LAYOFF POLICY AND PROCEDURE*

1. LAYOFF PROBLEMS AND POLICIES


Contains analysis of contract provisions for layoff. Finds that 30 percent of agreements permit bumping on a restricted basis. Work sharing after elimination of overtime and dropping of probationary employees but before reduction of force by seniority is found in 25 percent of agreements. The report advocates caution in the application of the work sharing principle because of the adverse effects of reduced incomes. The authors conclude, on this point, that, "The minimum level to which the work week can be reduced should therefore be set at a level high enough to provide at least an adequate income for workers who are retained. Where the period of layoff is of such duration as to make it apparent that a long-term readjustment to a lower level of operations at the plant is likely, an indefinite extension of the work-sharing arrangement may be neither feasible nor desirable."


Six leaders of industry, unions, and government discuss the problems of adjustment to declining rates of growth of sales and employment. William Gomberg, union engineering expert, makes the point that long-period work sharing is both inefficient and destructive of worker morale. Managements and unions, he believes, should cooperate in urging government to take action to stimulate demand. Edward T. Cheyfitz offers the opinion that the unions are willing to compromise on the application of straight seniority. "The union wants to keep the bargaining structure intact during layoffs, so it asks preferential seniority and top seniority for a certain group. In turn, it will usually agree that management can exclude a corresponding group of key personnel," he states.

* Items from this list should be ordered directly from the publisher. Addresses are given in connection with each reference.

The author compares layoff under flexible agreements with provisions for straight seniority. Though the tendency even under flexible agreements is to emphasize seniority, the author concludes that exemption of workers with unusual skill and initiative is best accomplished by a flexible provision. "The number of exempted workers is not limited to an arbitrary percentage, but depends rather on the ability of management to prove exceptional merit where the facts are plain," he concludes.


An excellent summary of the major provisions found in current union agreements. The authors note that recall in reverse order of layoff may be complicated by the order in which departmental operations are resumed.

2. TRENDS IN LAYOFF PROCEDURE


The author reports an increased interest in the revision of layoff policy, and notes a greater emphasis among non-union firms on the "human relations aspects." Though unionized firms seem to be reducing their forces in strict order of seniority, revisions have been made by supplementary agreement. The revised layoff provisions of one agreement are presented as an example of the possibilities for flexible procedure.


Discusses trends in current agreements with respect to layoff policy. Particular attention is paid to social considerations, the impact of layoff on fringe benefits, and exempted classes. Analysis of the agreements finds that seniority governs layoff in 70-75 percent of agreements, but 1 in every 7 of these agreements permits deviations from
straight seniority. Advance notice of layoff is required in 80 percent of agreements, but length of notice varies considerably.

Hanawalt, Wilbur R. "Solving the problem of merit vs. seniority in layoff." Personnel (330 West 42nd Street, New York 18), May, 1947, pp. 405-409. $1.00.

The industrial relations supervisor of American Type Founders, Inc. describes a practical procedure for combining length of service and ability in a selective layoff system under a union agreement that placed equal emphasis on both factors. Employees were rated on two scales, length of service and an ability scale. The scales were then combined to yield a code number for each employee on the basis of which layoffs were made. Flexibility in administration, retention of an efficient work force, and improved morale are claimed for this device. Illustrative charts accompany the text.


A study of the 1937 recession experience with reduction of work forces among 475 companies disclosed that work sharing was at least one feature of the policies of 90 percent of the companies. Reduced work weeks, however, were slightly more prevalent among non-union firms than among those that had union agreements. A minority of 15 percent of the reporting companies followed a specific policy only because of the agreement provisions. Most companies believed that their policy either was most efficient or entailed the least hardships to employees, or both. Provides excellent basis for comparison with present trends in layoff procedure.


A survey of an unspecified number of companies with respect to layoffs versus work sharing, factors in selecting employees for layoff, and layoff practice. A preference for layoffs by a two-thirds majority of the firms indicates a shift away from work sharing. Seniority was found to be the sole determinant for layoff in only one-third of the companies, but layoff policy was found to be applied uniformly to all employees in two-thirds of the companies.


The author advocates work sharing in preference to layoffs, and notes that "unions have not been averse to amending labor contracts to fit
specific situations." The experience of some companies with the bumping problem is cited to show various alternatives. A series of answers to the problem of dealing with fringe benefits under layoff is based on an analysis of recent arbitration awards.

3. EMPLOYEE AND UNION ATTITUDES AND POLICIES


A panel of five experts from union, industry, and government discuss policy and practice in layoff under current conditions. Divergent points of view are clearly expressed on order of layoff, work sharing and recall. Solomon Barkin, research director for the Textile Workers, makes the point that selection of the work force through employee rating programs should take place before, not after, the layoff.


An attitude survey among the workers of a New England firm with respect to the company's layoff policy and the union's role found that a flexible policy was desired by a majority of the employees. Though seniority was slightly favored over need and ability, need ranked higher than ability among the factors that workers wanted considered. A majority of all workers, including long-service employees, favored work sharing before layoff. The conclusions stress the importance of the total industrial relations situation as a major influence on worker attitudes toward layoff and work sharing.


Various layoff policies and procedures are discussed in terms of their applicability under different union and industrial conditions. The effects of layoff policies on plant efficiency, labor relations, union government, types of wage payment, and employment are also discussed. The author makes clear that layoff and work sharing policies cannot be isolated from other union policies and objectives.

* A report of this experience is also to be found in The Journal of Abnormal and Social Psychology (Ohio State University, Columbus 10), April, 1939. "The attitudes of workers toward layoff policy." By Douglas McGregor. pp. 179-192. $5.00 annually.