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Klimczuk, Andrzej and Klimczuk-Kochańska, Magdalena

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## INFLUENCE OF OUTPLACEMENT ON THE PROTECTION OF WORKERS COMPETENCIES

Magdalena Klimczuk-Kochańska<sup>1</sup>, Andrzej Klimczuk<sup>2</sup>

### Abstract:

*This paper presents the problem of workers lay off and loss along with their exit from the organization its key competencies - skills and knowledge. Importance of management of key competencies was described. The paper also presents outplacement as a way to maintain core competencies even during reducing the human resources within the enterprises.*

### Key words:

*competencies, downsizing, employment structure, human resources, intellectual capital, key competencies, outplacement, restructuring.*

### JEL Classification:

*J21, J63, M14, O15.*

## INTRODUCTION

Employment restructuring decision, in particular, de-recruitment outside the organization often leads to loss of the ability of companies to their reconstruction and further development. Changes that have to overcome or remove barriers for staying on the market or improve the position of the company, sometimes turn out to be another, previously unanticipated obstacle to overcome. Moreover, downsizing is often associated with the occurrence of lawsuits brought by laid-off workers, such as weakening morale of the remaining employees as well as it could lead to a loss of intellectual capital of the organization<sup>3</sup>.

Minimizing the risk of forced redundancies should be based primarily on preventing the emergence of employment excess<sup>4</sup>. This is possible through the creation of strategic and operational plans. But when the employment excess occurs, compared the current needs of company, then it is necessary to take actions that are included in the concept of outplacement. These activities not only allow for carrying out the process of redundancies mildly, but also on its "reasonable" mileage - taking into account the further proper functioning of the organization.

Article presents the importance of management of competencies in the organization. The role which outplacement can play in the process of dismissing employees, while maintaining workers' core competencies, was also indicated.

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<sup>1</sup> dr Magdalena Klimczuk-Kochańska, Ph.D., Stanisław Staszic College of Public Administration in Białystok.

<sup>2</sup> mgr Andrzej Klimczuk, M.A., Warsaw School of Economics (Ph.D. studies participant).

<sup>3</sup> A. Downs, *Jak ograniczyć zatrudnienie w dobrym stylu?*, [in:] K. Szczepaniak (ed.), *Biznes. Tom V Zarządzanie zasobami ludzkimi*, PWN, Warszawa 2007, p. 24.

<sup>4</sup> A. Pocztoński, *Zarządzanie zasobami ludzkimi. Strategie - procesy - metody*, PWE, Warszawa 2007, p. 176-177.

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## IMPORTANCE OF COMPETENCIES IN THE ORGANIZATION

M. Porada-Rochoń argues that the key problem of modern enterprises is the management systems of their intellectual capital and their improvement<sup>5</sup>. Efficiency of these systems interact to increasing the competitiveness of companies by making use of at least five factors: (1) external information awareness, or knowledge of the company environment; (2) external knowledge distribution, or sharing it, and benefiting from its modification; (3) focus on the core business - verifying how much tasks and processes of company has been developing to its key activity, and whether its departments and employees identify with the company's strategy; (4) innovation processes, the development and implementation of new technologies, methods of work organization, behavior and values, as well as (5) culture of the organization, the norms, values, customs, behaviors and goals established in the current assembly of people. A detailed analysis of the characteristics of each of these features should be regularly carried out by the company management.

The actions proposed above may lead to the correct diagnosis and balancing of employees competences. This is particularly important in the context of the decision to dismiss staff. According to the Polish National Cohesion Strategy 2007-2013 competencies are a combination of knowledge, skills and attitudes appropriate to the situation<sup>6</sup>. Key competencies are those which all individuals need for personal fulfillment and development, active citizenship, social inclusion and employment. Eight key competencies have been set up: (1) communication in the mother tongue, (2) communication in foreign languages; (3) mathematical competence and basic competencies in science and technology, (4) digital competencies, (5) ability to learn; (6) social and civic competencies; (7) sense of initiative and entrepreneurship; (8) cultural awareness and expression.

Competency management is considered one of the approaches in the management of human resources<sup>7</sup>. Applies to ensure an organization appropriate resources of competencies in favor of achieving its strategic objectives. The concept of competencies can be understood by A. Poczowski as a features wider than qualifications, as a „covering the general characteristics of human assets, forming a causal relationship to performance by him high and/or above-average employment effects, which have their measurable dimension”<sup>8</sup>. Their visible layer is formed by knowledge and skills, while unseen layer by motives, attributes, values and attitudes<sup>9</sup>. C. Handy presented a typology of intelligence kinds that can be identified with the types of competencies<sup>10</sup>. Researcher points out that every person has innate abilities which develop faster, but may also have other important types of abilities at other stages of life and career. In addition, different types of intelligence do not have to be mutually dependent on each other. There are eleven forms of intelligence: (1) factual - regarding general encyclopedic cognitive ability; (2) analytical - the ability to reason and create concepts; (3) numeric - easy numbers operated; (4) linguistic - easy to use own and foreign language, as well as assimilation of them; (5) spatial - the ability to see patterns in all

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<sup>5</sup> M. Porada-Rochoń, *Rola kapitału intelektualnego w procesie zmian*, [in:] M. Porada-Rochoń (ed.), *Restrukturyzacja przedsiębiorstw w procesie adaptacji do współczesnego otoczenia. Perspektywa międzynarodowa*, Difin, Warszawa 2009, p. 43-61.

<sup>6</sup> *Słownik: Kompetencje kluczowe*, Portal Funduszy Europejskich, [www.efs.gov.pl/slownik/Strony/Kompetencje\\_kluczowe.aspx](http://www.efs.gov.pl/slownik/Strony/Kompetencje_kluczowe.aspx) [12.03.2013].

<sup>7</sup> H. Król, *Podstawy koncepcji zarządzania zasobami ludzkimi*, [in:] H. Król, A. Ludwicyński (eds.), *Zarządzanie zasobami ludzkimi. Tworzenie kapitału ludzkiego organizacji*, PWN, Warszawa 2006, p. 81-83.

<sup>8</sup> A. Poczowski, *Zarządzanie zasobami ludzkimi. Strategie - procesy - metody*, op. cit., p. 117.

<sup>9</sup> *Ibidem*, p. 118.

<sup>10</sup> C. Handy, *Głód ducha. Poza kapitalizm - poszukiwanie sensu w nowoczesnym świecie*, Wyd. Dolnośląskie, Wrocław 1999, p. 169-171.

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phenomena; (6) sports - psychophysical and physical coordination; (7) intuitive - sensing and seeing what is not directly observable; (8) emotional - self-awareness, self-control, persistence, fervor and self-motivation; (9) practical - defined also as a common sense decision-making capacity corresponding to the given circumstances; (10) interpersonal - action with others and by others; (11) music - rhythm recognition, arranging songs, play instruments. The first three types of intelligence are usually included in traditional school examinations and tests, but do not necessarily apply to a variety of social and professional roles.

## **OUTPLACEMENT AS A COMPONENT OF THE ESSENTIAL COMPANY COMPETENCIES PROTECTION**

Outplacement can be understood as a dismissal of workers, accompanied by provision the organization of activities aimed on the outgoing workers. Those actions are: counseling, retraining and seeking a new job. As a result it is possible to mitigate the effects of redundancy.

Outplacement should refer to the individual employee's competency profile and dynamic profile of the organization<sup>11</sup>. In this process, it is necessary to notice on the one hand the pursuit of success in their careers, on the other to the economic success. Maximum use of both entities potential is intended to effectively manage company during change process. Indicator of the success in the first case will be increased employability. In the second case, the development and creation the image of a responsible employer. Social relationship between the employer and employee concerns therefore, competencies and readiness to use them also in outplacement programs. Monitored workers dismissal should lead to "build awareness of other employment situation and a more mature understanding of mutual responsibility of workers and entrepreneurs" while its strategic goal should be "enhancing the value of human capital, and thus increase the company's competitiveness in the economic and social dimensions"<sup>12</sup>. In other words, the effect of outplacement has to be shaping a socially responsible company.

An example of losing business-relevant human capital may be dismissal older workers or directing them to the early and normal retirement. From the perspective of Polish entrepreneurs offered by the state retirement benefits system encourages to move older workers for early retirement, and thereby reduce the amount of costs paid by the company in connection with their dismissal<sup>13</sup>.

However, as A. Nalepka noted, restructuring of employment if already is required should not be taken by radical actions, but eased, evolutionary<sup>14</sup>. Furthermore, it should be taken into consideration to create the conditions for knowledge, skills and experience transfer from the laid-off professionals to younger workers and students. Otherwise, there is a potential waste of labor. Contrary to stereotypes older workers are more active with conceptual activities, loyal, punctual, honest and less mobile than younger workers so that

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<sup>11</sup> M. Juchnowicz, *Outplacement kompetencji jako sposób poprawy elastyczności kapitału ludzkiego*, [in:] M. Juchnowicz (ed.), *Elastyczne zarządzanie kapitałem ludzkim w organizacji wiedzy*, Difin, Warszawa 2007, p. 173.

<sup>12</sup> *Ibidem*, p. 192.

<sup>13</sup> A. Rzońca, W. Wojciechowski, *Ile kosztują nas wcześniejsze emerytury?*, FOR, Warszawa 2008, p. 17.

<sup>14</sup> A. Nalepka, *Restrukturyzacja przedsiębiorstwa. Zarys problematyki*, PWN, Warszawa-Kraków 1999, p. 78-79.

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there is less risk that they will freely give up their jobs<sup>15</sup>. It is also recommended that they should perform such work in part-time, based on contracts, on the call, at home or by teleworking. Older workers are an important part of the employment structure in agriculture and food sector, and their employment is growing in sectors related to health care, services, education, social work and the real estate market<sup>16</sup>.

Outplacement is recommended for terminating of employment and going on retirement, as well as in small and medium-sized enterprises<sup>17</sup>. Practices order to preserve human capital resources of older workers are defined as age management. Their application is not only for adjustment to the requirements of jobs and opportunities for particular age groups present in the organization, but also to improve the transfer of knowledge and skills between older and younger employees (intermentoring).

## MEASURES OF EMPLOYEES' COMPETENCIES PROTECTION IN OUTPLACEMENT

To maintain key competencies of enterprises, it is important to improve their employment flexibility. strategic reduction of labor costs and increase the flexibility of the organization in adjusting to the changing level of activity is intended preventing the loss of skills and human capital resources<sup>18</sup>. The essence of these changes is to reduce the number of permanent workers, leaving key positions, use of peripheral workers, outsourcing certain tasks to other companies, and then create virtual organizational structures to greater extent based on the extensive use of ICT, where is a high proportion of employees working at home and connected to spending more time with customers<sup>19</sup>.

Outplacement can be understood as an ad hoc, but less painful for workers than other types of redundancies, method of adjusting the organization to flexible employment model targeted on division employees of the company into three groups<sup>20</sup>. These are: (1) *core group*, that is, highly skilled workers, well-paid, employed on a permanent full-time job; (2) *peripheral group*, which can relatively easily be replaced by others, and exercising less important work, less paid, working in part-time work, have less stable relationships with the employer; as well as (3) workers without a contract of employment, self-employed (*businessing; business to business*) and carrying out company orders, or employed by other companies working for as a company outsourcing.

In that last case in may be either also freelancers, employees made available by temporary employment agencies for a certain time, as well as the unemployed recruited to work in the framework of intervention. Consequently, additionally outside workers are

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<sup>15</sup> A. Klimczuk, *Kapitał społeczny ludzi starych na przykładzie mieszkańców miasta Białystok*, Wiedza i Edukacja, Lublin 2012, p. 100.

<sup>16</sup> K. Kinsella, *An Aging World: 2008. International Population Reports*, U.S. Census Bureau, U.S. Government Printing Office, Washington 2009, p. 108-110.

<sup>17</sup> J. Liwiński, U. Sztanderska, *Wstępne standardy zarządzania wiekiem w przedsiębiorstwach*, PARP, Warszawa 2010, p. 70, 87.

<sup>18</sup> M. Armstrong, *Zarządzanie zasobami ludzkimi*, Oficyna Wolters Kluwer, Kraków 2007, p. 423.

<sup>19</sup> See: A. Nalepka, *Restrukturyzacja przedsiębiorstwa. Zarys problematyki*, op. cit., p. 113-147; J. Jarczyński, A. Zakrzewska-Bielawska, *Restrukturyzacja zatrudnienia w przedsiębiorstwie*, [in:] S. Lachiewicz, A. Zakrzewska (eds.), *Restrukturyzacja organizacji i zasobów kadrowych przedsiębiorstwa*, Oficyna Ekonomiczna, Kraków 2005, p. 225.

<sup>20</sup> Z. Jasiński, *Restrukturyzacja systemu zarządzania przedsiębiorstwem*, „Ekonomika i Organizacja Przedsiębiorstwa” 8/1992; [cyt. za:] A. Nalepka, *Restrukturyzacja przedsiębiorstwa. Zarys problematyki*, op. cit., p. 84.

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divided into three groups<sup>21</sup>. Namely: (1) employed to specific work where other employees are not qualified (eg health and safety, streamlining processes); (2) supplementary variables need to work because of season peak for example, these are employees under employee leasing, on-call, intermittent, occasional, *temp-system*; as well as (3) employed on special terms to perform parts of the work associated with the core business, such as work accounting work, servicing.

Dissemination of implementing the approximate model of employees distribution in enterprises leads to a change in the of macro social stratification. These consequences in an increasingly wider application of ICT describe mainly two concepts: „netocracy-consumtariat” by Alexander Bard and Jan Söderqvist as well as „creative class-service class” in terms of Richard Florida<sup>22</sup>. Both of these perspectives, however, suggest that the professionally managed organizations which focus their attention on recruiting experts do not have to worry about losing competencies of other employees that can be dismissed. It is important, however, that they can advertise these companies, even when they are outside them. Furthermore, such top entities must deal with voluntary job terminations of core crew in the case of possible deterioration of the work environment after the layoffs of their colleagues, as well as in the case of desire to take over those experts by other organizations seeking professionals through the use of head hunting services<sup>23</sup>.

## CONCLUSION

Organizations that improve their employment structure does not need to be motivated for this because of the need for restructuring related to financial problems, a change in the production profile or the market area. Outplacement programs are aimed at employees anxiety reducing, their personal transformation and improving the organization image carried out in the face of dismissal process in the organization. Such programs playing greater significance in a situation where these organizations carry out workers redundancies during searching for new talents, competencies and focus on implementing innovative solutions<sup>24</sup>. Situation of such conditioned redundancies may significantly harm the self-esteem of laid-off workers by making them understand that their intellectual and creative potential is insufficient.

As it turns out more and more often in developed countries information on outplacement programs conducted by company is provided at the stage of a job interview and in the form of clauses in employment contracts containing the promise of outplacement services as well as in the case of independent decision on their voluntary departure from the company<sup>25</sup>. Such changes in the approach to staff employing and dismissal leading to a simple request that organizations attaching increased focus to maintain their key competencies.

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<sup>21</sup> Z. Antczak, *Outplacement: nowe postrzeganie zagadnienia odejść pracowników*, [in:] M. Przybyła (ed.), *Nowe podejścia do zarządzania*, Wyd. AE, Wrocław 2002, p. 43.

<sup>22</sup> A. Klimczuk, *Experts and Cultural Narcissism. Relations in the Early 21th Century*, LAP LAMBERT Academic Publishing, Saarbrücken 2012, p. 39-48.

<sup>23</sup> J. Szaban, *Zarządzanie zasobami ludzkimi w biznesie i w administracji publicznej. Rynek pracy, dobór, ocena, rozwój i kariera, odejścia z pracy*, Difin, Warszawa 2011, p. 346.

<sup>24</sup> M. Juchnowicz, *Outplacement kompetencji jako sposób poprawy elastyczności kapitału ludzkiego*, op. cit., p. 177-178.

<sup>25</sup> *Ibidem*, p. 179.

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## CONTACT

dr Magdalena Klimczuk-Kochańska, Ph.D., Stanisław Staszic College of Public Administration in Białystok

mgr Andrzej Klimczuk, M.A., Warsaw School of Economics (Ph.D. studies participant)

[aklimczuk@gazeta.pl](mailto:aklimczuk@gazeta.pl)