

# Outplacement: current practice of a responsible employer for transport and logistics companies

Tatiana Kaloshina<sup>1\*</sup> and Anna Galimova<sup>1</sup>

<sup>1</sup>Novosibirsk State Technical University, K. Marx Ave, 20, 630073 Novosibirsk, Russia

**Abstract.** This article looks at the practice of outplacement, which is increasingly being used in transport and logistics companies. In today's environment, a person is dependent on employment. In the case of downsizing, a responsible employer must ensure that the employee leaves the company as gently as possible. Stress and psychological trauma for the employee must be avoided, as job loss affects the financial situation and mental state. Outplacement is important for employers to avoid employment disputes and the risk of damage to the company's reputation. In this article we looked at the practice of outplacement using a transport and logistics company as an example. In this article we consider outplacement as a systematic and responsible work to release personnel. Work which has no significant negative consequences for the company. Based on this analysis, the article presents the author's vision of the outplacement system in a transport and logistics company. Keywords: outplacement in a transport company, staff release, outplacement programme.

## 1 Introduction

Today, the issue of staff release has become particularly important. In the context of digital transformation, companies are trying to remain as relevant as possible in the marketplace. Growing competition, changes in sales policies and in the socioeconomic environment motivate CEOs to become more adaptable. Digital transformation creates the conditions for a more efficient production and management structure, technical upgrading of production and improvement in the company's management system. The implementation of these measures through reorganisation and innovation leads to the elimination of certain functions, structural units, changes in production and business processes. The result of these measures is significantly reflected in the number of personnel. The problem of excessive labour resources in the company is solved by carrying out the outplacement procedures. Outplacement is a system of dismissing employees in a gentler and more reasonable way, which makes it possible to reduce the risk of legal complications and preserve the positive reputation of the organisation. The procedure involves the provision of assistance by the employer to the dismissed personnel in finding new jobs.

The staff release as a procedure that is followed by dissatisfaction and labour disputes, decline in job performance, damage to the company's reputation and financial position. One of the effective ways to smooth the impact of the employee dismissal is outplacement.

---

\* Corresponding author: [kaloshinatu@mail.ru](mailto:kaloshinatu@mail.ru)

Harvard Business Review found correlation between downsizing and voluntary turnover. A 1% redundancy leads to a 31% increase in turnover the following year. They also reported that remaining employees experienced anxiety, guilt and even anger, which ultimately led to: decline in job satisfaction (41%), decline in organisational commitment (36%), decline in job performance (20%). Harvard Business Review reports a 12% decrease in redundancy-related lawsuits when using outplacement (Surprising Statistics About Outplacement). We've given statistics on which companies would use outplacement services. (Table 1).

**Table 1.** In what circumstances would a company make use of outplacement services.

	<b>Global</b>	<b>Americas</b>	<b>Europe</b>	<b>Asia Pacific</b>
Restructuring	68%	69%	71%	60%
Mergers and acquisitions	53%	59%	48%	43%
Leadership change	43%	50%	36%	31%
Division/plant closings	40%	45%	37%	30%
Poor company performance	35%	35%	34%	39%
Poor individual performance	33%	36%	32%	25%

Source: Why Organizations Rely on Outplacement: A Global Perspective.

Four out of five medium to large companies globally resort to outplacement. Most companies believe that outplacement should be used in connection with restructuring (United Kingdom (74%), Brazil (71%), USA, Canada, Australia and Singapore (69%) and France (67%)), mergers and acquisitions (China/Hong Kong (76%), USA (59%), Brazil (57%), Canada (55%)), and leadership change (USA (51%), Canada and China/Hong Kong (49%)) (Why Organizations Rely on Outplacement: A Global Perspective pp. 3-5). Research by Staffing Industry Analysts shows that outplacement market revenue grew by 7% in 2020. This has taken revenue for outplacement in the global market to around \$2.3 billion USD. Outplacement is about a company having to part with a qualified employee for whom there is no place in the new working environment. Integral dismissal model by Aquilantii and Kirk draws attention to the phases through which the dismissed employee passes. The main ones are: analysis, reflection, explanation, the prospects of change, sense of loss, personal development and job searching (Chwistecka-Dudek, 2016, pp. 23-24).

The peculiarity of outplacement is that this service is not provided to those employees who are laid off in the event of downsizing, elimination or reorganisation of the company. In practice, the following options are used to downsize employees:

- closing external vacancies;
- internal reorganisation of employees to fill vacancies;
- reduction of working time;
- introduction of a shorter work week.

In their work «Outplacement as Part of Human Resource Management» Z. Stacho, K. Stachová state that «the task of employees responsible for managing the outplacement process is to define what positions will be cancelled and replaced, and subsequently to define particular employees to be dismissed. Subsequently, after it has been clearly specified which employees will be affected by changes, it is necessary to select criteria on the grounds of which employees are to be selected. Based on such criteria, organisations should be able to clearly define employees they are interested in and they want to include in a retention programme, as well as employees who have to leave» (Z. Stacho, K. Stachová, 2015 pp. 23). Planning for departing employees is based on a simple classification of redundancy types. The criterion for classification in this case is the degree to which an employee voluntarily leaves the organisation. According to this criterion, it is possible to distinguish between dismissal at the initiative of the employee (at own will), dismissal at the initiative of the employer (at the initiative of the administration) and retirement. Let us consider each type of dismissal in detail.

Dismissal at the initiative of the employee (at own will). From the perspective of the organisation, this is a relatively simple way of quitting if we ignore the subsequent problems with recruitment and adjustments. The decision is made by the employee himself, in most cases he is evaluated positively and is almost ready for a change in his professional life. The need for support from the administration is usually low. In this situation, the personnel department can:

- conduct a final interview (oral and written) where the real reasons for dismissal are identified and various aspects of work performance (psychological climate, management style, promotion prospects, objectivity of evaluation and wages in the company, work requirements and working conditions) are assessed;
- inform the employee about his/her rights and obligations in case of dismissal, etc;
- get the information on the situation inside the company through a feedback channel;
- partially or completely remove various claims of the parties against each other.

The final interview will help the management of the company to identify shortcomings in its work with personnel and prevent further mistakes in its relations with employees. However, in most cases, when an employee is dismissed, he or she is either not inclined to give any assessment at all, or does so with a high degree of subjectivity. The main objectives of the final interview are usually to try to influence the employee's decision to leave and to analyse bottlenecks in the company, if necessary. The release process has an impact not only on the employees being dismissed, but also on those who remain with the company. They observe the process of managing the release, the relationship between management, line managers and employees during the dismissal process, and compare the actual actions with the personnel policy. The information they gain from this observation influences further work motivation. By acting professionally during the personnel termination process, the administration tries to align the interests of personnel policy with those of the employees to the greatest extent possible in a given situation.

In practice, there are usually two main types of outplacement:

1. Open Outplacement: an employee is warned in advance that he or she is subject to reduction or dismissal, and is offered assistance in further employment.
2. Closed Outplacement: the closed procedure is applied when an executive must be freed from his position. Dismissal of a manager is a more complicated procedure than dismissal of an ordinary employee.

## **2 Material and methods**

The purpose of this article is to present the results of a study of outplacement practices, which was conducted between January 2020 and November 2021. During the pandemic, the company was faced with the need for maximum automation, both on the customer interaction side and on the internal processes side. The shift in customer consumption patterns has led to dynamic changes in carriers' internal processes. Customers have turned an masse to online shopping, resulting in a shift in the share of FTL traffic with retailers to a form of LTL service by marketplaces.

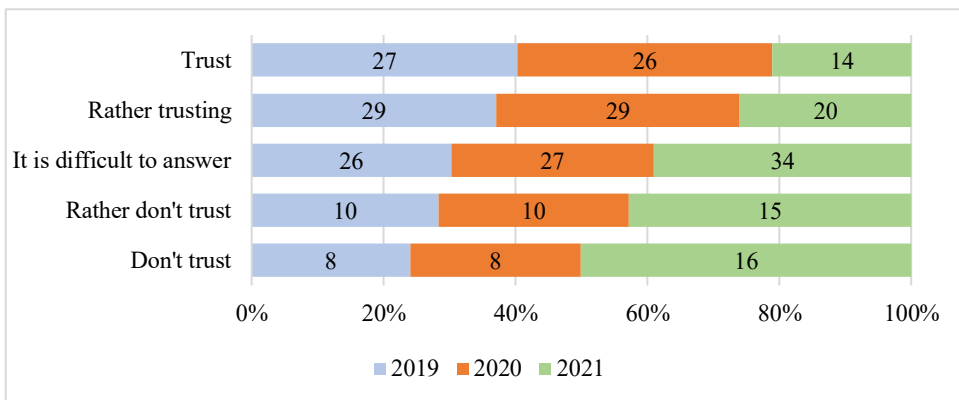
The study was aimed at identifying how outplacement is assisted in future employment, promoting employees in the labour market. The study was based on 15 large transport and logistics companies in Novosibirsk. The companies have branches in the Russian Federation, Kazakhstan and China. The average number of employees in the surveyed companies ranged from 380 to 1650 people. Dismiss rate was 10.5% in 2019, 17% in 2020 and 28.4% in 2021.

A systematic approach was applied in processing the data from the study. The methods of analysis of indicators in dynamics, induction, deduction, synthesis, generalisation and modelling method were used. A questionnaire research was used to collect information. Statistical methods were used to process the results of the questionnaire research were used

in its processing. After investigating the findings, we examined outplacement practices on the example of a simulated transport and logistics company.

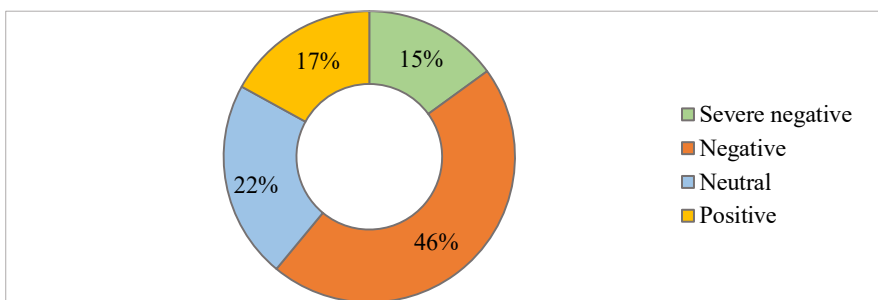
### 3 Results

It is worth mentioning that in the practice of most transport and logistics companies, the personnel dismissal system was of a formal nature. The purpose of the staff release was to create loyalty among the dismissed employees. The objectives were to avoid the possibility of lawsuits, maintain a good climate in the team, keep inner business secrets and get feedback from employees. After each dismissal session, the CEO interviewed the employees explaining why this had happened. From the manager's point of view, the conversations minimised the period of decline in performance and reversed the negative effects. For the employees being dismissed, in addition to the interview, the release process included preparation and issuing of CV advice for the dismissed employee, as well as preparation of letters of recommendation to be presented at the further workplace. At the same time, a positive and relaxed staff perception of the dismissal situation is only possible if there is a high degree of trust. We assessed the degree of staff trust in management and diagnosed it over a 3-year period based on an anonymous survey (Fig. 1).



**Fig. 1.** Assessment of staff confidence in company management after dismissals, % (Source: authors).

A significant decrease in staff confidence in the company's management is observed in 2021, which correlates with an increase in the number of dismissals. This fact confirms the need for additional outplacement activities. Next (Fig. 2), let's consider the structure of feedback on the transport and logistics company. The information was obtained from resources that compile employer ratings.



**Fig. 2.** Attitudes of those dismissed towards company management (2021), % (Source: authors).

As it can be seen, 46% of dismissed employees have a negative attitude afterwards. Looking at the data for 2021, it is worth analysing the feedback about the company as an employer over the time (Fig. 3).

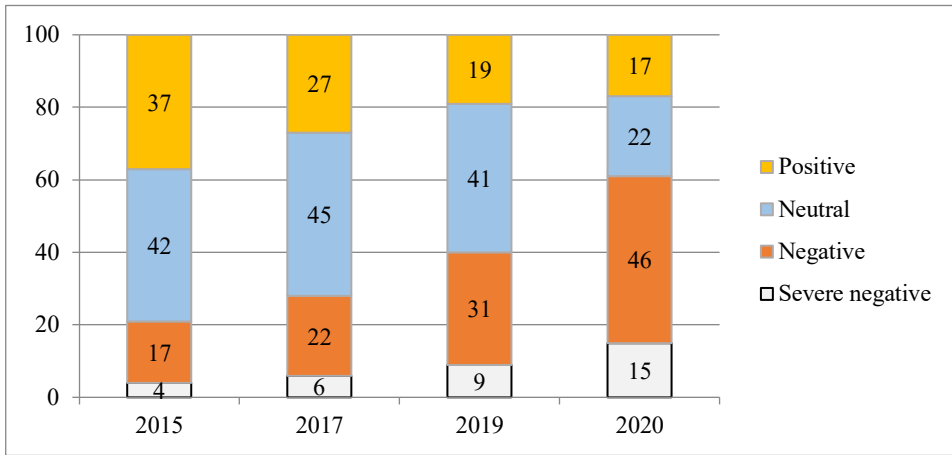


Fig. 3. Attitudes of those dismissed towards the company management, % (Source: authors).

The analysis of the feedback on the company as an employer over time has shown a trend towards a significant increase in negative feedback and a decrease in positive feedback. The personnel release system does not clearly define the performance indicators. The goals and objectives are not measurable, the tools are rather limited, and all this leads to the negative feedback from the dismissed employees. Having analysed the results the following procedures can be recommended (Fig. 4).

<b>Purpose</b>	<b>Reducing costs and reputational risks through the introduction of outplacement.</b>	
<b>Objectives</b>	<ol style="list-style-type: none"> <li>1. To avoid the possibility of lawsuits against the employer for unfair dismissal.</li> <li>2. To maintain a good team climate by preventing the exchange of negative information between staff and those being dismissed.</li> <li>3. To achieve non-disclosure of business secrets by maintaining friendly relations with the dismissed staff.</li> <li>4. To get feedback from the employees.</li> <li>5. To preserve the possibility of renewing the employment relationship with former employees if necessary.</li> <li>6. To minimise reputational risks.</li> </ol>	
	<b>Personnel manager</b>	<b>Employees who are dismissed</b>
<b>Directions for dealing with redundant staff</b>	<ol style="list-style-type: none"> <li>1. Writing letters of recommendation for dismissed employees.</li> <li>2. Assistance in compiling a CV.</li> <li>3. Introduction of the Golden Handshake practice.</li> <li>4. Creation of an ex-employee club.</li> <li>5. Signing of part-time or remote work contracts with employees.</li> </ol>	
<b>Effectiveness assessment criteria:</b>		
<ul style="list-style-type: none"> <li>- the number of conflict cases in dismissal (no more than 10%);</li> <li>- the number of responses to the vacancy on the employment websites (+ 15%);</li> <li>- the number of positive feedback (not less than 30%) on the employers' websites;</li> <li>- the duration of closing the vacancy (- 10%).</li> </ul>		

Fig. 4. Outplacement system of a transport and logistics company (Source: authors).

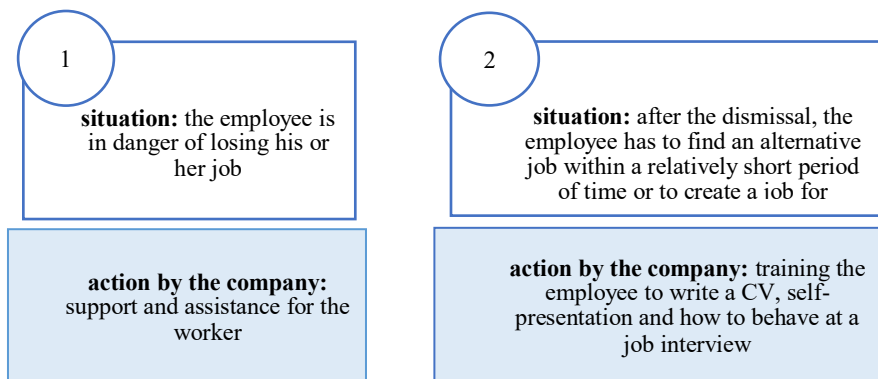
Let's turn to the problem of negative feedback arising as a consequence of dismissal, which can damage an employer's character. It was noted earlier that the main source of this

kind of feedback is from the released employees themselves. When a dismissal is unavoidable, a "golden handshake" can be considered as a good practice. It leads to the fact that a manager uses incentives to encourage an employee to leave voluntarily by offering him or her a significant bonus. The specifics of this method of releasing employees is that its application is very difficult to identify if the company does not declare it. According to the documents, the implementation of this practice is considered as dismissal at will. Its implementation is not accompanied by negative feedback as the dismissed employee is often satisfied and believes that the company has acted fairly. This practice is the most effective way to counterbalance the negative effect presented since the dismissed employees are the beneficiaries. At the same time, this method may entail considerable financial costs. In this case, it seems necessary to conduct a comparative analysis of the costs of implementing the "golden handshake" and the reputational risks and then make an economically justified decision. This methodology is most rational for the employees in managerial positions with business secrets. Finally, the last negative effect identified relates to the possibility of losing scarce talent that is difficult to find later on in the process. Part-time contracts for certain positions with the possibility of transferring to a full-time shift, or remote work contracts with the possibility of transferring to an office. This practice provides flexibility to respond to changes in demand for the company's services by varying the number of staff according to order volumes and economic conditions. In this context, most dismissals involve part-time or remote contracts and do not cause any negative emotions as they are provided in the contract of employment.

One of the practices of outplacement is the creation of an ex-employee club. This practice consists of the company's management and staff continuing to maintain relationships with employees after they leave, for whatever reason, by inviting them to corporate events and holding special events where former colleagues can meet in an informal setting.

## 4 Discussion

We've presented and visualised the outplacement procedure as two main blocks (Fig. 5).



**Fig. 5.** Visualization of the outplacement process (Source: authors).

The advantages of the outplacement practices presented are the following:

1. Strengthening of corporate culture. Traditions such as the annual reunion of former employees make the corporate culture stronger. By inviting former employees, the company demonstrates its gratitude to everyone who worked there and desire to see the achievements over the years.

2. Feedback. Keeping in touch with former employees is the easiest and most relatively cheap way to get relevant information on how market players view the transport and logistics

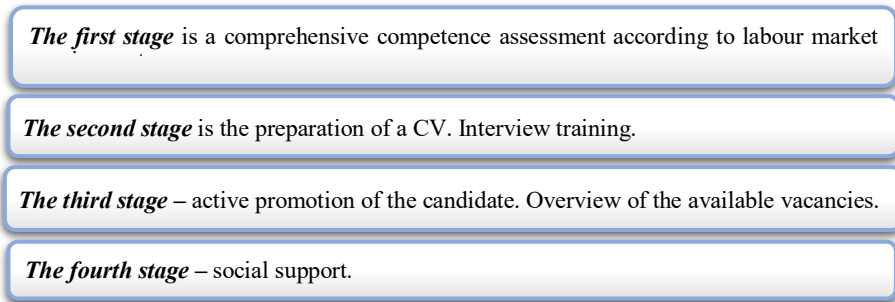
company.

3. The chance of return. If the dismissed employee is a valued specialist, making friends with him or her after dismissal is an extra chance of his or her return. It is possible that the knowledge gained in the new job will still be useful.

The practice of outplacement procedures in a company involves the development of an outplacement programme, which aims to address the moral and ethical side of dismissal. It has a number of different benefits for hiring workers, which are provided by recruitment agencies commissioned by the managers of the organisation. The programme includes a range of training and counselling programmes to effectively search for a job, to orient workers to the current labour market and to provide psychological support to jobseekers. Depending on the profile of the candidate, the outplacement programme may include the following services:

- testing of the specialist to assess his/her chances on the labour market;
- consultation on labour market conditions;
- interview preparation;
- assistance in writing a professional CV;
- posting of CVs on employment websites;
- targeting of CVs to HR departments of the companies and enterprises with similar area of work;
- sending CVs to recruitment agencies;
- placement of job search advertisements in print media.

The outplacement programme can be divided into stages (Fig. 6):



**Fig. 6.** Outplacement programme stages (Source: authors).

An outplacement programme may cover one or more candidates with different orientations. The outplacement process itself takes from a few weeks to six months. During this period, the person gets used to the job search, feels more confident, navigates the labour market and understands his or her worth there. The time depends on the stages included in the practice. The stages are matched by HR agencies to each employee. The chances of employees in the labour market are related to how quickly they go through the outplacement implementation stages (Chwistecka-Dudek, 2016, pp. 23-24). For example, a specialist who has worked with the company for several years may have difficulties researching the labour market. Someone who was employed a few months ago will not have such difficulties.

The proposed practices are not a guarantee of completely eliminating the risks associated with the consequences of staff dismissal. However, the combination of these measures can reduce the likelihood of their occurrence or reduce the impact on the implementation of improvements. Outplacement as a technology is a system of dismissing employees in a gentler, more sensible way, thus reducing the risk of legal complications and preserving the organisation's positive reputation. The reason for this service is that the organisation has to part with a qualified employee for whom there is no place in the new labour circumstances.

## 5 Conclusions

In conclusion, before 2020, big business could afford to be sluggish and slow, bureaucratic and inflexible. The key success factor for logistics companies in the future is digitalisation and the ability to react quickly to market changes. Outplacement is a unique resource in terms of employee motivation. According to Herzberg's classic two-factor theory of motivation, there are two types of factors that influence an employee: hygiene and motivation. Hygiene factors include salary, working conditions, relations with colleagues, sense of security, stability, confidence in the future. The motivational ones include job satisfaction, career opportunities, recognition of the employee by the organisation and care on behalf of the organisation. On the one hand, by offering outplacement programs to their employees, the company gives them a sense of security, safety and the assurance that even if they are fired, they will be helped to find a new job. Moreover, the implementation of outplacement programs by the management shows that they value their employees, recognize their merit and the attitude they deserve better than to be fired without any support. Thus, by offering outplacement programmes, the company influences employee satisfaction through both factors with high-quality results.

## References

1. J. Kamierczyk, A. Tarasova, E. Andrianova, *Outplacement – An employment safety tool but not for everyone. The relationship between job insecurity, new job opportunities and outplacement implementation* (Cogent Business, 2020)
2. L. Crouch, A. Spiers, *Global Business & International Management Conference* **14(2)**, 1-3 (2018)
3. Zdenko Stacho, K. Stachová, *Procedia Economics and Finance* **34**, 19-26 (2015) doi:10.1016/S2212-5671(15)01596-8
4. *Association of Career Consulting Firms Int*, URL: <http://www.acf-europe.org/wp-content/uploads/2012/12/ACF-Bylaws-2005.pdf>
5. Chiumento, *3 reasons why you should offer outplacement to departing staff* (2022) URL: <http://www.chiumento.co.uk/reasons-to-offer-outplacement/>
6. T. Haldin-Herrgard, *Journal of Intellectual Capital* **1**, 357-365 (2000) doi: 10.1108/14691930010359252
7. H. Chwistecka-Dudek, *Scientific Papers of the Humanitas Higher School. Management* **17(2)**, 13-27 (2016) doi:10.5604/18998658.1209968
8. *Surprising Statistics About Outplacement & Employee Wellness You Should Know!* URL: <https://linksinternational.com.cn/en/view/blogs/details/1430>
9. *Why Organizations Rely on Outplacement: A Global Perspective* (2021) URL: [https://www.right.com/wps/wcm/connect/01617850-91c7-45cd-b8a8-353dd3741a84/RM\\_Why-Organizations-Rely-On-Outplacement-high\\_res.pdf?MOD=AJPERES](https://www.right.com/wps/wcm/connect/01617850-91c7-45cd-b8a8-353dd3741a84/RM_Why-Organizations-Rely-On-Outplacement-high_res.pdf?MOD=AJPERES)
10. W.A. Borgen, D. Lee, *The Oxford Handbook of Job Loss and Job Search*, 547-560 (2022) <https://doi.org/10.1093/oxfordhb/9780199764921.013.013>
11. T. Kaloshina, *Economics of Labor* **8(12)**, 1473-1484 (2021) doi: 10.18334/et.8.12.113879