked of the interviewees were provided to them two weeks before the scheduled interview. Interview times were scheduled with two manufacturing companies that were located in Minnesota.

### Data Analysis

The data gathered from the interviews conducted was analyzed by the general theme of each goal. Since the data collected was qualitative in nature, a content analysis was run on the data.

### Limitations

Some manufacturing executives may have had misconceptions about loss control preventative measures in that they do not play a part on their bottom line.

Some manufacturing executives may have had the misconception that they do not have control over their workers' compensation costs.

Some of the manufacturing executives could have misinterpreted the questions during the interview.

During the interview method I could have misinterpreted the answers to some of the questions.

## CHAPTER FOUR

### Results

#### Introduction

This chapter will discuss the results that were obtained from interviews with two manufacturing companies. The purpose of this study was to survey the perceptions of two manufacturing managers regarding workers' compensation and corporate downsizing, and the effect of outplacement services on overall cost. As previously discussed in the methodology chapter, an interview questionnaire was designed as an instrument for data collection.

The interview instrument contained the following:

- Under Goal #1 there were 15 questions;
- Under Goal #2 there were 24 questions; (of the 24 there were 21 that pertained to companies that offered outplacement services);
- Under Goal #3 there were 19 questions;
- Under Goal #4 there were 6 questions.

The two companies that were chosen to participate in this study were chosen based on the fact that they incurred a layoff. The information on whether or not they have outplacement services was not known. There was one employee from company ABC that was interviewed and one employee from company XYZ that was interviewed. The employee from company ABC was interviewed on April 11, 2003 at the company's facility. The employee from company XYZ was interviewed on April 25, 2003 at the company's facility.

Results from Interview Instrument

Goal # 1: To show a comparison of workers' compensation costs and layoffs.

| Questions from Interview Instrument                     | Company ABC   | Company XYZ   |
|---|---|---|
| How many employees does your company employ?            | This company employed approximately 1000 employees in March of 2001. After the layoff in 2001 they went down to 900 employees. Currently they are at 400. | 125 currently   |
| When did your layoff (s) occur?                         | March 2001<br>September/October 2001<br>(4 layoffs) occurred in 2002<br>March 2003<br>May 2003  | 1976<br>1991<br>April 2001  |
| Was there more than one phase to the layoffs?           | No  | 2001: This was in three phases. The employees from the factory first went, then a portion of the management, and then 6 months later the highest-level management were laid off.  |
| How many layoffs in total has your company experienced? | 8   | 3   |
| What years?   | 2001<br>2002<br>2003  | 1976: This affected 100 percent of the workforce. This was for 30 days.<br>1991: last layoff. This was for four months. This affected about 10 percent of the workforce at the factory.<br>2001: This was for 30 days. This affected 20 percent of the workforce.<br>2003: 12 temporary employees |

Goal # 1: (Continued) To show a comparison of workers' compensation costs and layoffs.

|   |   |  |
|---|---|--|
| How many people did you layoff?   | 2001: 200 people<br>2002: Between 20 –50 people each layoff (4 occurred)<br>May 2003: affected 300 people | 1976: All employees<br>1991: 10 people<br>2001: 27 people  |
| What was your company's employee modification rate before the layoffs?  | .88 currently (April 2003)<br>They have increased with each layoff.                                       | 1991: 1.7<br>2001: .88<br>2002: .91 (currently)  |
| How many people did you have on workers compensation?   | Before last layoff (March 2003) there were two.   | Before layoff there was none.<br>After layoff there was one.   |
| What was your workers compensation rate before the layoff?  | 2002: Rate was .88<br>2001: Rate was .75<br>2000: Rate was .6   | 2002: Rate was .91<br>2001: Rate was .88<br>1976: Rate not known   |
| Did you notice an increase in worker compensation claims after the layoff?  | May 2003: no increase   | Yes, with temporary layoffs. Five of the 12 employees who were going to be laid off made a workers compensation claim. All five claims were found to be invalid. However, since the employees were temporary this did not affect the company directly. |
| Do you have a designated representative from your company who is responsible for the management of workers compensation claims/program? | They have two people that share this responsibility.  | There is one person responsible for the management.  |
| Does your company identify the root cause of claimed worker injuries?   | They try to get down to the root cause; sometimes it takes a little digging to determine the cause.       | They do investigations to get down to the root cause, as their insurance company does. The insurance company will do surveillance when needed.   |

Goal # 1: (Continued) To show a comparison of workers' compensation costs and layoffs.

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|---|---|--|
| <p>Are there any areas in your company that have had a trend of repeated injuries?</p>  | <p>Not anymore. They did in around the year 2000. As they noticed a trend they would try to do retraining.</p>            | <p>In the last 10 years there have been repeat performers that cut themselves.</p>   |
| <p>How much time was there between the time employees were told about the layoffs and the time they were actually laid off?</p> | <p>Every time they have a layoff the employees are notified individually and then they are escorted out the same day.</p> | <p>The temporary employees were told on a Wednesday they were going to be laid off on Friday. The five employees all made claims on Thursday (January 2003).</p> <p>When the company incurs a layoff the whole company is told at once in a meeting. The President usually disseminates the information during the meeting to the employees.</p> |

Goal #2: To determine whether or not placement services have been beneficial to employers in times of layoffs

| Questions from Interview Instrument   | Company ABC  | Company XYZ   |
|---|--|---|
| <p>Does your company offer outplacement services?</p> <p>Are the outplacement services in-house or out-serviced</p>   | <p>Yes.</p> <p>Out serviced</p>  | <p>No, they do not offer outplacement services.</p> |
| <p>What type of services' does your company offer?</p>  | <p>The outplacement service offers:</p> <ul style="list-style-type: none"> <li>• interviewing skills,</li> <li>• resume/cover letter assistance,</li> <li>• job search tool/techniques,</li> <li>• career counselors.</li> </ul> <p>There are no job databases or secretarial service offered.</p>   |   |
| <p>How are outplacement service made accessible to your employees?</p> <ul style="list-style-type: none"> <li>• What are the hours of availability?</li> <li>• Are appointments necessary?</li> <li>• Are onsite interviews offered?</li> </ul> | <p>At the time they are told they are laid off they are told about the outplacement services through the counselors. The services are voluntary.</p> <p>Normal business hours, Monday through Friday.</p> <p>Yes, employees are to make an appointment if they want to use the services.</p> <p>At the time they are initially told they are laid off they can talk to a counselor in the conference room at this company. However, any other contact with outplacement service representatives are offsite.</p> |   |



Goal # 2: (Continued) To determine whether or not placement services have been beneficial to employers in times of layoffs

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|--|---|--|
| How many employees actively use the outplacement services?                         | It is estimated that approximately between 50 to 70 percent of the employee that are laid off use these services. |  |
| How long do they have access to the outplacement services?                         | Each employee has up to 6 months to use the outplacement services.  |  |
| Does your company know how effective outplacement services have been to employees? | Not officially  |  |
| How effective are the services in aiding with job transition?                      | Not officially measured   |  |
| If no, how was the decision made to not provide outplacement services?             |   | It is based on the fact that they only have 80 people in the factory and because they have not ever had to do a management layoff up until 2001. It would not be cost effective for them to implement outplacement services at this point in time. |

Goal # 2: (Continued) To determine whether or not placement services have been beneficial to employers in times of layoffs

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| <p>If no: Has your company considered the benefits of such a program?</p> |  | <p>Up until 2001 and 2003 they have not had a layoff since 1991.</p> <p>They may have to rethink what they are doing but up to this point they have not thought about implementing outplacement services. Up until 2001 they have not laid off management ever.</p> <p>They do not offer counseling either. When a layoff occurs the President tries to be very positive, stressing that they don't think the lay off will be for very long and focusing on that.</p> <p>Through their health insurance they have employee assistance, but no additional or special counseling is offered.</p> <p>If they have to reduce the work-force a considerable amount they would consider implementing outplacement services for employees and to help employee morale.</p> <p>Layoffs have been viewed a whole lot differently; it is not based on what a person has or has not done for their job.<br/>It is strictly an economic decision.</p> |
|---|--|---|

Goal # 3: To determine the perceptions of management's analysis of workers' compensation costs in relation to layoffs.

| Questions from Interview Instrument   | Company ABC   | Company XYZ   |
|---|---|---|
| <p>Have you found that workers have made workers compensation claims around the time of a layoff?</p> | <p>Yes, employees that have been laid off have come back and reported that they were injured.</p> <p>2003: None yet.<br/>2002: They had two employees.</p> <p>*Claims found to be invalid. Injuries claimed were back injury and carpal tunnel.</p> <p>2001: One employee<br/>*Back injury found to be valid.</p> | <p>Yes, a prime example was this past December. In December 2002 temporary employees were made aware of the layoff. The employees were told they really liked them but were sorry they would have to get laid off. They had the plan in place to lay off temporary employees in the beginning of January 2003 and 5 temporary employees filed workers' compensation claim the day after they found out they were going to get laid off. At the time they had 23 temporary employees and they were going to drop 12. The workers' compensation claims were significant though they did not affect their rate. The workers' compensation claims made were claims of back strain/sprain. All five claims came in the day before the layoffs.</p> <p>* None of the five claims were valid; they thought by making a claim they would be able to continue with employment.</p> |

Goal # 3: (Continued) To determine the perceptions of management's analysis of workers' compensation costs in relation to layoffs.

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| <p>If workers compensation claims have been made around the time of a layoff, what - if any - risk control measures has your company done to protect the workers or the company?</p> | <p>Their insurance company determines the validity of the claim and if the company suspects the claim is not valid they will offer that information to their insurance company.</p> <p>They have done retraining with the supervisors so that they get completed incident reports. The incident report has been tailored to describe the injury in more detail.</p> <p>They make sure that employees and supervisors keep their eye out for situations or procedures that are determined to need more training.</p> <p>They do not use behavior based training officially.</p> | <p>One measure they really follow and use is the open relationship they have with the workers' compensation doctor. Any injured employee is brought to the doctor and they remain in contact with employees who are injured.</p> <p>All employees are willing to share information if there is talk about a fraudulent claim as they have been educated and trained on the effects that workers' compensation claims and fraudulent claims have on the company's bottom line. If they are not making a profit the first thing to go will be employees. This was a cultural change that had taken from 1991 to 1995 to implement.</p> <p>Employees are empowered to feel that the company has their health and well being as a first priority.</p> <p>They monitor the workers' compensation claim from the injury to the return to work.</p> <p>They have rules and regulations that employees are required to sign and these are enforced.</p> <p>The insurance company will provide a risk assessment.</p> |
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Goal # 3: (Continued) To determine the perceptions of management's analysis of workers' compensation costs in relation to layoffs.

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|  |   | <p>They also volunteer for the OSHA (Occupational Safety Health Administration) Audits.</p> <p>Safety committee also reviews all incidents and claims.</p> <p>They try to be proactive as they can.</p> |
| Does your insurance carrier investigate each claim for fraud indicators?   | Yes, they do when it is called for. They will do in-depth and further investigation of a claim/claimant.  | Each claim is investigated for fraud indicators and they also reflect if there are any issues with the claim.   |
| Does your insurance company give you information on any trends of losses they notice?  | <p>Yes they are provided quarterly results of any trend of losses.</p> <p>They retrain in areas where they have found trends of losses.</p>   | The insurance company comes in and gives presentation on how to investigate an incident.  |
| In your company or in industry have you found a trend of people making fraudulent claims?  | Yes, at one of their other facilities.  | They had the claim in June 2001 that was fraudulent and with the temporary employees (as previously mentioned).   |
| Do employees who are remaining and who make a workers compensation claim adhere to a return to work policy? (If it's physically possible.) | <p>Yes, when it is possible.</p> <p>This is really part of changing the culture.</p> <p>This does set a precedent for employees who are injured that they are wanted at work.</p> <p>They strictly abide by the light duty that is prescribed by the doctors.</p> | <p>Yes, when it is possible, very rarely do people not return to work.</p> <p>Good relationship with the doctor.</p>  |

Goal # 3: (Continued) To determine the perceptions of management's analysis of workers' compensation costs in relation to layoffs.

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| <p>What is your opinion on why employees would make a claim at the time of a layoff?</p> | <p>Employees make claims because some employees have heard that they might not then be affected by the layoff. It is a huge shock to an employee when they are laid off.</p> <p>If an employee thinks that job hunting will be difficult for them they might be more apt to file a claim.</p> <p>Some employees think they get a financial benefit.</p> <p>This company found employment for some of their employees at a company in their area. Some of their employees were given the option to be laid off, take a temporary leave of absence unpaid, or if they wanted to; go and work at the company they had worked out a deal with. Three people opted to go and work with the company down the road and within two hours of working for the new company an employee made a claim. The claim ended up to be a fraudulent claim.</p> | <p>The employees want money, they have families to support and they have commitments they have made for housing. So what they are really looking for is income. When there is an economic downturn they do not see the perspective of a job when there is layoff.</p> <p>There really are three key areas: Some employees don't think there is availability for other jobs, some may fear they do not have any other skills, in the marketplace, and employees really want an income.</p> |
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Goal # 3: (Continued) To determine the perceptions of management's analysis of workers' compensation costs in relation to layoffs.

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| <p>How do you think the transition of a layoff could be made to benefit the employee and the company?</p>    | <p>The company does a real good job with the current policies and programs they have. The company offers a very lucrative severance package. They offer an 8-week severance package at the minimum and then employees are paid up to 1 week for each year of service. This does cushion the shock of the layoff and then with the offering of outplacement services. This gives the employee time to think the shock of the layoff through. Not really sure if they could make the layoff transition period any better than it already is.</p> <p>The workers compensation rate of claims would be a lot higher if they did not offer severance packages; they really believe that.</p> | <p>Employees need the reassurance that they will not get laid off for those that remain. They want to know everything is going to be okay.</p> <p>This has been heard repetitively:<br/>         "Employees want to be able to trust management, to know what to do and how to do it. The employees want management to do their jobs. If employees see management floundering they are disappointed because management is found to be the key players of keeping things going."</p> <p>Once trust is there employees will have less doubt.</p> |
| <p>What kind of contingency plan had your company made when the decision to layoff employees came about?</p> | <p>First, the day the layoff happens counselors are there, employees are escorted out the door and they have a security company that is there for the day the layoffs happen. Some employees choose to clean out their desk the day of the layoff or they can make an appointment to come back to the facility to do that.</p> <p>The President/CEO sends out e-mail and voice mail explaining to all employees the reason for the layoff ,</p>   | <p>They do not have a history of layoffs so there is a different attitude about layoffs compared to other companies. The company is so small.</p> <p>Employees are brought in for their opinion.</p>   |

Goal # 3: (Continued) To determine the perceptions of management's analysis of workers' compensation costs in relation to layoffs.

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|  | <p>They do this at the same time as the layoffs are occurring. This is done as a preventative measure so there is no miscommunication.</p> <p>The supervisor lets each employee know individually, that they are getting laid off. The company does not publicize the names of those who are laid off. No one really knows who is laid off until they realize the employee is not at work anymore.</p> <p>Even the supervisors don't know who is laid off other than the supervisor who is laying off one of their people.</p> <p>There is no transfer of information on who is leaving; this does affect the productivity initially (they have to work even harder) because employees have to take over the job duties of the employees that were laid off.</p> |  |
| <p>What problems has your company faced during the layoff process?</p> | <p>None other than initial employee morale and productivity the day of the layoff.</p>   | <p>None other than initial employee morale and productivity the day of the layoff.</p> |



Goal # 3: (Continued) To determine the perceptions of management's analysis of workers' compensation costs in relation to layoffs.

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| <p>Have you found in your company that the productivity of the employees that remain after a layoff has changed?</p> | <p>The President feels that the current productivity the day after the layoff is about 80 percent.</p> <p>The representative that was interviewed feels that productivity is at 100% because people are scared and they do not want to be the next person laid off. The employees that remain are doing more because they do not want to look like a slacker and do not want to be the next person to go. The productivity is not real high on the day of the layoff.</p> <p>Employee assistance/counseling for the employees that remain has been discussed. They do have an employee assistance program for the employees too use. They are looking to bring a counselor in for the employees that remain, because they have pulled the numbers and not many employees are accessing the employee assistance/counseling program off site. They have found there is a definite need for it.</p> | <p>The productivity has increased for the employees who remain; they are very thankful to have a job.</p> <p>The biggest thing is culture.</p> |
| <p>Have you found in your company that employee morale changes in the employees that remain after a layoff?</p>      | <p>Morale is real low the day of the layoff.</p> <p>Employees are not getting any disciplinary problems, supervisors.</p> <p>Line employee supervisors</p>   | <p>The employees want to see management out on the floor. They want to hear positive comments.</p>   |

Goal # 3: (Continued) To determine the perceptions of management's analysis of workers' compensation costs in relation to layoffs.

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|  | <p>are developing the tough skin because it has happened so frequently. They feel bad for the employees, though what it comes down to is they know it is there job and the product needs to get out the door.</p> <p>Past trends have shown that people were getting injured, because they were trying to take on more work. Though with the current layoff in March 2003 they have not seen any incidents happening.</p> <p>Line supervisors have become calloused and they have the vision that we still have a job to do.</p> |  |
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Goal # 4: To identify if the two manufacturing companies have implemented outplacement services and if they have, how effective has that been as a loss control measure.

| Questions from Interview Instrument  | Company ABC  | Company XYZ |
|--|--|-------------|
| <p>Have you found by implementing outplacement services this has been a cost benefit to your company?</p>  | <p>Yes, because the employees that have remained after the layoff have seen that the laid off employees were treated very fairly.</p> <p>The employees that remain are not offered much for empowerment; this would really be supervisor driven. There is some empowering of employees but it is the supervisor's responsibility to let the employees know if they need to be revamping or changing something.</p> <p>The empowerment may be there but they just are not seeing that, (a for this reason, maybe perhaps employees are afraid to speak up, employees fear if there is another layoff, their name might be put on list.)</p> |             |
| <p>How much has your company saved in productivity, time, money, employee turnover, and workers' compensation claims in providing outplacement services?</p> | <p>Contact not sure if this has been measured.</p>   |             |

Goal # 4: (Continued) To identify if the two manufacturing companies have implemented outplacement services and if they have how effective has that been as a loss control measure.

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| <p>In your opinion is this service well received by current employees and laid off employees?</p>                                      | <p>Yes- if nothing else they hear from the employees that remain that the way the laid off employee were treated was fair and they felt they did the right things. Not sure if the outplacement services creates employee morale.</p> |  |
| <p>For companies that have not implemented outplacement services: What would it take for yours to implement outplacement services?</p> |   |  |

## CHAPTER FIVE

### Summary, Conclusions and Recommendations

#### Introduction

This chapter will provide the purpose of the study, the four goals, the methods and procedures used to gather the data, and will discuss the major findings, conclusions and the recommendations related to this study.

#### Purpose of the Study

The purpose of this study was to survey the perceptions of one Environmental Health and Safety Engineer and one Human Resource person, regarding the costs of workers' compensation and corporate downsizing and the effects of outplacements on overall costs. The current state of the economy brought on layoffs to the manufacturing industry. In 2000, layoffs in the manufacturing industry involved 365,000 workers and in 2001, there was an increase of 69 percent to account for 615,000 workers. By January 2002 alone there were already 129,000 people in the manufacturing industry laid off. The layoffs in the manufacturing industry accounted for the most of any industry (Siegel, 2002). When layoffs occur employee morale decreases. This study will interview two respective managers of two different manufacturers.

#### Goals of the Study

The goals of this study were to survey four different areas. The goals assisted in determining whether or not corporations should consider implementing placement services into their company as a loss control measure, and if they have, determining how effective they have been. The four distinct areas of this study were:

- 1) To show a comparison of workers' compensation costs and layoffs;
- 2) Determine whether or not placement services have been beneficial to employers in times of layoffs;
- 3) Determine the perceptions of management regarding workers' compensation costs in relation to layoffs; and
- 4) To identify if the two manufacturing companies have implemented outplacement services and, if they have, how effective has that been as a loss control measure.

#### Subject Selection and Description

Research was completed on the companies that had incurred layoffs in Minnesota since the recession. The two companies that were chosen to participate in this study were chosen based on the fact that they incurred a layoff. The information on whether or not they have outplacement services was not known. The information about whether or not they incurred a change in their workers' compensation rates was not known. The companies that participated in this study will not be identified by their company name; one company is identified as ABC and the other company is identified by XYZ.

The person interviewed at company ABC was the Environmental Health and Safety Engineer and the person interviewed at company XYZ was the Director of Human Resources. The only information that was known about the subjects is that they had incurred a layoff and that they were both manufacturing companies.

#### Instrumentation

A structured set of questions was constructed and asked of the interviewees. The questions that were asked of the interviewees were formulated based on issues and concepts that deal with the four goals of this study, and were also based on the literature

research that was conducted. Questions asked of the interviewees pertained to the following areas: the economy, workers' compensation costs, workers' compensation claims, loss control preventative measures, layoffs, employee morale, and outplacement services.

### Data Collection

Prospective manufacturing corporations were initially contacted by phone and at that time they were told the nature of the call and had the choice to accept to be interviewed. Letters were sent out to the manufacturers confirming our conversations; consent forms and a list of the questions that would be asked of them were included. The questions that were asked of the interviewees were provided to them two weeks before the scheduled interview. Interview times were scheduled with two manufacturing companies that were located in Minnesota.

### Major Findings

1. As layoffs were incurred the employee modification rate increased for both companies.
2. Company XYZ showed a significant increase in workers compensation claims in their most recent layoff of January 2003. They had 12 temporary employees, and once they were made aware that they were going to get laid off, 5 of the 12 made a worker's compensation claim. Though this did not affect company XYZ, this was still significant because worker's compensation claims appear to be made because the employees were getting laid off. All five claims that were made were found to be invalid.

3. Company ABC used outplacement services. Company XYZ did not use outplacement services because their workforce is not large enough for it to be a cost benefit. However, company XYZ would consider implementing outplacement services if they incurred another layoff that involved management.
4. For company ABC it is estimated that approximately between 50 to 70 percent of laid off employees use the outplacement services.
5. Both companies have had similar perceptions as to why employees made claims around the time of layoffs.
6. Both companies have found that workers make claims around the time of layoffs.
7. Both companies have found that employee morale and work productivity increased after the layoff.

### Conclusions

1. Though there is contradicting research that has found workers' compensation claims tend to drop during a recession, the data from this study can support a conclusion that the workers' compensation rate will increase in the time of a layoff.
2. We can conclude that outplacement services are beneficial to company ABC because between 50 to 70 percent of employees use the outplacement services.
3. The review of literature found that when layoffs occur there is a decrease in employee morale; this was true for the employees that were laid off, though not for the employees that remained. Company ABC's perceptions were that



employee morale and productivity actually increased. The rationale for the increase was thought to be that the employees that remained were thankful they had a job and did not want to provide any reason for them to get laid off if there was another round of layoffs.

4. The research completed indicated the employees who are laid off develop feelings of helplessness and anger; this was found to be true with companies ABC and XYZ.
5. Company ABC implemented outplacement services and the perception from the employees was that is a positive and effective way to keep employees' best interest in mind. To conclude, outplacement services are effective as a loss control measure.
6. Company ABC perceived that if they did not have outplacement services their workers compensation claim rate would be higher. From this, it can be concluded that outplacement services are an effective loss control measure.
7. The review of literature found that managers who survive a layoff often become harsh, conceited, reserved, estranged, uninterested, or depressed (Vries, Manfred, & as cited in Mishra, Spreitzer, & Mishra, 1998). Company ABC reflected that their managers often became cynical and thick skinned because they have endured layoffs before.

#### Recommendations Related to This Study

The recommendations for this study are as follows:

- The purpose of this study was to survey the perceptions of one Environmental Health and Safety Engineer person and one Human Resource person in regards to

- workers' compensation and corporate downsizing, and the effects of outplacement services on overall costs. There were two manufacturing companies that were interviewed, and I think that interviewing more manufacturing companies would support the current findings and provide for a larger population of perceptions.
- To have company ABC create a process that will effectively measure how the use of outplacement services serve as an effective loss control measure. This will justify to the company as to whether or not the use of outplacement services is a cost justified expenditure. This would provide accountability for how effective the outplacement services are.
  - To conduct further research in regards to the workers' compensation claim rate in relation to layoffs as currently there is not a lot of statistical data available. This would provide companies that are not educated about workers' compensation claims, with the knowledge and understanding of how workers' compensation claims can cost their company money at the time of a layoff.
  - Company ABC estimated that between 50 and 70 percent of employees use outplacement services. A further study, conducting research with an outplacement service company could aid in providing research to demonstrate how effective outplacement services are as a loss control measure.
  - This study found that employee morale and productivity actually increase rather than decrease in the time of a layoff. Another study with other manufacturers could provide further insight as to whether this is actually true among other manufacturers.

### Recommendations for Future Studies

Recommendations for future studies can be made in the following areas:

- A further study could be done on just the outplacement services. Company ABC has found the use of outplacement services useful overall, though they were not able to identify how useful or effective it has been from a statistical perspective.
- A further study from the employees' perspective on how morale and productivity is affected could be performed.
- A further perception study could be conducted from the perspective of upper management.

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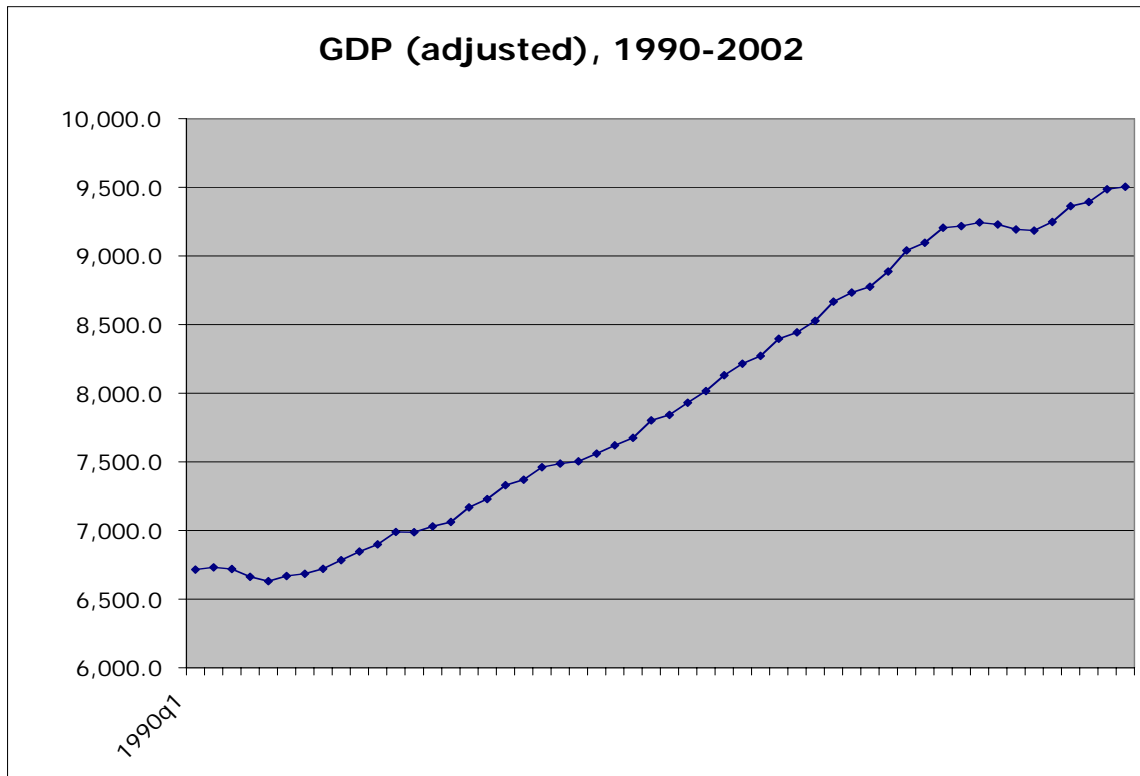
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## Appendix A







## Appendix C

### Interview Instrument

Introductory comments: This survey is being conducted verbally with two different manufacturing companies. Neither the names of the companies nor the name of the person interviewed will be identified. The means of identification for purposes of describing the findings will be done as follows: One company will be identified as ABC and the other company will be identified as XYZ.

Title of Thesis: Analysis of company's loss control perceptions of workers' compensation costs and outplacement services.

#### Survey Questions:

- ❖ Note: The two companies interviewed are companies that have faced a layoff.
- ❖ The goals of this study are to survey four different areas. The goals will assist in determining whether or not corporations should consider incorporating placement services into their company as a loss control measure.
  - 1) To show a comparison of compensation costs and layoffs.
    - a. How many employees does your company employ?
    - b. What type of manufacturing does your company specifically do?
    - c. When did your layoff occur?
      - i. Was there more than one phase to the layoffs?
      - ii. How many layoffs in total has your company experienced?
        1. What years?
    - d. How many people did you layoff?
    - e. What was your employee modification rate before the layoffs?
    - f. How many people did you have on workers compensation?
    - g. What was your workers compensation rate before company layoff?
    - h. Did you notice an increase in workers compensation claims after the layoff?
    - i. Do you have a designated representative from your company that is responsible for the management of workers compensation claims/program?
    - j. Does your company identify the root cause of claimed worker injuries?
    - k. Are there any areas in your company that have a trend of repeated injuries?
    - l. How much time was there between the time employees were told about layoffs and the time they were actually laid off?
  - 2) To determine whether or not placement services have been beneficial to employers in times of layoffs.
    - m. Does your company offer outplacement services (in house or out serviced plans?) Yes or No

- n. If yes-what type of services does your company offer?
- i. Examples
    1. Are the outplacement services offered in house or are they out serviced?
      - a. Have they always been out serviced?
      - b. Have you ever considered in-house services?
    2. How was the decision made to have outplacement offered in-house or to out service it made?
    3. Training/Learn new skills
    4. Interviewing Skill
    5. Resume/Cover letter workshops offered
    6. Job Search Tool/Techniques
    7. Career Counselors
      - a. Aid in identifying employees strengths and weaknesses
      - b. Assistance with emotional support
    8. Job Search Opportunities
      - a. Job Banks- (Subscribe to)
    9. Secretarial Services
      - a. Use of telephones, computers, faxes, and copiers
  - ii. How are outplacement service made accessible to employees?
    - a. What are the hours of availability?
    - b. Are appointments necessary?
    - c. Are onsite interviews offered?
  - iii. How many employees actively use the outplacement services?
  - iv. How long do they have access to the outplacement services?
  - v. Does your company know how effective outplacement services have been to employees?
    1. Any type of survey or questionnaire provided for their feedback (positive or negative)?
  - vi. How effective are the services in aiding in job transition?
- o. If no: Has your company considered the benefits of such a program?
- i. As there are benefits to you as the employer
    1. Enhances reputation in the community and proves your ability to attract new employees?
    2. Satisfies your desire to treat people right
    3. Ensures laid off employees will learn new tools and techniques, assist employee remaining focused on obtaining new employment
    4. Provides for positive (sense of hope) employee morale even though they are getting laid off
    5. Decrease risk of employees filing unnecessary workers compensation claims
    6. Provides best interest for the employees best interest

- ii. Provides benefits to employees
      - 1. Training
      - 2. Eases job transition
      - 3. Provides emotional support
      - 4. Empowers employees the company has their best interest in mind
    - iii. What has been the decision to not provide outplacement services?
- 3) To determine the perceptions of management's analysis of workers compensation costs in relation to layoffs.
  - p. In the current state of the economy (from your experiences and knowledge in the industry) have you found that workers have made workers' compensation claims around the time of a layoff?
  - q. If workers compensation claims have been made around the time of a layoff, what if any risk control measures has your company done to protect the workers or the company?
    - i. Does your insurance carrier investigate each claim for fraud indicators?
    - ii. Does your insurance company give you information on any trends of losses they notice?
    - iii. In your industry have you seen a trend of people making fraudulent claims?
    - iv. The employees who are remaining and who make a workers compensation claim do they adhere to a return to work policy? (If it is physically possible)
  - r. What is your opinion on why employees would make a claim at the time of a layoff?
  - s. How do you think the transition of a layoff could be made to benefit the employee and the company?
  - t. What kind of contingency plan had your company made when the decision to layoff employees came about?
    - i. Prepared for low employee morale
      - 1. For employee getting laid off and for the employees remaining
    - ii. Empowered employees to feel there best interest is still kept in mind
    - iii. Work productivity/effectiveness issue
    - iv. Working
  - u. What problems has your company faced during the layoff process?
    - i. Productivity
    - ii. Overall employee morale
  - v. Have you found in your company that the productivity of employees that remain after a layoff has changed?

- w. Have you found in your industry that employee morale changes in the employees that remain after a layoff?
- 4) To identify if the two manufacturing companies have implemented outplacement services and if they have how effective has that been as a loss control measure.
- x. For company that have placement services
    - i. Have you found by implementing outplacement service this has been a cost benefit to your company?
      - 1. From a productivity standpoint
      - 2. Empowering employees
      - 3. Workers compensation claim standpoint
    - ii. How much has your company saved in productivity, time, money, employee turnover, and workers compensation claims in providing outplacement services?
    - iii. In your opinion is this service well received by current employees and laid off employees?
      - 1. Creates positive employee morale.