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A CASE STUDY OF DISPLACED WORKERS:

THE HESSTON EXPERIENCE

by

Thomas Gene Fritts

A thesis submitted in partial fulfillment
of the requirements for the degree


of

MASTER OF SCIENCE

in

Economics

Approved:



UTAH STATE UNIVERSITY
Logan, Utah

1977

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Thomas G. Fritts

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ABSTRACT

A Case Study of Displaced Workers:

The Hesston Experience

by

Thomas G. Fritts, Master of Science

Utah State University, 1977

Major Professor: Dr. Gary B. Hansen
Department: Economics

In August of 1976, a factory employing 210 workers began a phased layoff of all employees. This study focused on the subsequent reemployment problems of the workers. Specifically, methods of job search were analyzed to determine if they had an influence upon placement and quality of employment.

Two means of data collection were used in this study. Questionnaires were mailed to all former employees of Hesston Farm Machinery Company and oral interviews were conducted with public and private individuals involved with placement assistance to displaced workers.

Results of the study indicated that public employment offices, private employment agencies, and Hesston's Personnel Department were ineffective in placing workers. Applying in person and obtaining employment from friends/relatives were both more common and more effective than other methods of job search.

(119 pages)

CHAPTER I

INTRODUCTION

It is the nature of a highly industrialized nation to experience a dynamic, evolving economy that sometimes has caused a disruptive effect on established employment relationships. With ever increasing intensity, the post-displacement experience of workers affected by change is attracting attention from both public and private parties involved. This study deals with the reemployment experience of workers displaced by changing conditions in technology and management acumen leading to a permanent plant shutdown.

The study will focus on the reemployment problems of displaced workers from a manufacturing facility located in a semi-rural area of Northern Utah's Cache Valley. The nature of the assistance given, job search methods utilized and their effectiveness in the search process, and the quality of the employment found will be the primary areas of emphasis. The guiding question to be answered by this study can be stated briefly: Was the formal assistance given to the displaced workers effective in terms of job placement and quality of employment?¹ Two methods of data

¹The term formal job search refers to official third-party sources of job information and placement. The main criteria for this category involves the organization and cooperation of persons and agencies other than the jobseeker and immediate family or friends in an effort to provide information on potential employers and/or actual placement assistance.

generation were used to pursue this hypothesis. Oral interviews were conducted with formal agencies to ascertain procedures and steps taken to assist the workers. Secondly, questionnaires were mailed to all former employees of the closed plant to determine their assessment and use of formal and informal channels of job search.²

Throughout this thesis, frequent mention of formal and informal job search methods will be made. In order to eliminate the possibility of confusion and ambiguity associated with these terms, the actual methods of formal and informal job search used by the displaced workers of this study will be outlined and described below.³ Formal job search methods are:

1. The state employment offices that assist the unemployed in their job search and placement through referrals to potential employers. They also handle the Unemployment Insurance benefits which can range as high as \$119 per week for persons earning \$3068 per quarter or more.

2. Private employment agencies are companies that will, for a fee, try to place someone in a desired or acceptable job. They are full-time firms that act as conduits to direct jobseekers to employment openings in positions they are qualified for.

3. The personnel department of the affected plant can provide temporary assistance to employees via personal contacts with local and

²The term informal job search is equated with activities such as contacting friends or relatives, applying in person to employers and utilizing newspaper advertisements. The emphasis on this category is reliance on oneself or close friend/relative to provide contacts and placement assistance.

³This data is based on the eight most common methods used by the respondents. The composite ninth category was developed that includes all other types of job search which proved to be the best common methods utilized by the displaced workers. See Table 5 for further information.

regional employers, counseling and assistance in resume writing, application forms and interviewing skills.

Informal job search methods are:

1. Applying in person which refers to the common practice of visiting employers in a local area and asking for employment, this usually requires the completion of an application form.

2. Newspaper advertisements are a means by which employers place ads in the classified section of a newspaper stating their needs and skill requirements for current openings in their organization.

3. Friends are utilized as both information centers and placement assistance. Friends may know of potential or current openings in the company they work for and relay the information to the jobseeker. Friends may also be in a position where their recommendation or advice may carry sufficient weight to gain employment for the displaced workers.

4. Relatives can provide the same service as the Friends category except the relationship here is one of kinship.

5. Letters to employers are usually associated with resumes and accompanying cover letters. A letter is sent to a company that one would like to work for or that has openings in a particular job category.

Thus, utilizing the foregoing search methods, this study will examine the reemployment problems of workers displaced via a plant shutdown in Cache Valley during the period of July - December 1976. The research process took place between January and September of 1977. To give the reader an introductory overview of this study, the following areas of interest will be examined; the company involved in the shutdown, a geographical and historical profile of the region involved, and the people of the area.

The Company

Hesston Corporation is an international company with home offices in Hesston, Kansas. It is engaged in the design, manufacture and sale of specialized agricultural harvesting machinery, such as windrowers, combine attachments and components, brush cotton harvesters, sugar beet harvesting equipment, potato harvesting equipment and hay handling equipment. Hesston has plants in four states and three foreign countries. The company was incorporated in Kansas in 1949 and, until 1969, was a regional manufacturer of specialized farm equipment. In the next six years the company engaged in a major program of acquisition and expansion which eventually led to this statement from the Chairman of the Board in late 1976:

Midway in our third quarter it became apparent that we could not meet our retail sales objective in North America during the year and that dealer inventories would continue to be excessive and substantially out of balance. Consequently we curtailed shipments to dealers and cut back production accordingly.⁴

Thus, Hesston, after a number of years of exceptional growth and earnings (stock price as high as 46 3/4 in 1974 on the New York Stock Exchange--it is now, as of September 1977, at 7 1/2) was faced with a problem that was said to have been caused by starting the year 1976 with high dealer inventories and by not achieving anticipated retail sales volume during the prime selling months of the third and fourth quarters.

The losses sustained in the third and fourth quarters and, consequently, for the entire years of 1976 and 1977, may be attributed to a number of factors, all related to the reduced shipments, excess inventory and production cutbacks. They are: 1) High fixed costs compared to

⁴Hesston Corporation's 4th Quarterly Report to Stockholders, 1976 p.5.

the production capacity the company was utilizing, together with unavoidable indirect expenses which could not be cut back as quickly as production. 2) Abnormal interest and finance costs which the company paid to support the inventory of dealers. 3) Inventory obsolescence because of the reduced production. 4) The cost of closing three divisions to reduce capacity and eliminate two unprofitable enterprises (a loss in excess of \$2 million).⁵ In short, the company had net losses of \$6,152,000 for 1976 and had to retrench and consolidate operations.

The management mistake that led to these problems seems to stem from the "Stakhand". The Stakhand is a patented product which picks up windrowed hay, forms and compresses it into weather-resistant stacks, and transports the stacks to the desired location. Top management failed to recognize that sales were being restricted by a maturing market and that a major competitor introduced a machine that was less expensive and, some analysts said, was better than the Hesston model.⁶ Some other factors that might have had an effect in the shutdown were a unionization drive by the International Brotherhood of Teamsters, Chauffeurs, Warehousemen and Helpers of America (IBT) Local No. 976⁷, and a multimillion dollar patent fraud suit filed against Hesston by Deere and Company in the United States District Court, District of Utah in September of 1973.⁸

⁵Ibid.

⁶For example, financial experts such as Merrill Lynch, Pierce, Fenner & Smith Inc., Ogden, Utah; Kidder Peabody & Co. Inc., Salt Lake City, Utah; E.G. Edwards & Sons Inc., Salt Lake City, Utah.

⁷In April of 1976, the IBT Local No. 976 attempted an organizational drive--they lost the election by a slim six vote margin.

⁸In May of 1977, Federal District Judge Aldon J. Anderson entered the following judgment: He denied the plaintiff's (Deere and Company) contention that the four patents in dispute were obtained in a fraudulent manner, however the Court granted the plaintiff's request that the patents in question are invalid for failure to disclose all pertinent facts.

As a result of the foregoing events, on Thursday July 22, 1976, the employees of Hesston's plant in Nibley, Utah, were informed of the eventual phased shutdown which was to begin in August and end the first of December (although some secretarial workers, managerial personnel and craftsmen would remain longer to transfer papers and equipment back to the Kansas plant.)

The Hesston Nibley plant, employing 210 men and women, had six different functional departments: accounting, data processing, manufacturing engineering, marketing, materials manufacturing and office personnel. Of these departments, materials manufacturing had over 70% of the employees. Within these departments were nineteen identifiable job categories: inventory control specialists, assembler, secretary, tool and die specialists, maintenance personnel, mechanic, welder, supervisor, machinist, fork-lift driver, fabricators, key punch operators, manager, engineer, machine operator, painter, inspector and professional office personnel. The process of manufacturing farm machinery is similar, although on a substantially different scale, to the automobile industry. Assembly lines, welders, overhead cranes, and fragmented job responsibilities were descriptive of the production process at Hesston.

Although the Hesston, Kansas office decided to terminate operations at their most profitable plant (the Nibley plant), they did not gut the operation and sell the equipment or send all the equipment back to Kansas.⁹ Instead, they removed some specialized equipment but did not dismantle the bulk of the equipment. For example, the assembly line was left intact, including the welders and cranes. Golden Forseberg, Mayor

⁹The former Production and Finance Managers for the Nibley plant proposed to have data to support this claim of profitability.

of Nibley and former employee of Hesston, said, "because of the condition that Hesston left the plant, it was inevitable that someone would move in."¹⁰ Indeed, five months after Hesston's ceased operations, another company purchased the site and patents to Hesston's potato harvester and windrower and within eighteen days was in production, although on a somewhat smaller scale than the Hesston operation.

Thus, the direct result of Hesston's shutdown policy concerning the plant, was the virtual guarantee of another employer taking over the operation, and producing something similar to Hesston's product. Several employees realized this, and just waited to see what kind of employment opportunities might develop. The actual motive behind this policy is unknown, but even if it was based on considerations for the bottom line, the direct effect on Cache Valley was the addition of another employer with a payroll of about seventy employees.¹¹

The Area

Cache Valley is located in Southern Idaho and the Northeast part of Utah.¹² The valley is quite level, about fifty miles long, and fifteen miles wide and is separated from the major population and industrial center of Utah, the Salt Lake Valley, by the Wellsville Mountains. Nibley, the location of the effected plant, is a small town just south

¹⁰A comment by Golden Forseburg in an interview on June 10, 1977.

¹¹There was a net loss of 140 jobs in the change of ownership, however the new employer made an effort to hire back former Hesston employees - of the total work force, about thirty-five are former Hesston employees.

¹²For the purposes of this study, all references made concerning Cache Valley or Cache County and its citizenry, is assumed to encompass only those people living within the boundaries of Utah.

of Logan which is the main population, commercial and governmental center of the valley.

The area was first settled by the Church of Jesus Christ of Latter-day Saints (the Mormons) pioneers in 1856, when Brigham Young, the Mormon leader, organized a party of seven families and sent them from the Salt Lake to colonize the valley, the area now has close to 50,000 inhabitants. (For a more detailed examination of Cache County's population and work force see Table 1.) According to the Chamber of Commerce, there are over sixty manufacturing industries in Cache Valley including printing, off-road vehicles, condensed milk, vegetable processing, needle-work, piano assembly, prepared pastries, and several cheese plants.¹³

Cache Valley is a new industrial area; only the cheese plants and vegetable cannery have been in the valley for over a decade. The pace of industrial growth and expansion has been rapid and does not appear to be slackening.

The People

A rural and religious tradition (about 2/3 of the residents are Mormons) have given Cache Valley a conservative, independent philosophy of life and the work ethic which are reflected in the unusually high birth rate, educational level and political affiliation.

Utah leads the nation in years of education completed by its population (and Cache County's average is better than the state's average.)¹⁴

¹³Cache County Chamber of Commerce, Fact Sheet, 1977, p. 1.

¹⁴On a nation-wide scale the median school years completed by mature persons was 10.6. Utah's is 12.2 and Cache County's is 12.3. Source: 1970 Census of population.

A relatively small percentage of the population is in the labor force; the national average is close to 42%, but Cache County has only 32% of

Table 1. Population and employment breakdown of Cache County, Utah (1974)

Total population	47,500
Total civilian work force	19,450
Total employed	18,360
Agriculture	1,400
Contract construction	650
Finance, Insurance, Real Estate	385
Government	5,770
Manufacturing	3,380
Mining	0
Service and miscellaneous	1,840
Transportation and Public Utilities	440
Wholesale and Retail Trade	2,740
All other nonagriculture employment	1,750

Source: The Bureau of Economic and Business Research Center, County and Community Economic Facts, University of Utah, 1975 (no page listing).

the population. Again, this has to do partly with the Mormon tradition of strong family ties which require at least one parent, usually the wife, to stay at home. The Utah State University students (about 9,000-9,500) may also have an effect on this percentage because many do not work and yet are considered residents of Utah. Another factor that can explain the relatively small percentage of the population in the labor

force is the high rate of young men who have lived on a farm since birth and have become unofficial partners of the farm over time. These individuals are not considered part of the work force but can be coaxed into a factory job if the wages are high enough and the experience gained is viewed as beneficial in terms of their long-range goals.¹⁵ In short, the average Cache Valley industrial worker is a first generation factory employee with a farm background and a belief in the Mormon principle of "put your shoulder to the wheel. . ."¹⁶

¹⁵Skills such as welding, tool and die, machinist and mechanic are valuable skills to a potential farm or ranch owner.

¹⁶Will L. Thompson, "The World Has Need of Willing Men", in Hymn: The Church of Jesus Christ of Latter-day Saints, 1948, p. 206.

CHAPTER II

REVIEW OF LITERATURE

This review will attempt to highlight some of the pioneering work in the area of reemployment of displaced workers. Some limitations of the source material are:

1. Data are limited to 1960's and 1970's.
2. References are limited to North American publications.
3. References are primarily case studies but some relevant background and theoretical sources are also cited.

Two important characteristics are identified as particularly distinguishing this study. It is case-oriented and the research has regional policy implications. These characteristics are discussed successively in the following sections along with the relevant literature.

Case Studies

This section can logically be broken into two parts. The first part will examine individual studies and their major contributions to job search literature. The second part will take up specific topics relevant to the shutdown process: demand for labor, demographic data, public programs for assistance to jobseekers, private arrangements made by management and labor to assist in reemployment in cases of partial or complete shutdown of operations, and job search techniques used by displaced workers.

Armour experience

One of the most significant longitudinal studies concerns the Armour Automation Fund Committee which was especially active between 1959 and 1968. The committee was established in the 1959 labor-management agreement of Armour and Company and the United Packinghouse Workers Union and the Amalgamated Meat Cutters and Butchers Workmen's Union to study the manpower problems arising from plant closings. Its broad mandate was to "develop programs that would minimize the impact of economic change on the work force."¹ Armour was just beginning a ten-year program of modernization and consolidation which eventually led to fourteen plants being completely or partially closed. In 1960 the committee began the practice of opening a full-time reemployment assistance office in the city where a major plant closure was scheduled, these activities led to a series of reports. The first report was on the Sioux City² experience followed by reports on closures in Fort Worth,³ Kansas City,⁴ and Omaha,⁵ which then gave rise to several summary papers. It is interesting to see the evolution of the methods used and of the

¹George P. Shultz and Arnold R. Weber, "Technological Change and Industrial Relations," Employment Relations Research, 23(1960):XL.

²Norman M. Bradburn, "Interplant Transfer: The Sioux City Experience," A Report to the Automation Fund Committee, 98(1964). And Eaton H. Conant, "Report and Appraisal: The Armour Fund's Sioux City Project," Monthly Labor Review, (November 1965):1297-1301.

³George P. Shultz and Arnold R. Weber, "The Fort Worth Project of the Armour Automation Committee," Monthly Labor Review, (December 1964): 53-57.

⁴James L. Stern, "Consequences of Plant Closure," Journal of Human Resources, (Winter 1972):3-25.

⁵Joseph C. Ullman, "Helping Workers Locate Jobs Following a Plant Shutdown," Monthly Labor Review, (April 1969):35-40).

thinking as to their effectiveness. For example, when the interplant transfer plan was first instituted in Fort Worth, only three of the eight hundred potential transferees made permanent transfers. After some adjustments in the methodology of the plan, successful transfers increased to 17% in the Omaha closure.⁶ Why was there encouragement of transfers? James Stern, in his study of the transfer system, found that workers who elected to take the transfer increased their annual earnings by more than \$2000, which gave rise to the author's suggestion of governmental support of measures to increase the use of interplant transfers.⁷ In fact, the U.S. Department of Labor in April of 1977, began the Job Search and Relocation Assistance Pilot Project, an experimental program, which can provide a family up to \$1500 towards the cost of moving. Other assistance includes long distance telephone calls, and travel expenses to explore job opportunities. The three-year project is being conducted at selected employment service offices in eight southeastern states. Two important books were the direct result of the Armour experience. Strategies for the Displaced Worker was an interim report covering the 1961-1965 period; it commented on the maturation of the Automation Fund Committee and its use of interplant transfers, financial cushions, placement and retraining.⁸ Unwanted Workers⁹ was a more research oriented project focusing directly on the committee's

⁶James I. Stern, "Evolution of Private Manpower Planning in Armour's Plant Closings," Monthly Labor Review, (December 1969):23.

⁷Stern, "Consequences of Plant Closure," p. 5.

⁸George P. Shutlz and Arnold R. Weber, Strategies for Displaced Workers, (New York: Harper and Row, 1966) p. 221.

⁹Richard C. Wilcock and Walter H. Franke, Unwanted Workers, (New York: The Free Press of Glencoe, Ill., 1963), p. 340.

experience, as did an article by Harold Brooks.¹⁰ Some articles examined specific areas in an assessment of the overall effectiveness. Arnold Weber discussed three variables; the interplant transfer, the aspect of advance notice, and the experiments in retraining.¹¹

Wickwire study

The Wickwire study of Foltman concerned a steel mill in New York State which employed 1455 workers.¹² A shutdown was announced in June of 1963, but the actual layoffs were spread out over the next year or more. The plant was unionized and had a collective bargaining agreement that stipulated transfer rights to employees with over two years seniority. Few took advantage of the program. The study was organized around the concept that white-collar workers seek to maximize their re-employment, while blue-collar workers seek to "satisfice" or settle for something that is good enough. To this end, Foltman attempted to answer eight questions relevant to the hypothesis, his conclusions were:

- 1) Older workers, both white and blue-collar, find new employment less readily than younger workers.
- 2) The higher the level of education among displaced workers the greater the chance of being employed.

¹⁰Harold E. Brooks, "The Armour Automation Committee Experience," Industrial Relations Research Association Proceedings, (December 1968): 137-143.

¹¹Arnold R. Weber, "The Interplant Transfer of Displaced Employees," Adjusting to Technological Change, G.G. Somer ed., (New York: Harper and Row, 1963) p. 95-143; Arnold R. Weber and David P. Taylor, "Procedures for Employee Displacement: Advance Notice of Plant Shutdown," Journal of Business, (July 1963):302-315; Arnold R. Weber, "Experiments in Retraining: A Comparative Study," Retraining the Unemployed, G.G. Somers ed., (University of Wisconsin Press, 1968) p. 257-296.

¹²Felician F. Foltman, White and Blue Collar in a Mill Shutdown, (Ithaca: New York State School of Industrial and Labor Relations, Cornell University, 1968) p. 236.

3) Skilled workers find more job opportunities after displacement than less skilled workers. 4) Organized community efforts to find jobs for displaced workers can be either successful or ineffective depending on the commitment and motivation of the community. 5) Public and private employment agencies play a relatively minor role in finding jobs for the displaced. 6) Displaced workers who find new jobs usually perceive the jobs as less desirable than their previous employment. 7) Blue-collar displaced workers are strongly attached to their communities and will not consider moving away, while white-collar displaced workers are less attached to their communities and more likely to take jobs requiring a move. 8) Retraining or continuing one's education is not considered a realistic alternative by displaced workers.

The author concludes that his original hypothesis concerning the satisficing nature of blue-collar workers was verified by the study. Also, meaningful solutions to the problems of the displaced, must be confronted by "all three major actors in this drama -- employers, unions, and government".¹³

Laplante's study

One of the best and most extensive case studies of recent years is Serge Laplante's dissertation of the Quebec experience.¹⁴ In 1969 the province of Quebec enacted the Manpower Vocational Training and Qualification Act which had a section (section 45) dealing with plant closures -- specifically the establishment of reclassification committees

¹³Ibid., p. 118.

¹⁴Serge A. Laplante, Displaced Workers: A Study of Reclassification Activities in Quebec, (Harvard University, 1973) p. 754.

to help place the unemployed workers and a mandatory length of time for prior notification of the shutdown.¹⁵ The objective of Laplante's project was to identify those factors which influenced the level of success in post-displacement readjustment.

This project's major contribution is the inclusion of factors other than personal and work-related characteristics of individual workers such as age, education and seniority. These other factors have shown that a substantially better explanation of reemployment success could be explained than was possible in other studies. These factors are under the control of the parties involved in readjustment assistance. These included measures such as transfer programs, relocation assistance, placement assistance, training activities and communications efforts.

Controllable determinants were found to play a major role in reemployment success and showed that it was possible to do something to favor readjustment success. Also, Laplante identified climate variables, which were found to account for an important part of the success of reclassification committees. Climate variables are defined as:

the spirit surrounding the displacement and readjustment processes, the attitude and cooperation of private parties, the way they approached the new task and their ability to work together and develop appropriate solutions.¹⁶

In short, this is the variable that evaluates whether the committee members are just carrying out the letter of the law or whether they're going the extra mile and meeting the spirit of the law.

¹⁵A copy of section 45 from the Manpower Vocational Training and Qualification Act is presented in Appendix A of Laplante's Dissertation. The law requires two months prior notification if 10-100 employees are effected, three months if 101-300 and four months if over 300 employees are displaced by collective dismissals.

¹⁶Laplante, p. 9-16.

Sexton study

Another dissertation examining the same Quebec experiment was written by Jean Sexton.¹⁷ The evaluation was based on 1,044 workers plus an additional 186 workers used as the control group. Five indicators of success for the program were identified: placement in a new job, financial remuneration, presence and length of unemployment before the first post-shutdown reemployment experience compared to their last job at the closing plant and stability of the first job found.

Sexton's specific purpose was to measure and analyze the degree of the formal reclassification committees' real influence in attaining their goals of rapid, stable, and rewarding solutions to the reemployment problems of blue-collar workers in a plant shutdown. Sexton concluded that the reclassification committees had very little significant impact on the workers' employability when compared to the control group. Indeed "both groups experienced a highly similar postclosure experience on the labor market."¹⁸ A major oversight of this study is that the author did not mention in either the review of literature or the bibliography the Laplante study. The Laplante study included some forty-six reclassification cases covering a five-year period which terminated in September of 1972. The Sexton study analyzed nine reclassification committees over a four-year period terminating in 1973. The Laplante study broadened the range of potential determinants of reemployment success to include structural reemployment variables and climate variables as well as demographic data. With this broadened approach and a

¹⁷ Jean Sexton, Blue Collar Workers Displaced by Complete and permanent Plant Shutdowns: The Quebec Experience, (Cornell University, 1975) p. 504.

¹⁸ Ibid., p. XLII.

sophisticated statistical procedure utilizing multiple regression analysis, Laplante's conclusion was optimistic with respect to the usefulness of the reclassification committees. The success of committee action teams has also been demonstrated by the Institute for Social Research at the University of Michigan.¹⁹

The BLS study

The Bureau of Labor Statistics (BLS) in 1964 published a pamphlet reviewing the effects of plant shutdowns in five different industries.²⁰ The study was of a descriptive nature outlining the causes of displacement, labor market conditions, measures taken to prevent displacement and help workers find jobs, the characteristics of the displaced workers, their job hunting experience, and some job effects of displacement. The pamphlet's usefulness is limited, but it gives a good overview of the displacement process.

Specific topics

The year 1963 was chosen as a point of departure for this survey of literature because the earlier period is well summarized by the classic study of Haber, Ferman and Hudson, The Impact of Technological Change.²¹ The major criterion of success for a displaced worker is in terms of his/her reemployment. Five factors that influence a successful job search will be examined -- they are: demand for labor in the

¹⁹Institute for Social Research, "A Factory Shuts Down: ISR Researchers, Community Aid Laid-Off Workers," ISR Newsletter, (University of Michigan, Summer 1976).

²⁰U.S. Department of Labor, Case Studies of Displaced Workers, (Washington: Bureau of Labor Statistics, Bulletin No. 1408).

²¹William Haber, Louis A. Ferman, James R. Hudson, The Impact of Technological Change, (Kalamazoo: Upjohn Institute, September 1963) p. 26.

affected area, demographic data of jobseekers, public assistance given, private assistance given and the process of job searching.

Demand for labor. The general level of demand in any labor market has been noted as a major determinant of the success of any placement effort. Also, the diversity of industry in a given labor market lessens the seriousness of a plant closure for many of the blue-collar jobseekers.²² Long-term unemployed are reported as seeing their employment opportunities reduced merely because they were without a job for a long time.²³ Since long term unemployment often follows plant closures for many workers,²⁴ especially in depressed areas,²⁵ rapid identification of vacant jobs on a state or regional basis is crucial for successful job placement.

Demographic data. Personal characteristics are often viewed as the most important determinant of reemployment success. With respect to age, most studies in displacement assistance support the conclusions of Haber, Ferman and Hudson's observation that there is a positive relationship between age and length of unemployment after the layoff. There is one major exception to this rule, the youngest workers (less than eighteen years old) face as big a problem of reemployment as the older workers, at least in the short run.²⁶ In fact, many studies have concluded

²²Sexton, p. 26.

²³Harold L. Sheppard and A. Harvey Belitsky, The Job Hunt: Job-Seeking Behavior of Unemployed Workers in a Local Economy, (Baltimore: The John Hopkins Press, 1966) p. 270.

²⁴Shultz and Weber, p. 175.

²⁵Haber et al., p. 32.

²⁶Foltman, p. 107.

that age is the most important attribute of a displaced worker as viewed by potential employers.

The value of education on reemployment success is certainly not negative but its positive effect has been questioned. The impact of education seems to be of varying degrees, both neutral and positive, depending on the circumstances, except for younger blue-collar workers for whom a high level of education (high school diploma plus some post-secondary education) is very important to their potential employers.²⁷

Generally, the more highly skilled workers are, the less trouble they have in finding a new job. However, Haber et al. have pointed out that the validity of such a statement is directly related to the transferability of skills in the labor market if reemployment is to be found in sectors of industry other than the former one.²⁸

The effect of family responsibility suggests the relative importance of marital status on reemployment when financial pressure is present. In general, family responsibility plays different roles in different circumstances and under different financial pressure situations.²⁹ A general statement as to the positive or negative effect of family responsibility cannot be made yet because of the wide range of geographical, cultural, economic, educational and personal differences that seem to effect this variable.

²⁷ Wilcock and Franke, p. 57.

²⁸ Shultz and Weber, p. 101; Edwin Young, "The Armour Experience", in Adjusting to Technological Change, (New York: Harper and Row, 1963) p. 158.

²⁹ David B. Lipsky, "Interplant Transfer and Terminated Workers: A Case Study", Industrial and Labor Relations Review, 23 (January 1970) p. 191-206.

Public assistance. Many authors have suggested, in varying degrees, direct government intervention in cases of mass layoffs to help the displaced workers obtain reemployment. However, differences exist concerning the type and specificity of the intervention. Reasons given for justifying governmental intervention are many: the help needed to iron out labor market imperfections,³⁰ the social responsibility of all three participants of the industrial relations system,³¹ the full employment commitment of the Democratic administration of President Carter, the need for preventive and pre-shutdown measures, the limits of collective bargaining in cases of mass layoffs,³² and the special treatment of the displaced because they lost their job through no fault of their own and because the homogeneous character of a group of displaced workers may lead to economies of scale.

In 1963 U.S. delegates voted for recommendation number 119 of the International Labor Office (ILO). This recommendation contained guidelines for employers contemplating termination of their operations. Valid reasons for termination, workers right to appeal against the decision of termination, reasonable advance notice or compensation, reasonable amount of time off without loss of pay to seek employment

³⁰Sar A. Levitan, "Technological Change and the Community", in Adjusting to Technological Change, (New York: Harper and Row, 1963) p. 169.

³¹Automation Fund Committee, "Progress of Armours' Tripartite Automation Committee", Monthly Labor Review (August 1961) p. 856; Foltman, p. 118.

³²Thomas Kennedy, Automation Funds and Displaced Workers, (Boston: Harvard University Press, 1962) p. 152; Robert L. Aronson, Jobs, Wages and Changing Technology, (Ithaca: New York State School of Industrial and Labor Relations, Cornell University, 1965) Bulletin No. 55, p. 51.

elsewhere, some form of income protection, priority of reengagement, and rapid reemployment were all ideas accepted by the ILO fourteen years ago.³³ Of these seven main points, two have been the subject of laws passed by Congress. One is the provision for Unemployment Insurance compensation, the other concerns labor laws which, as interpreted by the Supreme Court, have put limitations on an employer's right to shut down a plant. The other five points are still within the management rights sphere, which can be compromised by individual collective bargaining agreements.

Two direct public programs for assisting displaced workers are the Early Warning System (EWS) and the Trade Expansion Act (TEA) of 1962. The Manpower Development and Training Act (MDTA) was originally intended to assist displaced workers but has concentrated more on the young, the poor and members of racial and ethnic minorities.

Basically, the EWS program is administrative and the U.S. Employment Service's national office monitors this nationwide voluntary system in which the local office of the employment service is responsible for identification of a mass layoff. The purpose of this program is twofold; it is to spot unemployment situations in which special manpower actions might be indicated, and to make sure appropriate actions are planned and undertaken.

Possible local manpower actions are: intensive job-finding campaigns, increased interarea recruitment, providing workers with up-to-date labor market information both on local and regional job opportunities, mass registration for Unemployment Insurance benefits, individual

³³I.L.O. Manpower Adjustment Programmes: III Canada, Italy, Japan. (Geneva: 1968) p. 165.

job counseling and coordinating appropriate employment service operations with those of other local officials (management, labor unions, and other community groups).

The Trade Expansion Act of 1962 is a federal program that authorizes adjustment assistance by the Department of Labor to workers adversely affected by increased imports due to tariff concessions.³⁴ The major limitation of this program stem from two different aspects of the program. It has been hard to operationalize the term "affected by imports" and also the program has had little or no publicity -- those workers who might be eligible for assistance are ignorant of the TEA's existence.

Private arrangements. Many major companies in the U.S. have collective bargaining agreements, included in these agreements are a wide range of procedures to help the displaced workers. Among the more common practices are advance notice, counseling, organization of joint committees, and transfers.

Specific time periods for advance notice are not given, but rather, broad guidelines -- "reasonable time" or "as soon as possible" -- are given, with the understanding that notice should be given as far in advance of a layoff as possible.³⁵ Management reluctance to prior notification can be grouped into the following categories: expected fall in productivity, the fear of early resignations, the fear of opposition, resistance and loss of morale, secrecy of plans from competitors, and

³⁴U.S. Department of Labor, Trade Adjustment Assistance for Workers: Questions and Answers, (Washington: Bureau of International Labor Affairs, undated) p. 4.

³⁵For example, see the collective bargaining agreements of 1976 for Kaiser Steel, The Boeing Company, American Oil Company and Goodyear Tire and Rubber Company.

mistrust of confidentiality of government agencies. Sexton reports that these fears are generally not supported, the employers' problem is in accepting the principle, once accepted most of their fears are alleviated.³⁶

Some authors believe that workers must be helped to see clearly where they are going in a shutdown situation.³⁷ One answer is "intensive counseling of all options open to displaced workers, job opportunities over a wide market, methods of job search", and the reasons for the shutdown.³⁸ This step will help the workers psychologically and limit possible negative consequences of their job search.³⁹ Groups and/or family counseling was found to have more success than the individual approach.

Joint consultations in cases of mass layoffs, as suggested by the ILO in 1963, have occurred mainly through collective bargaining agreements. These committees are organized when mass layoffs are announced with the purpose of trying to solve the employment problems of the displaced workers in an ad hoc manner. Perhaps the most important indicator of success of the joint committees is the strong desire on the part of management and labor to make it work.⁴⁰ Laplante calls this the climate

³⁶Sexton, p. 280.

³⁷Sexton, p. 64; Laplante, p. 2-12; Foltman, p. 25.

³⁸Sexton, p. 64.

³⁹Michael Aiken, Louis A. Firman, and Harold L. Sheppard, Economic Failure, Alienation, and Extremism, (Ann Arbor: University of Michigan Press, 1968) p. 197.

⁴⁰Lincoln Fairley, "The ILWV-PMA Mechanization and Modernization Agreement: An Evaluation of Experience Under the Agreement: The Union View", IRRA Proceedings, (1963), p. 37; John A. Orr, "The Rise and Fall of Steels Human Relations Committee", Labor History, 14 (Winter 1973) p. 74.

variable and also stresses the importance of a strong commitment by the three parties -- labor, management, and government. Also, the form of the committee is important. Agenda are necessary and meetings should be held at least once every month. The members of the committee should represent who they say they do and should have the authority to make decisions for their group.⁴¹

With respect to transfers, several authors have stated that financial earnings of transferees are substantially higher than those who either retrain or seek employment on their own.⁴² In fact, the Armour studies concluded that governmental assistance to help workers investigate and move to new locations is a better alternative than other welfare programs.

These procedures as outlined, are mainly in either unionized plants or plants larger than 500 workers. Workers not in this category are often subjected to the capricious nature of management. Sometimes they fare quite well, and other times not so well.

A curious characteristic of the majority of these collective bargaining agreements is that many of these programs are set up after the closure. Evidence strongly suggests that it is before the shutdown that the greatest potential success is to be found.⁴³ It seems that displaced blue-collar workers are usually left to themselves to find reemployment.

⁴¹James L. Stern, "Collective Bargaining Trends and Patterns", A Review of Industrial Relations Research, IRRR Vol. II (1972) p. 131-32.

⁴²Stern, Monthly Labor Review, p. 24; Shultz and Weber, p. 41.

⁴³Sexton, p. 73.

Job search. There is some evidence that displaced blue-collar workers tend to set very low standards for acceptable jobs and this tendency is greater the longer the displaced worker has been out of work.⁴⁴ Environmental factors such as achievement motivation, adverse reaction of the worker to the closure, and job interview anxiety are factors influencing such job search behavior.⁴⁵ These findings suggest that labor market conditions and personal attributes are not the only factors influencing unemployment, and that the worst obstacle the displaced worker may face may be himself.

Research points to the importance of beginning to look for work before being terminated. Also, the longer amount of time a worker takes to start his job search reduces his chances of finding a new job.⁴⁶ In fact, many blue-collar workers wait until after the shutdown to look for a new job.

Haber et al., noted that "most displaced workers obtain new jobs through informal methods (friends, relatives, and direct application to employers) rather than formal methods of job hunting."⁴⁷ The Manpower Administration of the U.S. Department of Labor in 1973 financed a nationwide sample survey of successful jobseekers to determine which search methods they utilized.⁴⁸ Those who had actively looked for work were

⁴⁴Foltman, p. 106; Weddenburn, p. 108.

⁴⁵Sheppard and Belitsky, p. 43.

⁴⁶Foltman, p. 46.

⁴⁷Haber et al., p. 26-28.

⁴⁸Thomas, Bradshaw, "Job-seeking Methods Used by Unemployed Workers", Monthly Labor Review, (February, 1973) p. 35-41.

asked to check those methods used in the search for their present job. The survey covered nearly sixteen million wage and salary workers sixteen years and older.

By far, the most often cited method was direct application to employers without suggestions or referrals by anyone. Two-thirds of all unemployed jobseekers used this method. See Figure 1. Close to fifty percent of the respondents were asking friends about openings and answered advertisements in local newspapers. About one out of every three jobseekers used the state employment service to help find employment. Approximately two out of seven workers seeking employment asked their relatives about possible job openings. Finally, about one out of five respondents contacted private employment agencies to help in their job search.

After the respondents had listed all the methods used to find work, they were asked to select the method by which they had obtained their present job. See Figure 2. The three top-ranking methods were direct application to employers, asking friends about jobs, and answering ads in newspapers. Finally, an effectiveness rate was calculated for the different types of job search.⁴⁹ Applying in person was by far the most effective with private employment agencies and newspaper ads second and third respectively. See Figure 3.

The majority of displaced workers find jobs within a year of the shutdown, but some experience underemployment for several years after

⁴⁹This measure is now widely accepted:

$$\text{effectiveness} = \frac{\text{number who obtain job by method}}{\text{number who mentioned using the method}}$$

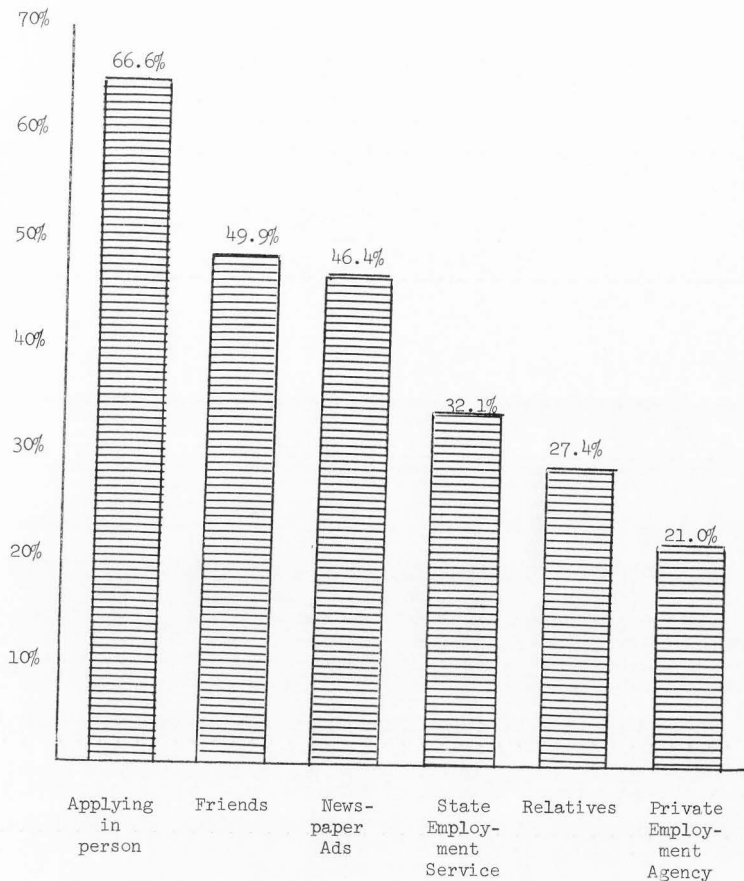


Figure 1. Survey of jobseeking methods used by unemployed workers in the United States (percentage)

Source: Department of Labor Survey (1972) as reported by Thomas Bradshaw, "Job-seeking Methods Used by Unemployed Workers", Monthly Labor Review, February 1973, p. 35-41.

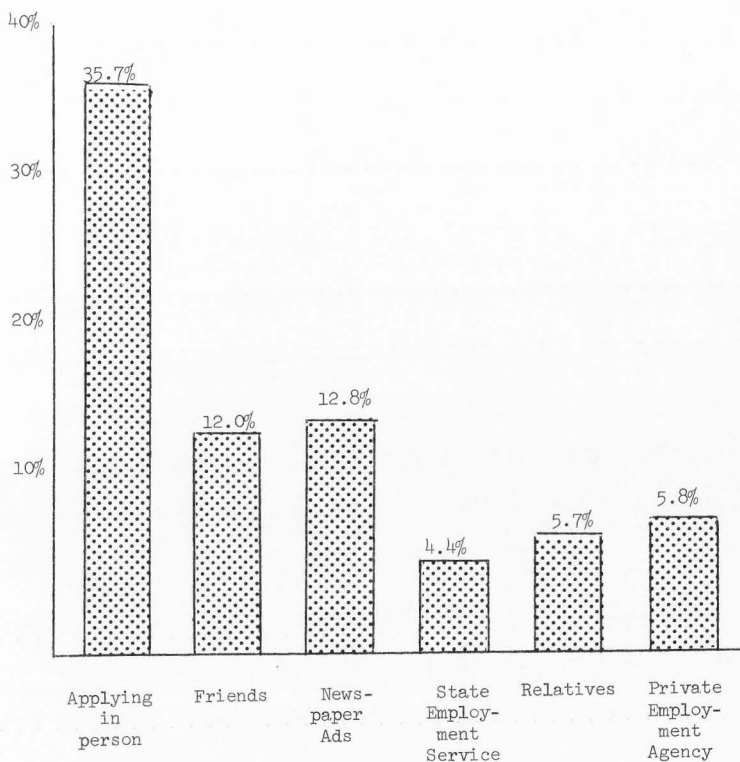


Figure 2. Survey of methods used to obtain jobs by unemployed workers (percentage).

Source: Department of Labor Survey (1972) as reported by Thomas Bradshaw, "Job-seeking Methods Used by Unemployed Workers", Monthly Labor Review, February 1973, p. 35-41.

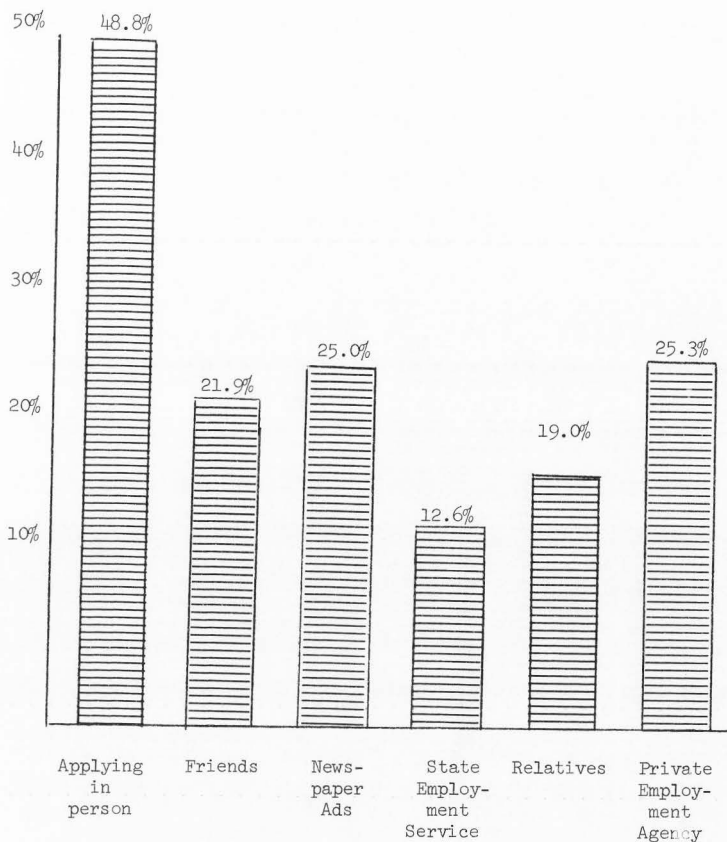


Figure 3. Survey of effectiveness rating for methods used by unemployed workers*.

Source: Department of Labor Survey (1972) as reported by Thomas Bradshaw, "Job-seeking Methods Used by Unemployed Workers", Monthly Labor Review, February 1973, p. 35-41.

*effectiveness rating = $\frac{\text{number who obtain job by method}}{\text{number who mentioned using method}}$

the shutdown. Also, blue-collar workers have a strong attachment to their communities, and little or no inclination toward looking for a new job that would require them to move.⁵⁰ In terms of earnings, the younger workers are most likely to increase their earnings and the oldest the most likely to get lower wages even over the long run.⁵¹ Also, it is mainly the semi-skilled and unskilled production workers who suffer substantial long-run reductions in earnings following a closure. In terms of job satisfaction, many reemployed workers were reported as relatively less satisfied with their new jobs.⁵² Thus, the evidence suggests that in the closing of a plant, there are many losers both in the short run and in the long run.

Policy Implications

Throughout the 1960's and 1970's there has been a growing evolution of thought concerning public and private responsibilities to displaced workers. The Armour & Company experience during the 1960's seemed to have highlighted the problems of plant shutdowns. The series of plant closures throughout the Midwest drew national attention via mass media coverage of the attempts by both private and public administrators to assist workers displaced by permanent shutdowns.

Out of this period of evolution came many suggestions and experiments to assist the workers in their reemployment problems. Perhaps the

⁵⁰Foltman, p. 73.

⁵¹Foltman, p. 76; Wedderburn, p. 99; Stern, "Consequences...", p. 19.

⁵²Sexton, p. 82.

one overriding truism that came out of most of these writings is the partnership arrangement of public agencies cooperating with concerned private groups and management from the effected plant. A coordination of activities was proven to be much more effective than a "lone ranger" approach. The range of activities that a successful committee might pursue are varied. They constitute a coordinating structure aimed towards problem solving. The committee can serve as an umbrella over various public and private activities to provide coordination and overall direction. They can provide technical support with specific knowledge concerning public programs, legal implications of committee activities and expertise concerning available literature on reemployment committees. They can play the role of an ombudsman for the displaced workers. The committee should be a two-way information channel providing an informal atmosphere so that workers who feel they need assistance will come to them without having to face unnecessary red tape. They can provide an insurance of continuity of effort beyond an initial statement of principle by management and/or public agencies. They can ensure that the committee structure and activities are organized in a way that the displaced jobseekers feel involved in the attempts to help them.

Several policy recommendations based on the studies of Laplante, Sexton, Foltman, and Shultz and Weber may be made. These recommendations may be useful to concerned parties in both the public and private sectors.

Plan ahead

The three concerned parties -- community and union leaders, management personnel, and the public agencies -- should be notified and

meetings set up.⁵³ Reference material from previous studies should be made available and the applicability of different measures should be discussed, rejected, modified or accepted. Also, management can follow a policy of minimizing displacement by not hiring in the months prior to the shutdown, and allowing normal turnover to bring about a reduction in the work force.

Prior notification

The workers should be notified of the shutdown as soon as possible and all steps should be taken to eliminate uncertainty and ambiguity in the shutdown process.⁵⁴ Management is able to affirm the seriousness of its decision and the exact procedures to be used in the shutdown.

Spread layoffs

The general rule of thumb is to stretch the shutdown and layoffs to the maximum extent of time possible.⁵⁵ This allows the organized community effort along with job service and the plant's personnel department to concentrate their energies on a smaller number of people at a time. Also, this gives more time for the initial shock to wear off and for measures to be developed for the geographic labor market to absorb the workers. In addition, considerations should be given to employees accepting earlier jobs and desiring to terminate their employment without losing other rights (severance pay, vacation pay, etc.).

⁵³Sexton, p. 281; Laplante, p. 10.46-10.47.

⁵⁴Foltman, p. 117; Shultz and Weber, p. 190; Sexton, p. 273; Laplante, p. 10.47-10.48.

⁵⁵Sexton, p. 275; Stern, "Consequences of Plant Closure", p. 22; Laplante, p. 10.48.

Active participation of management

Encouragement of lower level managers to actively assist community and public agencies in uncovering potential employers.⁵⁶ This includes corresponding with firms in the same industry or related industries, placing advertisements and notices in industry publications and contacting personal friends in appropriate industries.

Utilization of Job Service

The public employment service is potentially the most valuable single community resource for working with displacement problems.⁵⁷ The employment service has existing facilities and an operative organization, is a permanent part of the community and has an interstate network of communications through which it can develop a broadly based placement effort, especially when augmented by personalities from management and the community.

Transfers

If an active transfer program can be instituted, it can be one of the most important and advantageous measures known.⁵⁸ Unfortunately, this measure is only applicable to large multiplant operations.

Retraining

Some form of retraining and skill development might be useful for workers long accustomed to a specific job and who have no particular

⁵⁶Foltman, p. 34; Laplante, p. 10.48-10.49; Sexton p. 275, 277.

⁵⁷Laplante, p. 10.53; Foltman, p. 118.

⁵⁸Laplante, p. 10.49; Foltman, p. 15-16.

skill to offer another employer in a different industry.⁵⁹ This is also a viable alternative for the older, hard-to-place, workers who might want training in another less strenuous occupation.

Active community involvement

Actual placement assistance from community leaders and the personnel department of the affected plant can assist workers by contacting other employers, referring employees, help in preparing resumes and application forms, and can give useful advice on interviewing skills.⁶⁰ Facilities should also be made available to potential employers for interviewing workers at the plant site.

Continuous information flow

Information should be made available to the workers on an intensive and continuous basis, and should not be terminated when the plant is finally closed.⁶¹ Often assistance is withdrawn when the employer physically leaves the area, whereas the unemployment effect will be felt for many months afterwards.

Counseling

The personnel department of the plant should make resources available for counseling employees on an individual or group basis, usually covering financial, psychological and career planning topics. An

⁵⁹Laplante, p. 10.50; Foltman, p. 117-118.

⁶⁰Laplante, p. 10.48-10.49; Sexton, p. 281.

⁶¹Laplante, p. 10.50; Sexton, p. 281-283.

important general objective of this program should be to cultivate a sense of mobility among the displaced workers.⁶² Alternative employment opportunities and geographical possibilities should be reviewed with the employees.

Financial considerations

Financial benefits should be provided.⁶³ For example, a worker's pension plan might not be fully vested at the time of the shutdown: some consideration by management could help the worker retain some measure of financial security.

From this review of the literature it is clear that there is no one program that will work for each area and unique situation. A contingency approach to the problem, with a clear recognition of and adaptation to different problems is a prerequisite to any successful attack on the problems of the displaced.

Conclusion

The news of a shutdown brings negative feelings and an attitude of withdrawal among the displaced workers. These attitudes, added to a bad labor market condition, personal characteristics, and generally poor assistance seem to cause the worker to rely on himself in the job search and therefore to utilize informal methods of search to obtain jobs. This new job often means lower wages and less job satisfaction. Thus, the new job is not likely to be reasonably equal to the former job.

⁶²Laplante, p. 10.51; Sexton, p. 284.

⁶³Laplante, p. 10.51; Sexton, p. 279.

The policy recommendation that has proven crucial in several cases and seems to be the one controllable factor in formal job search behavior that has a high correlation with successful job placement is the climate variable discussed in the Laplante study. This is the key that can open the doors of reemployment to earnest jobseekers displaced by plant shutdowns. In conjunction with the climate variable, an arsenal of potential weapons against post-employment problems, similar to those just outlined, must be developed and available for implementation in the appropriate situation. However, it is important to remember, only guidelines and open ended suggestions that will hopefully direct efforts towards optimal reemployment solutions can be given. Therefore, the specific content of any program designed for a particular situation must be tailored to that unique problem.

From this review of literature it is now possible to outline the specific hypotheses that will be discussed in subsequent chapters. They are presented in Table 2.

Table 2. Table of hypotheses generated from Review of Literature

Type of characteristic, program, or result of factors concerning reemployment	Positive influence on reemployment	Negative influence on reemployment	Neutral or insignificant influence on reemployment	Conditional effect on reemployment
Characteristics				
Blue-collar workers seek to satisfy		X		
Blue-collar workers strongly attached to their communities		X		
Higher education	X			
Older workers		X		
Semi-skilled and unskilled workers		X		
Family responsibilities				X
Programs				
Retraining			X	
Transfer	X			

Table 2. - Continued

Type of characteristic, program, or result of factors concerning reemployment	Positive influence on reemployment	Negative influence on reemployment	Neutral or insignificant influence on reemployment	Conditional effect on reemployment
Spread layoffs	X			
Relocation assistance	X			
Up-to-date job information	X			
Climate variable				X
Advance notice	X			
Income protection				X
Counseling	X			
Community action groups				X
Job service			X	
Unionized plants	X			
Characteristics of New Job	Positive	Negative	Neutral or Insignificant	
New job in comparison with previous job		X		

Table 2. - Continued

Characteristics of New Job	Positive	Negative	Neutral or Insignificant
Earnings		X	
Formal job search			X
Informal job search	X		
Psychological effect		X	
Other contributing factors			
Demand for labor in relevant job market (increasing)	X		

CHAPTER III

METHODOLOGY AND FREQUENCY COUNT OF DATA

This chapter will outline the methodology used in this study, along with a presentation of frequency counts of both the mailed questionnaire and the oral interviews, and a concluding section on the economic impact of the shutdown on the Cache Valley area. The methodology section will describe the two methods of data generation and conclude with an explanation of how the data was tabulated and analyzed.

Methodology

Data for this study were generated by means of a mailed questionnaire¹ sent to all former employees of Hesston's² and oral interviews³ with persons associated with formal job search. Also interviewed were several key managers of Hesston in an attempt to gain an internal picture of the shutdown process.

Questionnaire

The first mailings were conducted over a five day period, May 2-6, 1977. After the first day's mailing, an oversight was identified and subsequently corrected. The self-addressed stamped return envelopes

¹A copy of the mailed questionnaire is presented in Appendix A. Also, suggestions for improving the questionnaire are contained in Appendix D.

²Of the 206 questionnaires sent out, 102 were returned.

³A copy of the oral interview outline is presented in Appendix B.

were omitted in the first mailing but upon correction and an apology letter, a good percentage were returned. Of the fifty-six questionnaires sent without return envelopes, twenty-two were returned after correction for a 39.3% response rate. This was only about 9% below the overall response rate of 48.5%.

The questionnaire consisted of thirty-one questions covering $4\frac{1}{2}$ pages. Most of the questions were structured so the respondents merely checked the answer corresponding to his/her personal situation or feelings. Confidentiality was promised and assured by means of a third party who opened the mail and sent the questionnaires to the analyst. As a closing request it was indicated to the respondents that if they wanted a summary of the project results one would be sent if their names and addresses were provided. Over 90% of the respondents requested the summary.

In an effort to verify that the 102 respondents were representative of the population of 210, a follow-up study by telephone of twenty-five nonrespondents was conducted in mid August. A mini-questionnaire interview schedule was devised that could be administered over the phone in less than five minutes.⁴ Questions included demographic data and job information concerning both their Hesston jobs and their current jobs and how they got their jobs. Information was obtained from twenty-one of the randomly selected nonrespondents for a 84% response rate. Statistical tests were run on categories of the two sets of respondents. Of the eight questions from the mini-questionnaire correlated with the data from the mailed questionnaire, only two sets of proportions were

⁴A copy of the mini-questionnaire is presented in Appendix C.

different at the .05 level of significance, the level of unemployed, and the ratio of other family members starting to work after the layoff. See Figure 4. Perhaps the time factor can best explain this discrepancy. The time lag between the two surveys was about twelve weeks, giving the telephone respondents about eighty-four more days to find employment and thus reduce the need for other family members to enter the work force.

Oral interviews

From April until the first of June, 1977, fourteen interviews were conducted with people in key leadership positions throughout the valley in an attempt to ascertain some of the operational activities of offices and agencies concerned with the displaced workers. The interview outline was designed to follow that of the mailed questionnaire, where appropriate, so that comparisons and contrasts could be made. The following is a list of interview appointments completed prior to June 6, 1977:

1. Director of Utah State Employment Service, Cache County Office.⁵
2. New Director of Utah State Employment Service, Cache County Office.⁶ (Interview completed in late August, 1977)
3. Director of Bridgerland Area Vocational Center.
4. Bear River Association of Governments' Manpower Planning Coordinator.

⁵The Utah State Employment Service is also known as Job Service.

⁶The former Director of the Logan office of Utah State Employment Service (referred to in item 1), retired in early August, 1977.

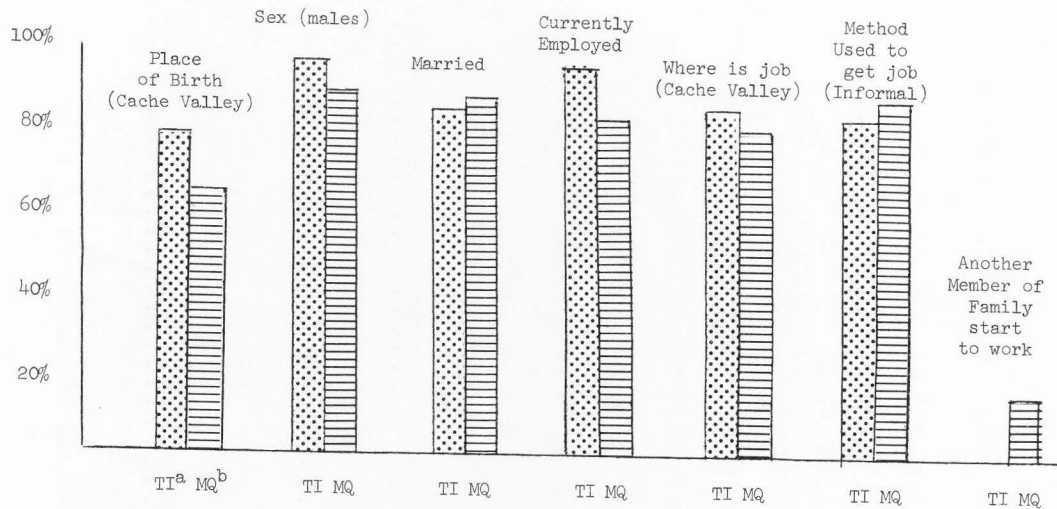


Figure 4. Comparison of data from telephone interviews with data from mailed questionnaires. Hesston study 1976 (*percentage).

*The median age of the two surveys was: TI = 26.5, MQ = 28.5.

^aTelephone interviews.

^bMailed questionnaires.

The number of respondents for the two surveys are: TI = 21, MQ = 102.

5. Executive Director of Bear River Association of Governments.
6. Director of the Church of Jesus Christ of Latter-day Saints Employment Center, Logan.
7. Director of Family Services, Cache County.
8. A reporter for the Logan Herald Journal.
9. Former Finance Manager for Hesston's Nibley plant.
10. Former Production Manager for Hesston's Nibley plant.
11. An inventor of one of Hesston's patented farm products.
12. Former Personnel Director for Hesston's Nibley plant.
13. Mayor of Nibley and former employee of Hesston's Nibley plant.
14. Director of Cache County's Chamber of Commerce.

Method of data analysis

Data from the questionnaire were coded and then programmed using the Statistical Package for the Social Sciences (SPSS). Most of the analysis consists of descriptive table displays of two variables, although some statistical calculations regarding differences of proportions and means were conducted. The interpretations of the tables and statistical tests will be used to support or refute a priori hypotheses about the relationships between the variables being studied.

Data from the oral interviews were first subjected to content analysis and then the results, where applicable, were compared to those of the mailed questionnaire to be substantiated or refuted.

The limitations associated with this type of analysis stems from the subjective analysis of the oral interviews. Also there is an uncontrollable bias introduced by the interviewer. Although a conscious effort of impartiality was maintained throughout the research process,

the possibility of errors, either by the interviewer or by the analyst, cannot be totally discounted.

Frequency Count of Mailed Questionnaires

As previously mentioned, the SPSS package was used for the tabulation of frequency counts and correlations between two variables. In this section, the tabulation of replies to each question will be reported along with a descriptive summary of the significance of the data. The breakdown of major topics covered in this section are: demographic data, notification process, search methods, employment situation, financial situation, and the respondents' subjective feelings concerning the shutdown.

Demographic data

As Table 3 indicates four out of five of the respondents are Utahans but more specifically two out of three are natives of Cache Valley. This is one indication of a closed job market. A closed job market means that for an employer, the available labor pool to draw on for employees is very localized. By the same token, for jobseekers their geographical area of potential employers is also very localized. This is what the former Director of Job Service meant when he said, "what you see is what you get."⁷ Another indicator of the closed job market hypothesis is the median length of residence in Utah and Cache Valley. For Utah it's 24.8 years and for Cache Valley it's 21.4 years. This may seem relatively low but when compared to the median age of Hesston employees, 28.7 years, it is quite high. Indeed, one of the

⁷A comment recorded in an interview on May 6, 1977.

Table 3. Place of birth of respondents

	Cache Valley	Utah	Inter- mountain area	United States	Other	Total
Absolute number	68	14	6	13	1	102
Percentage (of total)	66.7	13.7	5.9	12.7	1.0	100

* Throughout the study, the four-way geographical breakdown will be followed. The correct way to read the table is from left to right; Cache Valley = all natives of Cache Valley, Utah = all natives of Utah except the Cache Valley area; Intermountain area = all natives of the Intermountain area except Utah; United States = all U.S. citizens except Intermountain area residents.

most interesting aspects of this study, is the unusual deviation of demographic data from other studies of a similar nature. As can be seen from Table 4, Hesston employees had a significantly different median age than the other four studies.

With respect to education, the study showed a median of 12.6 years of education. Again, this is significantly above the median of the other studies and measurably above the national median level of 10.6 years. What makes this statistic so unusual is that although Utah's median level of education is 12.2 and Cache Valley's is 12.3, the data from this study is from a durable goods manufacturing plant employing mostly semi-skilled blue-collar workers!

The percentage of females in the work force of Hesston's was also lower than in the other studies. Percentage of married employees and number of dependents was correspondingly higher than the other studies.

These statistics are another indication of the conservative and cultural nature of the people of Cache Valley.

Table 4. Demographic comparisons

	Age (mean)	Years of Education (mean)	Sex (% of female)	Number of dependents (mean)	Married (%)
Laplante study	36.7	8.6	30	1.0	60
Foltman study	44.1	9.0	28	.8	NA
Armour studies	46.5	8.0	13.5	NA	NA
Sexton study	39.1	7.3	38.2	1.9	56.5
Hesston study	28.7	12.6	11.8	2.3	86.3

In summary, the data verifies the profile presented in the Introduction. The "average" Hesston employee was young, male, married, with 2.3 dependents, a native of Cache Valley, and had a high school diploma. In comparison with the four other studies and the national averages, the Hesston employees were younger, better educated, had a higher percentage of males,⁸ and had a higher ratio of married workers and number of dependents.

Notification process

In an attempt to determine the extent of the dissemination of information of the impending shutdown to the affected workers, a question was asked as to whether they were told before the shutdown that they

⁸ In the Laplante study (page 5.7), displaced men obtain new jobs more quickly than do displaced women.

were going to lose their jobs. A significant minority, 13.9%, of the workers reported that they had not been told of the shutdown. The question itself was intended as a warm-up question introducing more specific questions concerning the notification itself. From past interviews with Hesston managers and several former employees, it was known that on July 22, 1976, there was a mass meeting of all employees to inform the men of the shutdown, postings were made of the announcement and lists of employees to be terminated were also periodically posted. In addition, one to two weeks prior to termination, employees were called into the personnel office and told about their displacement. The possibility of such a large number of workers saying that they did not know of the impending shutdown was not even considered. This apparent paradox seems to affirm one of Foltman's premises concerning blue-collar workers.⁹ They don't seem to realize the significance of the shutdown, until after they are terminated. In support of this idea, another question was asked concerning how they felt about finding a new job; 11.1% said they were indifferent to the situation. It seems hard to understand how 11.1% of the workers could be indifferent to their employment situation until viewed in light of Foltman's premise.

Of those reporting that they had received advance notice, the median length of prior notification before termination, was 9.8 weeks. When asked how they had heard of the shutdown, the workers had an equal chance (48.5% vs. 48.5%) of being informed from either their employer or their fellow workers. The form of the notice can be categorized as informal. Of the employees, 76.5% were informed orally of the shutdown

⁹Felican F. Foltman, White and Blue Collar in a Mill Shutdown, (Ithaca: Cornell University, 1968) p. 41.

while the remainder were notified by formal means such as personal letters or posting. When asked if their notification was sufficiently in advance of the layoff, 90.0% said it was. This means that although 13.9% received no advance notice, only 10.0% felt the notification was not sufficient!

In summary, a significant minority of workers reported that they had had no advance warning of the shutdown, of those that had received notices the median length of time was about two and a half months, they were informed orally by either fellow workers or a representative of management and nine out of ten indicated that the notice was sufficiently in advance of the shutdown.

Search methods

When asked how they had gone about looking for employment, the most common methods used by the respondents were friends/relatives, applying in person and the Utah State Employment Service. See Table 5. These three methods were by far the most common ways of seeking jobs for the respondents. Compared with respondents in two national surveys, the Hesston employees seem to have put more emphasis on these three search methods than the average jobseeker in the U.S. See Table 6.

When asked which method was used to get the job they currently hold, applying in person was the method indicated number one by all three surveys. Friends/relatives and the state employment service were a distant second and third respectively. See Table 7.

When computing the effectiveness rate, as introduced by the Department of Labor, applying in person is by far the most effective method of job search in the Hesston survey and the two national surveys. See

Table 5. Methods used in job search by Hesston respondents (percentage*)

Methods Used	Percent of employees using method
**Friends/relatives	84.3
Applying in person	78.4
USES	69.6
Newspaper ads	36.3
Hesston's personnel office	32.4
Sending letters	20.6
Private employment agencies	18.6
***Other	14.7

*The total is greater than 100% because of multiple answers.

**These two categories have been combined, in keeping with the procedure used by the national surveys. A computational error has been introduced because in the Hesston survey it was possible to mark both Friends and Relatives, whereas in the national surveys it was a combined category, which could only be marked once.

***This category includes: unions (2), radio broadcasts (1), Utah State University listings (2), direct contact by employer (3), employment service of the Church of Jesus Christ of Latter-Day Saints (1), Idaho State Employment Service (1).

Table 8. Of particular interest is the effectiveness of USES and Hesston's Personnel Department. In all three surveys, the state employment service rated fifth in effectiveness, and in the Hesston survey the personnel office of Hesston's was the lowest of all methods surveyed.

In conclusion, informal job search was both more common and more effective than formal methods of job search. This is also true of the national surveys, however the magnitude of the differences is greater

Table 6. Comparison table of percentage who used each type of search method

Type of job search	Census Bureau 1973	Department of Labor 1972	Foltman study 1968	Hesston study 1977
Applied in person	66.0	66.6	56.2	78.4
Friends/relatives	60.0	77.3	78.4	84.3
State employment service	35.5	32.1	55.8	69.6
Private employment agencies	21.0	21.0	10.5	18.6
Newspaper advertisements	45.9	46.4	38.9	36.3
The company personnel department	----	----	24.1	32.4

Source: Census Bureau Job Finding Survey (1973) as reported by Bradley R. Schiller, "Job Search Media: Utilization and Effectiveness", Quarterly Review of Economics and Business, Winter 1975, p. 55-63; Department of Labor Survey (1972) as reported by Thomas Bradshaw, "Job-seeking Methods Used by Unemployed Workers", Monthly Labor Review, February 1973, p. 35-41; Felician F. Foltman, White and Blue Collar in a Mill Shutdown, Ithaca: New York State School of Industrial and Labor Relations, Cornell University, 1968, p. 68-70.

Table 7. Comparison table of actual methods used to get jobs
(percentage*)

Type of job search	Census Bureau 1973	Department of Labor 1972	Foltman study 1968	Hesston study 1977
Applying in person	34.9	35.7	39.0	46.1
Friends/relatives	26.2	17.7	39.0	28.4
State employment service	5.1	4.4	9.2	8.8
Private employment agency	5.6	5.8	1.6	2.9
Newspaper advertisements	12.2	12.8	5.2	5.9
The company personnel department	----	----	4.4	2.0

*Because this table only represents the top five methods used to obtain jobs, the total may not be 100%.

Table 8. Comparison table: Effectiveness rating*

Type of job search	Census Bureau 1973	Department of Labor 1972	Foltman study 1968	Hesston study 1977
Applying in person	47.7	48.8	35.9	58.8
Friends/relatives	43.6	40.9	25.7	33.7
State employment service	13.7	12.6	8.5	12.6
Private employment agency	24.2	25.3	7.8	15.6
Newspaper advertisements	23.9	25.0	6.9	16.3
The company personnel department	----	----	9.4	6.2

* effectiveness rate = $\frac{\text{number who obtain job by method}}{\text{number who mentioned using method}}$

in the Hesston survey. In fact, the three different types of formal search (USES, private employment agencies, and Hesston Personnel Department) were the three least effective means of job search.

Employment situation

Perhaps the best indicator of success of an employee's job search, is whether he/she was able to obtain employment. Of those workers responding to the question, 77.4% were employed full-time at the time of the survey, 3.9% were employed part-time, 16.7% were unemployed seeking work, 1.0% were unemployed not seeking work, and 1.0% were retired.

See Table 9. Of those currently employed, the following is a list of occupations with their respective frequency counts: clerical workers (4), engineer (2), heavy equipment operator (5), inspector (2),

laborer (14), machine operator (12), machinist (5), manager (8), mechanic (5), owner of own business (2), service job (3), welder (5), other (7).

The job that the respondents formerly held at Hesston's prior to the shutdown is presented with their respective frequencies: assembler (8), clerks (6), engineer (5), fabricator (11), fork-lift driver (5), inspector (2), inventory control personnel (4), key punch operator (3), machine operator (2), machinist (12), maintenance (2), manager (4), mechanic (2), painter (2), professional office personnel (4), secretary (2), supervisor (7), tool and die (5), welder (14). Of the one hundred responses to this question, seventy-one were from the materials manufacturing department.

Table 9. Current employment situation of former Hesston employees (percentage)

Employment Situation	Percentage
Self-employed	3.9
Employed, full-time	68.6
Employed, part-time	3.9
Unemployed, seeking	16.7
Unemployed, not seeking	1.0
Employed, full-time plus part-time	4.9
Retired	1.0

Financial situation

To determine what financial considerations were made on behalf of employees, the respondents were asked how much in severance pay, pension plan, vacation pay etc, was received, in total from Hesston's. An average of 500 dollars was received in compensation. For a measure of how many workers were unemployed upon termination and for how long, they were asked about their use of Unemployment Insurance (UI) benefits; 59.4% signed up for UI (only one respondent failed to answer this question) but only 50.0% actually received compensation. Therefore, about 50% of the workers obtained jobs within one week of separation. Of those receiving UI, the median length of unemployment was 11.5 weeks. Another query aimed at the same idea, was whether the workers had received any other form of public assistance. Only one respondent said that they had received other public assistance.

For a look at the worker's personal financial situation (see Table 10) it was found that "considerable amount of debt" and "very little savings" were highest in terms of frequency rate. These results are not too surprising when the demographic data, which was reported previously, are considered. With young families and a high proportion buying homes, 68.3%, a large amount of debt is to be expected.

To determine if the reemployed and/or unemployed workers, were able to find jobs that would be financially comparable to their former job, a question was asked concerning other members of the family entering the work force to help make up for the loss of income due to under-employment or under-compensation. Of the one hundred individuals responding, 18% had family members start to work after the Hesston

layoff. Of those 18% of new entrants in the labor market, the vast majority (88.9%) were spouses.

Table 10. Personal finances of former Hesston employees (*percentage)

substantial savings	very little savings	no savings	small amount of debt	considerable amount of debt
15.7	36.3	24.5	28.4	37.3

*The sum is not equal to 100% because respondents were asked to check as many boxes as apply to their situation.

To sum up the findings, the average Hesston employee received about \$500 of financial remuneration, had little savings and a considerable amount of debt, about 50% of the workers found employment within a week of termination and about one out of five families had to have their incomes augmented by an additional member of the family entering the labor market.

Subjective feelings

The fundamental purpose of this study, was to ascertain whether the formal assistance given to the workers was useful in their job search. Toward this end, a question was formulated to determine how the workers felt about the arrangements that were made to help them in their job search. On a scale of one to five with one being excellent and five equivalent to bad arrangements, the median was 3.1. (See Figure 5) This is just slightly toward the poor/bad side but not statistically different from an average of 3.0.

To determine how strongly the workers are attached to the Cache Valley area, the respondents were asked where they would be willing to

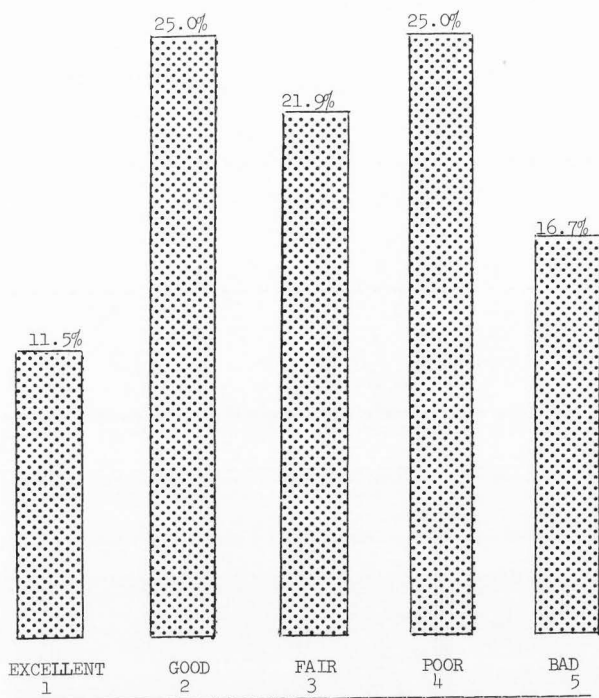


Figure 5. Worker's subjective feelings concerning arrangements made to assist them.

Note: The mean response was 3.1

move to accept a job as good as or better than the Hesston job. (See Table 11). Over 60% said they were unwilling to move out of the valley even to accept a better job than the Hesston job. Also, only 11.9% of the people were willing to move out of the intermountain area. With such a high proportion of workers unwilling to move out of the valley, the verification of the closed job market hypothesis is confirmed.

Table 11. Willingness of workers to move in order to accept a job as good as or better than the Hesston job

Geographical preference	Absolute number	Percentage of total
Cache Valley (CV)	61	60.4
Utah (U) excluding CV	6	5.9
Intermountain area (IA) excluding U	23	22.8
United States excluding IA	11	10.9

To ascertain the respondents frame of mind with respect to obtaining reemployment, they were asked how they felt about finding a new job; 52.5% were optimistic, 27.3% were pessimistic, 11.1% were indifferent, and 9.1% did not know how they felt. With such a high reemployment rate at the time of this study (only 16.7% unemployed), the large minority of respondents who were pessimistic or indifferent are surprising. One possible explanation for this is that the work force is so young and mainly first generation factory workers, that the prospect of looking for another job is so new and fraught with uncertainty, that they become depressed or indifferent to their plight.

The majority of workers would not consider a move outside of Cache Valley, a significant minority of the workers were pessimistic or indifferent towards finding a new job and negative responses were approximately equal to positive statements with respect to the arrangements made for assisting the displaced workers in their job search.

Frequency Count of Oral Interviews

It is extremely difficult to report the frequency distribution on the range of questions contained in the interview outline. As can be seen from the list of persons and agencies visited (from previous section) some questions apply to only a few of the interviewees and not others. Also, the questionnaire was based on a computer programming technique that builds from one question to the next, going from the general to the specific. In many cases, the agencies' answer to the fourth question -- "Did Hesston's contact you or did you initiate the contact?" -- was that no contact was ever made. The questioning broke down after that because its hard to get specifics on something that never happened. Therefore, this section will report the tabulation of answers to the first three questions and report several specific replies to subsequent questions in the last section of Chapter IV.

First question

The answers to the first question are presented in Table 12.¹⁰ What seems surprising from the data is that two agencies didn't hear about the closure until the first week of August -- which is about 10-14 days after the announcement. The director of one agency didn't know who or what Hesston's was until the interviewer gave him some background information on the plant and its location. The director replied, after remembering what Hesston's was, "the USES is the place to go, we hire them to do all of our outreach programs". What seemed strange in the

¹⁰The first question was -- When did you first hear of the shutdown?

conversation was, how can USES be hired to provide their outreach function concerning something of which the director seems totally ignorant?

Table 12. Date when agencies connected with formal job search first heard of the shutdown (absolute number)

July 8th	July 15th	*July 22nd	**July 27th	August
2	3	3	3	2

*July 22nd was the date of the announcement to the Hesston workers.

**July 27th was the date of a newspaper article concerning the shutdown.

Second question

The tabulated answers to question two provides another surprising analysis. Five out of the thirteen interviewees received their information concerning the shutdown by indirect (newspapers and radio) means. See Table 13. This seems to indicate that a significant minority of the agencies receive their information the same way the public does -- by the mass media.

Table 13. Information, by agencies connected with formal job search concerning the shutdown, was gained by what means (absolute number)

Newspaper	News release	Telephone conversation	Radio	Personal	Mass meeting
4	4	2	1	1	1

Third question

The results from the third question are more predictable than the previous two tabulations. Those who were most closely associated with the shutdown, the three Hesston managers and a maintenance mechanic

(also Mayor of Nibley), viewed its magnitude as severe, whereas the agencies viewed it as moderate or "a drop in the bucket". It doesn't seem too surprising that those people experiencing the actual displacement would view it as severe, but one would expect Job Service to be a little more concerned about the fate of 210 displaced men and women than the benign, business-like attitude witnessed by the interviewer.

Economic Impact

This section will examine the economic impact of the closure of Hesston on Nibley and Cache Valley. Unemployment effect, revenues from property tax and sales tax collections will be the indicators examined.

Unemployment effect

Throughout 1976 and the first half of 1977 Utah's unemployment rate was about 1% less than the national average. Cache County was about .5% less than Utah's unemployment rate. Over a period of one and a half years, Utah and particularly Cache County have been relatively isolated from the national unemployment trend. Thus, from an overall standpoint, Cache County has a very low unemployment rate and according to what Mr. Hy Olsen, Director of Utah State Employment Service, says is a "good labor market".¹¹

In examining the monthly unemployment figures for Cache County, there appears to be no pattern or trend in the percentages. (See Figure 6). In August, when Hesston started their phased layoffs, the rate increased from 5.3 to 5.6 (all figures seasonally adjusted). In September the trend continued but then in October the rate decreased .7

¹¹Recorded in interview with the Director on August 26, 1977.

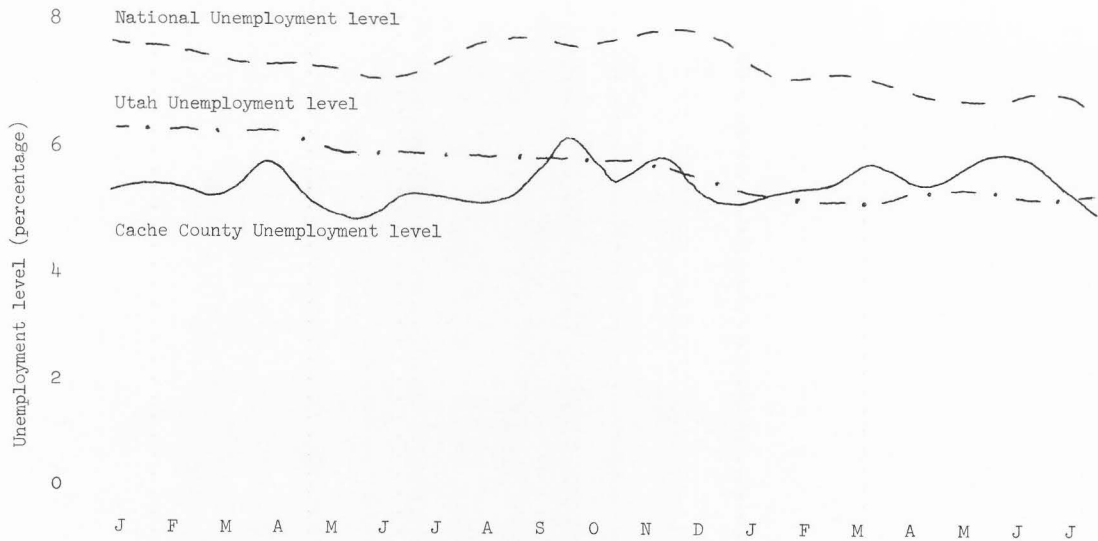


Figure 6. Unemployment rates for 1976 and part of 1977.

Source: Employment Security Newsletter, from January 1976 to July 1977.

percentage points to 5.5%, rose in November and declined in December. December's rate represents the lowest level of unemployment recorded for the second half of 1976 even though December is the first full month in which all displaced workers were either job hunting or had just found reemployment. The unemployed amount to about 105 of the 210 former employees.

If these figures had occurred in isolation the results would be totally unexpected. However, the economic condition of ceteris paribus was woefully compromised. During this same four month period, Cache Valley experienced some very unusual events. First, there was a drought which allowed construction businesses to work through the winter without the seasonal cessation of building activity. Secondly, coincident with the Hesston shutdown a new regional shopping mall started operations with a payroll of 600. These factors seemed to have camouflaged the impact of the shutdown on the unemployment figures. In fact, the only place where the effects of the shutdown show up is in the breakdown of the overall employment figures as provided by the state employment office in Salt Lake City.

The Utah Department of Employment Security in Salt Lake City collects data on the different sectors of the economy. For the Cache County area they have the absolute frequency of workers employed in finance, retail trade, wholesale trade, transportation, nondurable manufacturing, durable manufacturing, construction, mining, and government on a monthly basis. When examining durable manufacturing, the number of workers employed in the sector declined by 44 persons between August and September; 49 between September and October and 49 between October and November. However, during the period of November 1976 through

February of 1977, two other manufacturers had an influence on the sub-totals. Thus, the number employed went up slightly in December by thirteen and then fell by eighty-eight in January.

In retail trade, in just a one month period, the number employed jumped 213. In summary, due to conditions occurring simultaneously with the shutdown, the unemployment effect, at least in terms of total numbers, was very minimal.

Property tax

The revenues from property tax for 1976 did not seem to have been affected by the shutdown. In fact, collections for Nibley rose \$4020.51 for the year ending November 30, 1976. This is substantially above the increase (actually a decrease of \$153.87) of the previous year. However, this data is somewhat misleading because in 1975, the entire county was reevaluated. On average, most property was assessed at twice the previous assessed value. Therefore, in 1975, all municipalities of Cache County adjusted their mill levies downward to compensate for the increased assessment. This adjustment was a kind of trial and error situation in which the city councils and mayor estimated revenues from the new property tax assessment. Therefore, in 1976, the levy was adjusted upward to compensate for the lost revenues from the previous year. Since all property tax collections for 1976 are due November 30, it's doubtful that the Hesston closing had anything to do with the increased mill levy. Unfortunately, figures for 1977 are unavailable for further comparison with the 1976 and 1975 data. Therefore, the closing of Hesston had a very small impact on the property tax collections for the city of Nibley.

Sales Tax

Because the town of Nibley has less than 200 people and is within easy commuting distance of Logan, the impact of lost revenue from sales tax collections was predicted to be very minimal.¹² It was hypothesized that the loss of buying power due to the displacement of several Nibley residents would have some effect on the sales tax collections.

Over the last four years the sales tax going to Nibley has been \$323.78, \$1485.83, \$1811.64, and \$2747.32. The reason for the jump in revenue between 1975 and 1976 was a change in the allocation procedure of Cache County. Sales tax is a state tax but revenues, prior to 1975, were allocated on the basis of point of collection. This gives Logan a high percentage of the sales tax because of its position of retail sales center for Cache Valley. In 1975, the state increased the sales tax from $4\frac{1}{2}\%$ to $4\frac{3}{4}\%$. The extra $\frac{1}{4}\%$, based on a county wide agreement, that each municipality receives would be sent back to the County Treasurer. Then the moneys would be allotted back to the municipalities on the basis of households. In short, Logan agreed to give back some of the sales tax collections because people throughout the valley do most of their shopping in Logan. From this data, the evidence suggests that the closure and subsequent displacement of workers had no effect on sales tax collections for Nibley.

¹²The impact on Logan and Cache County was also predicted to be minimal. The data shows no appreciable impact on sales tax for Logan or Cache County.

CHAPTER IV

DATA ANALYSIS

In this chapter the data from both mailed questionnaires and the interviews will be analyzed. Data from the questionnaire will be cross-tabulated in an effort to determine if some variables are interdependent. This section will have four main divisions: comparison of current job with their former job, motivation for employment, financial considerations, and a general topic on the unemployed. Data from the interviews will be used to substantiate or refute results from the cross-tabulation, two main categories will be examined: external assistance given to the workers, and internal assistance given to the workers.

Mailed QuestionnaireComparison of current job vs. former job

When respondents were asked to compare their current job with their former job, a generally negative response was predicted, indicating that their former job was better. This was based on the results of other studies which showed a generally negative comparison of jobs.

Utilizing three criteria of comparison, the results were quite surprising. When comparing pay, the respondents had a slightly favorable reaction for their current job. See Table 14. When judging responsibility, the results were even more positive than the pay comparison. See Table 15. The final comparison, working conditions, had the largest ratio of positive responses -- 62.7%. See Table 16. Thus, from

Table 14. Pay on present job compared to pay on last job held at Hesston

Pay on Present Job	Percentage
Much better	26.1
Somewhat better	28.4
Little worse	29.5
Much worse	15.9
Other	.1

Table 15. Responsibility on present job compared to last job held at Hesston

Responsibility on Present Job	Percentage
Much more on this job	29.5
Little more on this job	29.5
Little less responsibility now	22.7
Lot less responsibility now	18.2
Other	.1

this subjective appraisal of the worker's current job, their reemployment was judged better than their former job at Hesston. This is in contrast to the conclusions of a majority of studies that report generally negative reemployment success.

For a study in contrasts, Tables 17, 18 and 19 present the data from Hesston along with the Wickwire study. Note the significantly negative comparison of pay in the Wickwire study as compared to the

Table 16. Working conditions on present job compared with working conditions on Hesston job

Working Conditions on Present Job	Percentage
Much better	17.4
Somewhat better	45.3
Somewhat poorer	27.9
Definitely poorer	9.3
Other	.1

Table 17. Pay comparison at Wickwire and Hesston (percentage)

Pay on Present Job	Wickwire	Hesston
Much better	11.5	26.1
Somewhat better	10.4	28.4
Little worse	19.6	29.5
Much worse	54.7	15.9
Other	3.2	.1

Hesston study. There are two factors which might explain this difference. First, the unemployment rate in the Buffalo, New York area (Wickwire was located in the greater Buffalo metropolitan area), was higher than the national average before the layoff of approximately 1400 workers. Thus, the labor market was not in a position to absorb displaced workers quickly. Second, the demographic data of the two studies are significantly different. See Table 6. Employability of a worker is often contingent upon their age, education and sex. In all three cases,

Table 18. Responsibility comparisons at Wickwire and Hesston (percentage)

Responsibility on Present Job	Wickwire	Hesston
Much more on this job	29.0	29.5
Little more on this job	17.1	29.5
Little less responsibility	18.7	22.7
Lot less responsibility	33.7	18.2
Other	4.8	.1

Table 19. Working condition comparisons at Wickwire and Hesston (percentage)

Working Conditions on Present Job	Wickwire	Hesston
Much better	29.4	17.4
Somewhat better	15.1	45.3
Somewhat poorer	19.8	27.9
Definitely poorer	27.9	9.3
Other	12.2	.1

the Hesston employees were younger, had a higher educational level and were males. In general terms, 57% of all respondents indicated that conditions on their new jobs were not as good as their Wickwire job. The Hesston rating was 58.0% of all respondents reporting a better current job than the former job.

To determine how successful the two different job search categories were in gaining quality jobs, a correlation was run on informal/formal

job search methods and the respondents success in terms of pay, responsibility and working conditions. Because of the previously stated demographic data, it was hypothesized that informal methods would be superior to formal methods. The data were not statistically different at the 95% confidence level, but is different at the 90% level of confidence (most statisticians prefer a level of 95% or more for "proof" of a theory), this supports the theory of superiority of informal job search but does not confirm it. See Figure 7.

In an effort to understand why workers seemed to have better jobs than previously, all jobs at Hesston's and all current types of employment were classified into four categories: blue-collar semi-skilled (BCSS), blue-collar skilled (BCS), white-collar semi-skilled (WCSS), and white-collar skilled (WCS). Then a cross-tabulation was run to see if there were significant changes between groups. Because of the unexpected high rate of job satisfaction in their current job, it was expected that people would have moved out of the semi-skilled positions and into skilled positions. The data seem to point towards this hypothesis. See Table 20.

Table 20. Four work categories (absolute number)

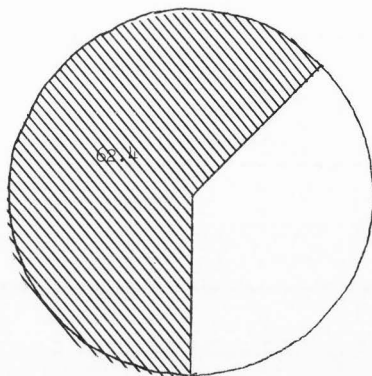
BCSS	BCS	WCSS	WCS
+2	+1	+2	-5

*BCSS = blue-collar semi-skilled, BCS = blue-collar skilled, WCSS = white-collar semi-skilled, WCS = white-collar skilled.

In the first box of the table the +2 means that Hesston's had two more BCSS workers than are currently employed. Of the four boxes only BCS

Informal Job Search -- Comprising a weighted summation of worker's feelings toward Pay, Responsibility, and Working conditions

62.4% of the currently employed workers have superior jobs now as compared with Hesston job.



Formal Job Search -- Comprising a weighted summation of worker's feelings toward Pay, Responsibility, and Working Conditions

51.8% of the currently employed workers have superior jobs now as compared with their Hesston job.

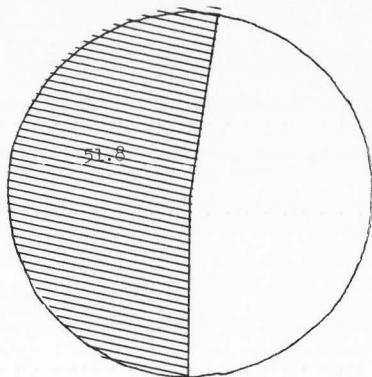


Figure 7. Satisfaction with work and job search methods.

is unfavorable because one skilled craftsman took a job as a semi-skilled employee. Of course the major significance of the table is that there are currently five more WCS employees than were at Hesston's. Overall, there were losses in the semi-skilled positions of four and a gain in the skilled positions of four. This could have had some impact on the high rate (comparatively) of job satisfaction. Another unexpected result of this cross-tabulation is its support of a theory that was broached by the research committee in July. Could it be that because this area is a new industrial area and expanding fairly rapidly, that the Hesston experience gave the displaced workers the necessary expertise to step into other factory jobs at a higher level because of the scarcity of proven plant workers in the valley? This data is not conclusive proof, but it certainly lends support to the theory.

In summary, the majority of workers experienced a positive reemployment adjustment. A partial explanation for their success can be found in the valley's demand for skilled labor, which seems to point towards a seller's market.

Motivation for employment

A correlation was made between the respondents' feelings about finding a job and their current employment status. It was hypothesized that a positive, optimistic outlook on reemployment would have a positive effect on one's reemployment success. The results tend towards this prediction but fall short of substantiation. See Table 21.

As a measure of how long the displaced workers were unemployed, as related to their motivation for employment, the optimistic workers had an average of 11.4 weeks, the pessimistic workers had a 13.8 average

and those that were indifferent had a 13.4 average. This difference of means, between the rates of optimistic and pessimistic, is statistically different at the .05 level of significance. Again, this seems to point towards the importance of a positive mental resolve in seeking and gaining employment. However, this data may be colored by the respondents' current employment status. They were asked to express their feelings at the time of the shutdown, if a worker was currently unemployed at the time he/she completed the questionnaire, they might have transposed their current feelings back to the time of the shutdown. This could account for part of the difference observed in the data just reported.

Table 21. Tabulation of employment status vs. mental attitude (percentage)

Employment status	Optimistic	Pessimistic	Indifferent	Other
Employed	88.5	81.5	80.0	66.7
Unemployed	11.5	18.5	20.0	33.3

A displaced worker's willingness to move for employment to geographical areas other than his/her home town can be used as another indicator of motivation for employment. As can be seen from Table 22, the employed workers were more willing to move out of the Cache Valley area than the unemployed workers. One possible explanation for this result is the somewhat contradictory nature of trying to predict the future. A person might not even consider moving out of the valley but if he/she were to receive an offer from the City of Cheyenne, Wyoming -- he/she just might accept the position. Therefore, the currently employed

Table 22. Tabulation of employment status vs. relocation preference (percentage)

Relocation preference	Employed	Unemployed	Total (absolute no.)
Cache Valley (CV)	80.0	20.0	60
Utah (U) excludes CV	83.3	16.7	6
Intermountain Area (IA) excludes U	94.8	5.2	21
United States excludes IA	81.8	18.2	11

persons might have taken jobs in areas where they hadn't seriously considered moving.

To return to the major hypothesis concerning formal and informal job search, it was postulated that those workers using formal job search methods would be more willing to seek and find employment outside of the valley. The possibility of uncovering job leads outside of the valley was logically credited to formal job search resources because of their more extensive communications network and personal contacts in the field. However, this was not proven the case, in fact, persons using informal job search resources showed a higher willingness to look and move out of the area than those using formal job search methods. See Figure 8.

In summary, a positive mental attitude seems to have a positive effect on reemployment, and the length of unemployment experienced by the displaced worker is shorter. Informal job search was associated with a geographical area greater than the relevant job market for formal

job searchers. A person with the best chance of employment can be characterized by a positive mental outlook, a willingness to look outside of the valley, and the utilization of informal job search methods.

Financial considerations

Whether severance pay is helpful or harmful to the displaced worker in terms of successful reemployment is a major question in job search literature. Many authors have indicated that severance payments may contribute in several ways to the adjustment process; they allow the worker some time in which to look for suitable work and provide funds to cover the cost of job search, retraining or relocation.¹ Wilcock and Franke reported that it "undoubtedly kept some from considering the lowest levels of jobs."² Two recent authors have concluded that severance pay has no significant hindrance on workers employability.³

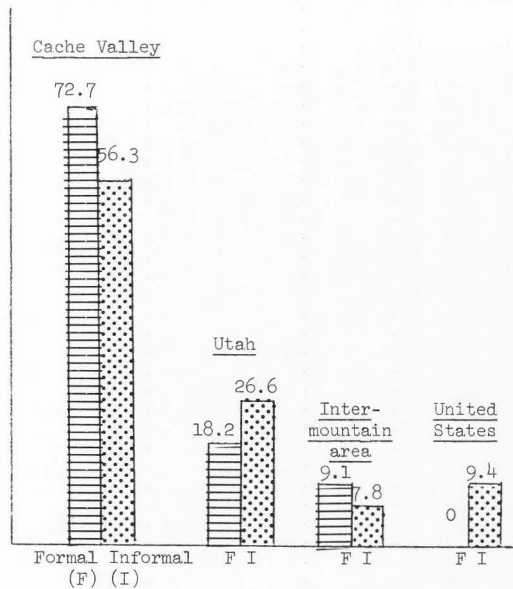
However, Beaumont and Helfgott attributed a dilatory attitude of many employees to severance pay.⁴ Also, two other authors found it served as a disincentive to taking early reemployment, especially if it

¹Richard C. Wilcock and Walter H. Franke, Unwanted Workers, (New York: The Free Press of Glencoe, Illinois, 1963) p. 122; Joseph A. Pichler, "Differential Contributions of Various Means for Adjusting to Technological Change", Industrial Relations Research Association Proceedings (1966) p. 331.

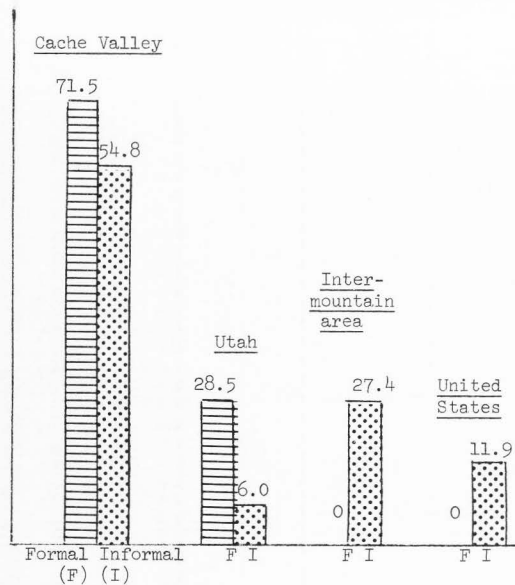
²Wilcock and Franke, p. 123.

³David B. Lipsky, "Interplant Transfer and Terminated Workers: A Case Study", Industrial and Labor Relations Review, 23 (January 1970), p. 202; John W. Dorsey, "The Mack Case: A Study of Unemployment," Studies in the Economics of Income Maintenance, (Washington: Brookings Institute, 1967), p. 200.

⁴Richard A. Beaumont and Roy B. Helfgott, Management, Automation and People, (Industrial Relations Monograph No. 24) p. 83.



Note: Number of respondents: F = 11, I = 64



Note: Number of respondents: F = 14, I = 84

Figure 8

Tabulation of places respondents looked for jobs vs. job search methods (percentage).

Tabulation of where respondents would move vs. job search methods (percentage).

was conditional upon staying until the actual layoff.⁵ From this study, the evidence indicates a neutral impact on reemployment. See Table 23.

Table 23. Tabulation of employment status vs. amount of severance pay, vacation pay, pension plan, etc. received (percentage)

Employment status	\$0-500	\$501-1000	\$1001-1500	\$1501-2000	\$2001-2500	\$2501-3000	\$3001 & over	Total no. of responses
Employed	43.9	19.5	12.2	2.4	4.9	0	17.1	82
Unemployed	41.2	23.5	5.9	2.4	0	5.9	11.8	17

A contributing factor to how optimistic an individual was was predicted to be the financial situation of the family. If the worker's family had some savings and little debt, his attitude towards reemployment was predicted to be positive. The extreme values (substantial savings and considerable amount of debt) from Table 24 supports this hypothesis while the intermediate data (little savings, no savings, and small amount of debt) is mixed. In general, the hypothesis was not proven in this study.

In predicting housing status in relation to a worker's employment situation, it was postulated that those workers who were unemployed might be forced to sell their homes and move into apartments or live with friends or relatives as a move to reduce costs and meet pressing financial obligations. Of the 101 respondents, only seven experienced a change in housing; workers who were currently employed at the time of

⁵Bernard Portis, and Michael G. Suys, The Effect of Advance Notice in Plant Shutdown: A Study of the Closing of the Kelvinator Plant in London, Ontario, (London: School of Business Administration, University of Western Ontario, 1970), p. 3, 9.

Table 24. Tabulation of mental attitude vs. family financial situation (percentage)

Family Financial Situation	Optimistic	Pessimistic	Indifferent
Substantial savings	21.2	11.1	9.1
Little savings	28.8	51.9	45.5
No savings	25.0	29.6	9.1
Small debt	32.7	22.2	18.2
Considerable debt	34.6	40.7	45.5
Total number of responses	52	27	11

* These categories (substantial, little, small, etc.) are totally subjective and dependent upon the respondents interpretation of its meaning.

the survey experienced six changes in housing -- all were either from owner to tenant or owner to parents. There was only one change of housing status for the unemployed -- they went from tenant to owner! See Table 25. The data concerning extra family members entering the work force to help augment a reduced budget, was just as contradictory as the housing status correlation. The currently employed workers had a higher ratio of "other" family members entering the work force than did the unemployed families. See Table 26. One possible explanation for this contradiction is that the unemployed worker had been a secondary wage earner for the family prior to the shutdown and consequently his or her spouse was already employed as a primary wage earner. The high

Table 25. Tabulation of employment status vs. changes in housing status (percentage)

Employment status	Owner to tenant	Owner to parents	Tenant to owner	No Change	Other	Total no. of responses
Employed	4.8	1.2	0	92.9	1.2	84
Unemployed	0	0	5.9	94.1	0	17

Table 26. Tabulation of employment status vs. additional family members entering the work force (percentage)

Employment status	Additional Family Member		Total no. of responses
	Yes	No	
Employed	19.5	80.5	82
Unemployed	11.1	88.9	18

ratio of unemployed females (36.4) supports the contention that many were secondary wage earners and therefore not bound to the labor market.

In relation to pay, it was predicted blue-collar skilled workers and white-collar skilled employees would have the best success. This reasoning was based on the assumption of a seller's market in labor in durable goods manufacturing. The data supports the hypothesis; 56.3% of the BCS workers and 57.1% of the WCS obtained employment that paid more than in the former Hesston job. See Table 27. Also somewhat surprising, was the high percentage of BCSS that obtained jobs paying more than the former job (58.1%). From the Review of Literature chapter, semi-skilled and unskilled employees found employment that was usually

Table 27. Tabulation of job category vs. financial remuneration (percentage)

Job Category	*Increase	**Decrease	Total no. of responses
Blue-collar semi-skilled	58.1	41.9	43
Blue-collar skilled	56.3	43.7	16
White-collar semi-skilled	14.3	85.7	7
White-collar skilled	57.1	42.9	21

*An increase in pay over the former job at Hesston.

**A decrease in pay from their former job at Hesston.

not as good as the skilled workers. In this study, they fared at least as well as the skilled employees. Statistically, there was no difference between the proportions obtaining higher paying jobs in the categories of BCSS, BCS, and WCS; however there was a significant difference between BCSS, BCS, WCS and the unfavorable rating of WCSS (14.3%). The unfavorable rating for WCSS reflects the high proportion of clerical and secretarial workers that are usually associated with a small college town.

In general, severance pay was found to be a neutral variable in reemployment success, and a family's current financial situation was not a good predictor of a worker's motivation for employment. In examining a worker's current employment status, changes in housing status and the addition of another family member into the work force were both found to be unrelated effects of unemployment in this study. The

workers who seemed to find the best paying jobs were BCSS, WCS, and BCS respectively with WCSS workers experiencing the worst paying jobs.

Unemployed -- Why?

The personal characteristics constituting demographic data are often cited as one of the most influential factors effecting a displaced worker's reemployment. Because of blue-collar worker's attachment to their communities, and particularly so if family ties are present, it was hypothesized that natives of Cache Valley would have a higher ratio of unemployment than others who were born and reared outside of the valley. Table 28 supports this claim; the proportions are statistically significant at the .05 level.

Table 28. Tabulation of employment status vs. place of birth (percentage)

Employment	Cache Valley	Utah	Intermountain area	United States	Other	Total no. of responses
Employed	66.3	12.0	7.2	13.3	1.2	83
Unemployed	76.5	11.8	0	11.8	0	17

Because of the assumption concerning female secondary wage earners (mentioned in the previous section), it was hypothesized that females would have a higher incidence of unemployment than males. Table 29 confirms this prediction (the proportions are statistically significant at the .05 level).

Marital status was also predicted to be influential in the displaced worker's reemployment. Married and divorced workers were

Table 29. Tabulation of employment status vs. sex (percentage)

Employment status	Male	Female	Total no. of responses
Employed	91.6	8.4	83
Unemployed	76.5	23.5	17
Unemployment rate	14.6	36.4	--

hypothesized to have a lower unemployment rate due to family responsibilities and financial obligations. Table 30 supports this prediction; married workers (14.0%) and divorced employees (16.7%) had unemployment rates that were not significantly different, however they differed significantly from the unemployment rate of single workers (50.0%). In examining Table 31, notice the low absolute frequency of response in both the single and divorced categories; with such a low response, conclusions based on the data are questionable.

Table 30. Tabulation of employment status vs. marital status (percentage)

Marital Status	Employed	Unemployed	Total no. of responses
Single	50.0	50.0	8
Married	86.0	14.0	86
Divorced	83.3	16.7	6

Table 31. Tabulation of current employment status vs. job search methods used (absolute numbers)

Job search methods	Employed	Unemployed	Employment rate (percentage)
FORMAL:*			
USES	56	14	80.0
Private employment agencies	15	3	83.3
Hesston personnel office	26	6	81.3
INFORMAL:**			
Friends	45	11	80.1
Relatives	22	7	75.9
Letters to employer	16	5	76.2
Newspaper ads	28	9	75.7
Applying in person	68	13	84.0

*Overall weighted average for Formal job search = 80.9%.

**Overall weighted average for Informal job search = 80.0%.

One of the most interesting tabulations was run on the type of job search used and the displaced workers' current employment status. The results, as reported in Table 31, seem to give formal job search a rating that is just slightly above the rating for informal job search. However, from the effectiveness rating reported in Chapter III, the best method used to obtain employment was of the informal variety. A probable explanation for this apparent discrepancy is that those who obtained employment used many methods to uncover possible job leads but

focused attention on those search methods which could be actively pursued rather than waiting for one of the formal agencies to notify them of an opening. In general, formal job search was utilized as much as was informal job search, but successful reemployment leads came from the informal methods.

The type of job sought by the displaced workers was predicted to affect their length of unemployment. By focusing on a particular job, or family of jobs, where the worker had had recent experience (their former job at Hesston), was expected to positively influence their employability. The data suggests this conclusion but with only thirty-two respondents answering this question, its reliability is suspect. See Figure 9.

A tabulation was run to see if the workers' subjective feelings concerning the arrangements made to help assist them in their job search had an effect on their current employment status. It was hypothesized that the unemployed workers had a more negative feeling towards the arrangements than did the employed. Part of the reasoning for this hypothesis was based on an assumption that if the workers felt there were little or no arrangements made to assist them, this realization could have affected their mental attitude in an adverse manner. Having a pessimistic or indifferent attitude toward finding a job, has been previously shown to have a negative effect on a displaced worker's employment status. The results of the tabulation support the hypothesis in that the mean response for the unemployed is 3.6 (on a scale of one to five where one is excellent and five is bad), this mean indicates a negative feeling towards the arrangements (the 3.6 response is significantly different from an average of 3.0). See Figure 10.

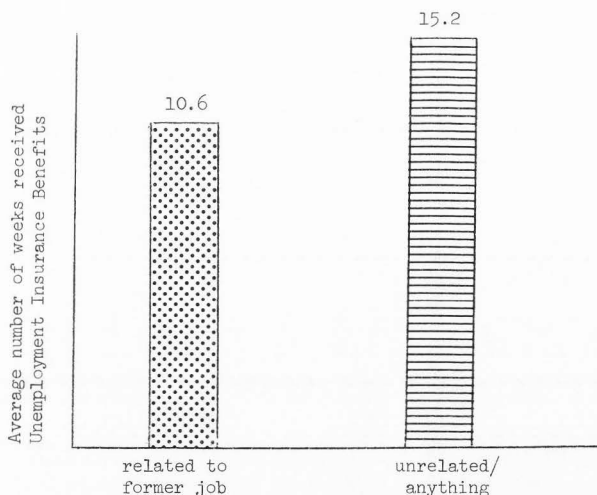


Figure 9. Tabulation of weeks received Unemployment Insurance with the kind of job sought.

Which job search method was most helpful in job hunting, was a question posed to all respondents. In a correlation with the worker's current employment status, those workers indicating formal job search methods had a 28.6% unemployment rate! See Figure 11. Statistically, this rate is different from the informal rate of 12.0% at the .01 level of significance. Thus, those workers relying on formal job search to help place them in a job, were much more likely to be unemployed than the informal jobseekers.

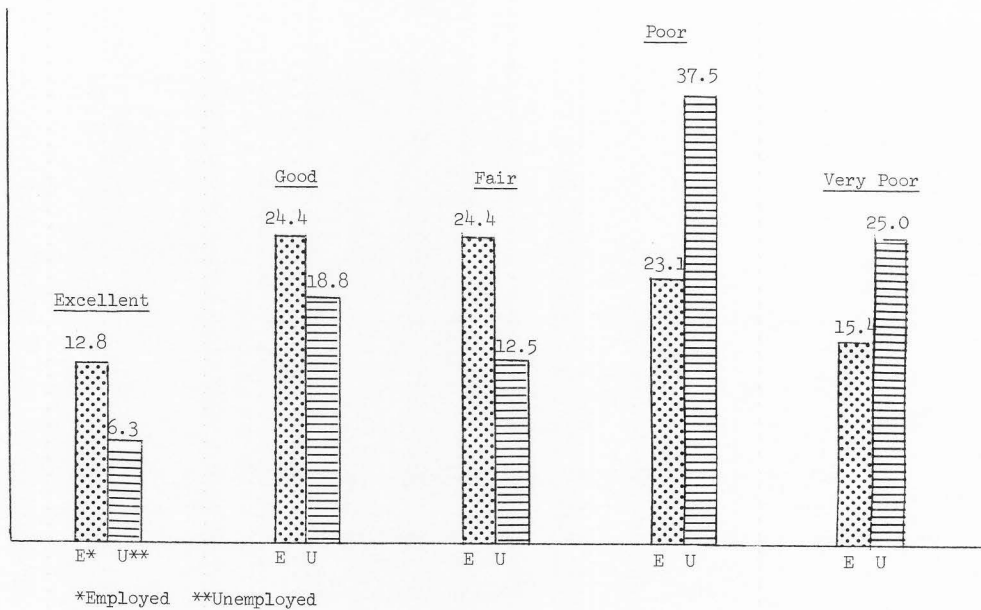


Figure 10. Tabulation of employment status vs. ratings for arrangements made to assist the displaced workers (percentage).

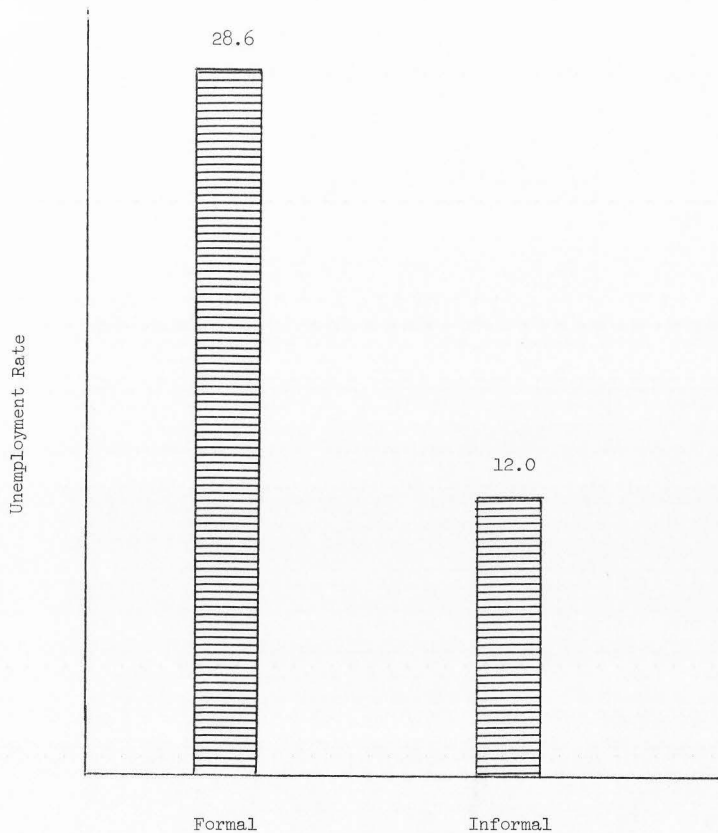


Figure 11. Tabulation of employment status vs. best type of job search used (percentage).

Oral Interviews

This section will examine the formal job search agencies and their efforts to assist the displaced Hesston employees. There will be two parts to this discussion, the first will look at the external (other than Hesston related) agencies and the second will examine the internal efforts of Hesston to help place their former employees.

External

Local involvement with the Hesston shutdown, with one exception, was nil. The USES provides an application service for several of the local employers.⁶ Through their frequent contacts with these employers USES asked if they could "make room" for some of the displaced workers. There are no records available to confirm whether the companies involved made room for extra employees or gave heed to the advice of USES.

In short, if an agency's duties were not specifically aimed at obtaining jobs for the unemployed, nothing was done. In the case of the USES, only one move was made that could be categorized as dealing specifically with those displaced from Hesston's. All activities, that were previously covered in the review of literature, concerning community committees and the recommended procedures for assisting displaced workers -- which can easily be adapted to any public agency -- were not followed in this closure. Perhaps the following statement by the former Director of Utah State Employment Service, Logan, best summarizes the formal job search agencies' attitudes, "twenty-five per week (during

⁶ A person wanting employment at one of these plants, must go to USES to fill out an application form.

the phased layoff, twenty-five discharged employees per week was not uncommon) is a drop in the bucket."⁷ With this kind of attitude, it's not too hard to understand USES's low effectiveness rating (it was fifth out of six categories).

Internal

Besides holding several informational meetings concerning the shut-down, and the time individual workers were projected to terminate their employment, resume and application assistance was offered to the employees by Hesston's personnel office. Also, several managers were helpful in providing recommendations for the workers. The personnel office reported contacting local plants and large regional employers from locations such as Pocatello, Idaho, and American Fork, Utah. According to the personnel office, 25%-50% of the jobs obtained by the former employees were identified or opened up by these contacts. Another interesting point concerns the image of the personnel director. He was viewed as a very competent and capable man by seven of the agencies interviewed.⁸ It was almost a consensus of opinion that he was doing all that could be expected to be done to help the workers find employment. Yet it is clear from the data previously reported (Chapter III) from the workers themselves, Hesston's personnel department was the least effective in providing assistance.

In summary, external assistance was almost nonexistent and internal assistance had a questionable impact on successful placement of the

⁷A comment recorded in an interview on May 6, 1977.

⁸Four had no opinion, and two (the reporter and the current Director of USES) were not involved -- for a total of thirteen (the personnel director is not included).

displaced workers. The workers utilization and success of informal job search methods does not seem too surprising in light of the seemingly careless oversight of their collective problem by formal agencies.

CHAPTER V

SUMMARY AND RECOMMENDATIONS

This chapter will include several diverse topics which will draw together the important facts of this study in a summary fashion that will hopefully assist researchers and/or concerned persons interested in literature involving job search. The following topics will be discussed: the suggested policies that were or were not followed in the Hesston study, and some concluding remarks and recommendations by the author.

Hesston Contribution to Job Search Literature

Throughout Chapter II (Review of Literature), many specific hypotheses were presented that were used and tested in this study. Table 32 presents these hypotheses and the findings of the this study. The highlights will be discussed in the two following subsections: hypotheses confirmed, and hypotheses unsubstantiated.

Hypotheses confirmed

Higher education. This might be considered an implicit confirmation, because the median level of education was so high in comparison with the national average and with other studies cited (see Table 4), that its effect on the high placement and quality of employment can only be assumed.

Table 32. Hesston contribution to job search literature

Type of characteristic, program, or result of factors concerning reemployment	Positive influence on reemployment	Negative influence on reemployment	Neutral or insignificant influence on reemployment	Conditional effect on reemployment
Characteristics				
Blue-collar workers seek to satisfy		X Z	O	
Blue-collar workers strongly attached to their communities		X O		
Higher education	X O			
Older workers		X Z		
Semi-skilled and unskilled workers	O	X Z		
Family responsibilities	O			X
Programs				
*Retraining			X	
*Transfer	X			

Table 32. Continued

Type of characteristic, program, or result of factors concerning reemployment	Positive influence on reemployment	Negative influence on reemployment	Neutral or insignificant influence on reemployment	Conditional effect on reemployment
Spread layoffs	X O			
*Relocation assistance	X			
*Up-to-date job information	X			
*Climate variable				X
Advance notice	X O			
Income protection			O	X Z
Counseling	X Z		O	
*Community action groups				X
Job Service			X O	
Unionized plants	X			
Characteristics of New Job	Positive	Negative	Neutral or insignificant	
New job in comparison with previous job	O	X Z		

Table 32. Continued

Characteristics of New Job	Positive	Negative	Neutral or insignificant
Earnings	O	X Z	
Formal job search			X O
Informal job search	X O		
Psychological effect		X Z	O
Other contributing factors			
Demand for labor in relevant job market (increasing)	X O		

Key: * = the item was not tested in the Hesston study
 X = hypotheses generated from Review of Literature
 O = supported by the Hesston study
 Z = unsupported by the Hesston study

Spread layoffs. With a maximum of twenty-five workers terminated per week, and approximately one-half obtaining employment within the first week of unemployment, the company policy of spreading layoffs throughout the four month period appears to be a contributing factor to the high reemployment rate.

Advance notice. Again, this procedure was followed in the Hesston displacement, but its effect on the workers reemployment success can only be assumed. The author's personal opinion, is that its effect was neutral or insignificant in this study.

Job Service. In all previous studies cited, Job Service proved to be ineffective in terms of obtaining employment for displaced workers -- the Hesston study can now be included in this group.

Blue-collar workers are strongly attached to their communities. With such a high percentage of workers obtaining jobs in Cache Valley (80.0%), together with their admitted reluctance to even consider moving outside of the area (see Figure 8 and Table 21), the strong attachment of blue-collar workers to their community is substantiated.

Formal job search. This variable is closely tied to the Job Service hypothesis just mentioned, and also has the same conclusion: formal job search was proven ineffective in placing displaced workers.

Informal job search. With such a high effectiveness rating (see Table 8) as compared to other studies, the Hesston study extended the magnitude of informal job search effectiveness.

Demand for labor. This variable has proven to be an important uncontrollable factor in successful reemployment of displaced workers. If the economic climate of the area is expanding (as is Cache Valley)

then the likelihood for reemployment of the workers is substantially increased.

Hypotheses unsubstantiated

Blue-collar workers seek to satisfice. About the only measure available for determining this variable is in analyzing whether the workers obtained good jobs. From Table 26 it seems apparent that blue-collar semi-skilled and skilled workers found good jobs, thus arguing against the satisficing nature of blue-collar workers.

Older workers. Perhaps the frequency count on this variable is too low to make conclusions, but the evidence indicates that age was a neutral or insignificant factor in reemployment. (The Hesston factory was a relatively new plant with a young work force vis a vis other plants mentioned in the Review of Literature chapter.) See page 48.

Semi-skilled and unskilled workers. In relation to the skilled workers at Hesston, the blue-collar semi-skilled employees obtained as good as or better reemployment. See Table 26. However, the white-collar semi-skilled employees achieved statistically worse jobs than did the skilled employees. However, the composite group of blue-collar/white-collar semi-skilled employees achieved statistical parity (in terms of quality of reemployment) with the composite group of blue-collar/white collar skilled employees.

Income protection. In the Review of Literature, the debate over income protection was inconclusive -- some studies reported a positive effect on reemployment while others reported a negative effect on reemployment. In the Hesston study, income protection in terms of

severance pay, vacation pay, pension plan, and Unemployment Insurance benefits, proved to be an unreliable (neutral) predictor of reemployment success.

Counseling. In all studies reviewed, effective counseling was beneficial to workers in terms of reemployment. In this study, evidence suggests that there was an attempt to counsel the employees, but its quality is suspect. Counseling should include financial, psychological, and career planning topics. Also, alternative employment opportunities and geographical possibilities should be reviewed. Many, if not all of these discussion topics were not followed in the Hesston Personnel Department -- therefore counseling's effectiveness is judged neutral or insignificant.

New job in comparison with previous job. This study has shown that even in cases of permanent plant shutdowns, the next job need not be inferior, but can actually be superior to the former job. Therefore, an optimistic prognosis for future factory shutdowns is now possible.

Psychological effect. Due to the high placement and quality of employment found, hindsight would indicate that many of the workers viewed the shutdown as an opportunity to seek and gain better jobs. Therefore, the possible negative effects of the shutdown appear to be insignificant.

Remarks and Recommendations

It would be difficult, if not impossible, to identify another area that combines human resources and durable goods manufacturing in such an ideal mix as the Cache Valley area. The reemployment success of the displaced workers was significantly better than in any other study now

available. In view of the almost total lack of external formal job search assistance and the largely ineffective internal assistance given to the workers, their successful adjustment to the shutdown is nothing short of astounding. The explanation for their success can be understood best by an examination of two categories of variables; demographic data and the relevant labor market. The median age of 28.7 years, the high proportion of males (88.2%), the high percentage (86.3%) of married employees, the high educational level (12.6 years) and the high number of dependents (2.3) are all enviable characteristics of a blue-collar work force. If a manufacturer of durable goods were asked his opinion of an ideal work force it would closely parallel the preceding demographic data. This data combined with environmental considerations such as a non-unionized, first generation work force would seem to argue for an easy-to-place work force.¹ However, even with a good work force, if there are no job openings, reemployment could still have been discouraging.

The labor market in Cache Valley has been expanding for the last seven years and was in a position to absorb many of the displaced workers (over 80% of the currently employed workers found jobs in Cache Valley). The Hesston employment gave the workers the necessary experience and skill to obtain good jobs upon termination, and allowed them to offer employers in the area a commodity in scarce supply -- young, male, married, experienced, blue-collar workers with a high educational level. One other contributing factor to the high reemployment rate was

¹There are two major differences between the Hesston study and other studies surveyed -- 1) Hesston was a non-unionized plant, and 2) most layoffs were in the 500-1500 employee range (Hesston's was 210).

Hesston's policy of a phased layoff. The pace of a layoff has been identified as a factor in reemployment success.² If layoffs can be spread out over several months or years, employment opportunities are enhanced.

With the foregoing summary, it's difficult to make policy recommendations because they are usually based on positive and/or negative procedures used in the study. As has already been stated, there were no procedures or general plan to test. Also, recommendations are usually designed to help the readjustment process in a significantly positive manner -- it seems hard to believe that policy recommendations, if followed, could have had a significant impact on an already successful reemployment experience. Therefore, external formal job search recommendations must be left with the following comment -- nothing was done and thus there was no impact on the reemployment process, the one recommendation that can be made is to acquaint the employees of Job Service with the literature in the field of displacement to educate them concerning possible placement assistance that can and should be instituted and directed by an informed and concerned public employment service.

Perhaps a closer look at the Early Warning System (mentioned on page 22) and its outline of special manpower actions along with the ILO recommendations (mentioned on page 21) would be a good place to begin the educational process. Some of the suggested actions are: intensive job-finding campaigns, increased interarea recruitment, providing workers with up-to-date labor market information both on local and regional

²Serge A. Laplante, Displaced Workers: A Study of Reclassification Activities in Quebec, (University Microfilms, 1973), p. 10.19.

job opportunities, mass registration for Unemployment Insurance benefits, individual job counseling, and coordinating appropriate employment service operations with those of other local officials (management, labor unions, and other public and community groups).

Because of the proven effectiveness of positive controllable factors, as reported by Laplante, the Job Service role in special cases of unemployment associated with plant closures can be effective. Every study which has been made shows the public employment service plays a minor role in finding jobs for displaced workers. Not all of this is the fault of the employment service. By tradition, the majority of employers do not hire through such services. Nevertheless, it is hard to believe that a much more efficient and effective organization cannot be developed. Workers know little or nothing about the kinds of jobs which are plentiful in other localities or are likely to be plentiful in their own locality in the near future.

Also concerning Job Service, is the possibility of organizing community action committees. If the author was pressed as to whether he would have recommended that a community action committee be formed to assist the Hesston employees the reply would have been conditional. If the committee members represented a good cross-section of business, industry and public servants from Cache Valley and Utah, and the chairman of the committee was a recognized leader who could direct the activities of the committee in a thorough and aggressive manner, then forming the committee would have been valuable in terms of both placement of the displaced workers and in terms of experience gained in setting up effective community action committees. If the composition or leadership of the committee differed significantly from those conditions just

outlined, the chances of significantly helping the workers would have been sharply reduced.

With regard to the internal assistance, an attempt was made by Hesston to place their former employees. According to Hesston, they were quite successful in this venture. However, the workers do not substantiate this claim, and actually rate Hesston's as the least effective in terms of obtaining jobs for the displaced workers. A number of possible explanations for this discrepancy are possible: 1) The type of assistance by the personnel office was at a level that was not witnessed by the employees. Instead of specifically placing individuals, a more general type of placement assistance may have been rendered in which Hesston's contacted a potential employer and ask -- in the next few weeks several of our employees will be looking for jobs, do what you can to place them. 2) The Hesston people made a lot of noise but nothing of substance was done. Perhaps initial contacts were made with a few employers of a superficial nature but nothing eventuated. 3) The workers might have been confused by the question in the questionnaire. Perhaps Hesston referred employees to a particular employer but since the employee had to make out an application form, he called the type of job search "applying in person" instead of crediting Hesston. 4) Hesston's personnel office might have had a list of potential employers in the area, and sent their employees to these businesses on a hit and miss basis. Therefore, Hesston might assume they were responsible for any of the actual placements because they had mentioned it.

In summary, in spite of the absence of formal assistance, Hesston employees obtained a high reemployment rate due to their own personal characteristics and the generally favorable labor market conditions.

Thus, in terms of the general guiding hypothesis of this study, formal job search was ineffective in terms of placing individuals in jobs. With respect to gaining a quality job, the results showed support for the superiority of informal methods as compared to formal methods, but fell short of confirming the hypothesis.

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APPENDICES

b) At the time of the shutdown you were:

- 1) Owner
- 2) Tenant or boarder
- 3) Living with parents or relatives
- 4) Other (specify) _____

c) Change in housing status since shutdown:

- 1) No change
- 2) From owner to tenant
- 3) From owner to parents or relatives
- 4) From tenant to owner
- 5) From tenant to parents or relatives
- 6) Other (specify) _____

8) Length of residence in Utah:

- a) How long have you lived in the State of Utah? ____ years
- b) How long have you lived in Cache Valley? ____ years
- c) Not including military service, have you lived in another state for more than one year? ____ Yes ____ No

If yes, please indicate.

What State	Dates of Residence From - To
_____	_____
_____	_____
_____	_____

9) Presently you are (check only one possibility)

- | | |
|--------------------------------------|--|
| 1) ____ Self-employed | 6) ____ Employed, more than one part-time |
| 2) ____ Employed, full-time | 7) ____ Employed full-time <u>plus</u> part-time |
| 3) ____ Employed, part-time | 8) ____ Retired |
| 4) ____ Unemployed, seeking work | 9) ____ Other (specify) |
| 5) ____ Unemployed, not seeking work | |

10) If currently employed, please indicate the title and/or description of your job and its location (city, state)

Title/Description	City	State
_____	_____	_____

11) Since leaving Hesston's if you have been (or are) looking for work, how have you gone about it? (check as many as apply)

- a) ____ Registered with Utah State Employment Service
- b) ____ Registered with private employment agencies
- c) ____ Contacted Hesston's Personnel Department for jobs they may have heard about or developed

- d) Contacted friends
 e) Contacted relatives
 f) Sent letters to employers
 g) Newspaper want ads
 h) Applied in person
 i) Other (specify) _____

12) Which of the above were the most helpful to you in job hunting after the shutdown? _____

13) Which one of the jobs you had since Hesston's do you consider as the best one? _____

14) How would you compare that job (listed in question 12) to your last usual job at Hesston's as to:

a) Pay:

- 1) The pay was generally much better than at Hesston's
 2) The pay was generally somewhat better than at Hesston's
 3) The pay was generally just a little worse than at Hesston's
 4) The pay was generally much worse than at Hesston's
 5) Other (specify) _____

b) Responsibility:

- 1) Larger responsibility than at Hesston's
 2) Little more responsibility than at Hesston's
 3) Little less responsibility than at Hesston's
 4) A lot less responsibility than at Hesston's
 5) Other (specify) _____

c) Working Conditions:

- 1) Much better working conditions than at Hesston's
 2) Somewhat better working conditions than at Hesston's
 3) Somewhat poorer working conditions than at Hesston's
 4) Definitely poorer working conditions than at Hesston's
 5) Other (specify) _____

d) Supervision:

- 1) Much better supervision at Hesston's
 2) Somewhat better supervision at Hesston's
 3) Somewhat poorer supervision at Hesston's
 4) Much poorer supervision at Hesston's
 5) Other (specify) _____

Part II--While you were employed at Hesston's

15) How long had you been at Hesston's? _____
 What was the last job you held at Hesston's?

Job Title or Occupation	Dates from-to	Department/Division worked for
_____	_____	_____

- 16) During the time you were employed at Hesston's, were you at any time trying to find a job elsewhere? Yes No

If yes, why did you decide to stay at Hesston's?

- 17) Were you told before the shutdown that you were going to lose your job? Yes No

If yes, how much advance notice were you given? weeks

- 18) From whom did you first hear about the shutdown?

- 1) Your former employer
 2) Fellow workers
 3) A government agency
 4) The newspapers
 5) Radio, TV
 6) Do not remember
 7) Other (specify) _____

- 19) In what form was that notice?

- 1) Posting
 2) Personal letter
 3) Oral
 4) Do not remember
 5) Other (specify) _____

- 20) According to you, was that notice sufficiently in advance of the layoff? Yes No

If no, how long in advance would you have liked it to be? weeks

- 21) When you first heard about the closing, how did you feel about the arrangements that were made for taking care of those who were losing their jobs?

- 22) After you learned about the shutdown, how did you feel about finding a new job?

- 1) Optimistic
 2) Pessimistic
 3) Indifferent
 4) Did not know
 5) Do not remember
 6) Other (specify) _____

- 23) When did you leave Hesston's? Month Year

- 24) Did you quit before the layoff? Yes No

- 25) Did you start looking for another job before you quit or were laid off? Yes No
 If yes:
 a) What kind of job were you looking for? _____

 b) Where did you look? _____

Part III--Your Experience After You Left Hesston's

- 26) Because of your being laid off from Hesston's, how much did you receive in total severance pay, pension plan, vacation pay, etc.?
 1) \$0-500 5) \$2001-2500
 2) 501-1000 6) 2501-3000
 3) 1001-1500 7) 3000 and over
 4) 1501-2000
- 27) At the time of the Hesston's shutdown, was your family financial position characterized by (check as many as apply)
 1) Substantial savings to draw on
 2) Very little savings to draw on
 3) No savings to draw on
 4) Small amount of debt
 5) Considerable amount of debt (on car, home, furniture, etc.)
- 28) a) After leaving Hesston's did you apply for unemployment compensation? Yes No
 b) If yes, how many weeks did you draw it? weeks
- 29) Did you receive any other forms of public assistance after leaving Hesston's?
 1) Financial 3) Other (specify) _____
 2) Manpower Training 4) No assistance received
- 30) After having lost your job at Hesston's to which one of the following places would you have accepted to move to get a job paying at least as much as your former job? (check one possibility)
 1) Anywhere in U.S.
 2) Anwhere in Intermountain area
 3) Anywhere in Utah
 4) Within Cache Valley
 5) I would not have accepted to move at all
- 31) Following the shutdown and your reemployment problems, did some member(s) of your family who was (were) not working before start to work or look for work? Yes No

If yes, who was it? (check as many as apply)

- 1) Your spouse
- 2) A child who left school to work
- 3) A child who did not leave school to work
- 4) A child not in school
- 5) Other (specify) _____

May we have your name and address if you are interested in receiving a summary of what happened to the people who were employed at Heston's?

Name _____

Address _____

APPENDIX B

INTERVIEW OUTLINE

- 1) When did you first hear about the shutdown?
- 2) How did you hear about it? (Radio, letter, newspaper, etc.)
- 3) Initially of what magnitude did you perceive the problem, that is in terms of the economy, welfare programs, unemployment percentages etc.?
- 4) Did Hesston's and/or Bear River contact you or did you initiate the contact?
- 5) Did they cooperate with your agency? Explain.
- 6) What role did the agency play subsequent to the Bear River and Hesston's shutdown?
- 7) How did your agency assist the displaced workers? Explain.
 - I. Job Assistance
 - a) Interview them
 - b) Advertise in journals - newspapers and other similar factors
 - c) Assist in resume and/or applications
 - d) Hold informational meetings
 - II. Training
 - a) Retraining - financed by whom
 - III. External Assistance
 - a) Generate some community involvement
 - b) Liaison with other agencies and businesses to widen information to prospective employers
- 8) What kind of success did you achieve?
 - a) How many did you help place?
 - b) Was it similar work?
 - c) Pay and benefits comparable?
- 9) What were the problems you encountered?
- 10) Were you satisfied with your results?
- 11) What would you recommend in the event of another plant shutdown in this area, to be more effective in assisting displaced workers?

- 12) What kind of economic effect did this have on your community?
Examples:
- 13) What reason do you think Hesston's shutdown?

What reason do you think Bear River shutdown?
- 14) In planning the shutdown do you think Hesston's and/or Bear River did it with an appreciation of the interests of the worker? What steps do you recommend for a company contemplating a plant shut down?
- 15) Do you know of anyone I could talk to that might have some special insight relating to these plant closures, and its effect upon the workers?

APPENDIX D

SUGGESTIONS FOR CHANGING THE QUESTIONNAIRE

One measure of employment motivation or job search intensity which should be included in a questionnaire is a question aimed at determining how much time was spent on each type of job search. This information, along with data about the average number of search methods used, could provide valuable insights concerning placement and quality of employment.

Another measure for determining the quality of employment, would be a question concerning the longevity of the first job after the shutdown. This variable might help explain positive or negative comparisons of current jobs with the former (Hesston) job.

The following is a list of changes that should be made if the Hesston questionnaire is used as a model for future studies.¹

1. Throughout the questionnaire, differentiate between notification of the plant shutdown and notification of personal termination.

2. Question number 14 (a), (b), (c), (d) should have an equality statement added. For instance, 14 (a) should read:

a) Pay

- 1) The pay was generally much better than at Hesston's.
 2) The pay was generally somewhat better than at Hesston's
 insert 3) The pay was about the same as at Hesston's
 4) The pay was generally just a little worse than at Hesston's
 5) The pay was generally much worse than at Hesston's
 6) Other (specify)

3. On question 14 (d), insert the word "than" between the words supervision and at. This will eliminate any ambiguity in the question.

¹The questionnaire is presented in Appendix A.