

OUTPLACEMENT: THE CHALLENGE OF A REALITY IN THE MEXICAN ORGANIZATIONS

Tirso Javier Hernández Gracia

José Francisco Hernández Gracia

Universidad Autónoma del Estado de Hidalgo, México

Ismael Acevedo Sánchez

Alfredo Castillo Trejo

Juan Alberto Carranza Sevilla

Universidad Tecnológica Tula Tepeji, México

Abstract

Since companies are the bases of the economy in Mexico, there is an increased interest on the part of the government to boost their growth through various programs, but the increased international competition, mergers, acquisitions and recurring economic crises, give rise to a social and economic phenomenon that is repeated on a daily basis: "unemployment". To offset this problem, it is necessary to implement Outplacement programs that Mexican companies can follow internally and a solid strategy for Corporate Social Responsibility (CSR), which would be designed to restrain the periods of work cutback and minimize the psychological and social impact on those affected. This article discusses the importance of challenging a reality related to Outplacement for Mexican companies, the importance of this phenomenon as part of CSR and some ideas for profit and steps to implement a program.

Keywords: Outplacement, Social Responsibility, Unemployment, Mexican Companies

Introduction

According to Santiago Macias (2008:3), one of the main economic sources for the country comes from businesses. That is why there is an increased interest by the government to boost their growth through different programs. The company is the mainstay of the economy, it supports employment and generates wealth, two reasons that deserve special attention so that companies can take advantage of the opportunities offered by Mexico and fulfill their task of creating jobs and wealth.

However, growing international competition, mergers, acquisitions, recurring economic crisis and the problems inherent in to today, give rise to a social and economic phenomenon that is repeated on a daily basis: "unemployment". In the last 10 years the average rate of unemployment in the country was 3.9%, increasing in a sustained and significant manner from 2008 to 2011, as it can be seen in

Table 1 Unemployment Rate in México

Year	Unemployment Rate	Position	Percentage Change	Date of Date
2003	3,00 %	168		2002
2004	3,30 %	167	10,00 %	2003
2005	3,20 %	27	-3,03 %	2004 est.
2006	3,60 %	30	12,50 %	2005 est.
2007	3,20 %	32	-11,11 %	2006 est.
2008	3,70 %	42	15,63 %	2007 est.
2009	4,00 %	46	8,11 %	October 2008
2010	5,50 %	50	37,50 %	2009 est.
2011	5,60 %	56	1,82 %	2010 est.

Source: CIA World Factbook – March 11, 2011

When this occurs, it is difficult for a worker that has been laid-off to try to explain this to his family and above all to overcome the psychological shock that this entails, as well as the economic impact. Added to this, the effect or cultural syndrome that the workers who remain in the company and have witnessed what happened to their co-worker can disturb their productivity and even cause stress, feelings of guilt, helplessness, anger,

anxiety, hatred, among other things. Hence the importance of developing and implementing special programs to prepare an employee that is to be disassociated from the company and to establish intensive communication plans with those who will stay, called "survivors", thus avoiding the generation of all kind of negative feelings and putting the production at risk.

Corporate Social Responsibility plays an important role when the relationship with the workers has been fractured. The businesses where this type of relationship can be observed have gone through adjustments in their work relation, often conditioned by mergers or changes in ownership of the company that have happened together with layoffs.

All of this has created a climate of uncertainty, uneasiness, resentment, in which effective channels of communication to build bonds of mutual cooperation have not been established, that would help overcome mistrust and conflicts between unions and companies. As discussed by Pablo Baltera and Estrella Diaz (2005:52), this situation occurs as a deficiency that needs to be mended, while different channels are defined within the context of the new organizational forms established by the company.

The purpose of this article is not to discuss regulations, rights and obligations of workers have when they are laid off, since in every country, state or municipality, there are public organizations to which an employee can turn to when he gets fired, as well as a number of labor law specialists offices in advising people who going through these difficult moments to make sure they receive what the law grants them.

The intention, rather, is to learn if the businesses use a complete program of job separation, commonly known by the English term of "Outplacement" and thus prepare the worker to be dismissed as part of the Corporate Social Responsibility to which companies must adhere nowadays, thus reflecting a positive image by implementing good behavior, values and principles, which will affect not only their employees, but can also make an impact in other areas and social problems.

Outplacement

The term Outplacement first appears in the Europe around the nineties with the purpose of counteracting the effect of the termination of an employee. The spirit of Outplacement is not only to thank the worker for his performance during the time he was with the company and give him a good letter of recommendation, but help him so that he can soon find another job.

Outplacement, besides being a responsibility towards the employees-which could very well be seen as a true Corporate Social Responsibility-helps maintain motivation on those staying with the company. When they know that if they have to leave their jobs, they will have some assistance on their relocation, the "survivor syndrome" is reduced. As established by Joseph Pin, Lourdes Susaeta and Angela Gallifa (2010:19), this syndrome causes discomfort in people who are within the company; they think their security is affected. Its effects include restlessness, employees focus on survival rather than on efficiency; there is human capital flight and demoralization.

Jaqueline Messitte and Leon Warshaw (2001:95) define Outplacement as "*a professional consulting service that helps organizations plan and implement individual terminations or reductions in their workforces so as to minimize disruptions and avoid legal liability, and counsels terminated employees in order to minimize the trauma of separation while orienting them towards seeking alternative employment or new careers.*" The NGO Vinculos conceive it as "*a technique designed to assist individuals and business in managing the process of separation, thus maintaining consistency between the successful achievements of the company and human resource that has worked for this purpose*".

Edgar Eslava (2006:1) states that the origin of Outplacement happened after World War II, when the United States offered assistance to ex-combatants returning to civil life. Consequently, the term Outplacement appeared in the 1960's, when the need to incorporate people into companies increased. With time, this type of concept would extend to Europe in the 1970's, especially to England, reaching other countries such as France and Spain because of the instability in employment during the 1980's. It is in this last decade that Downsizing came out in many North American, European and Latin American countries as a managerial tool with a great psychological emphasis, called "Outplacement Programs" to termination address. First it was called *decruiment* or *dehired*; David North has been credited with the creation of the term *Outplacement* which does not have a concrete translation into Spanish.

Outplacement does not aim to guarantee the attainment of a job; its goal is to increase the odds of reintegrating a candidate to the work place. Therefore, the benefits are reflected in both, the employee receiving counseling to resume the search for work according to the needs of the market by analyzing his weaknesses and strengths, and the company that

with this program, offers the terminated employee a more humane treatment and at the same time improves its corporate image and avoid the possible internal tensions that may arise.

The dismissal of staff is a phenomenon that causes great worries and commotion, in addition to losses of intellectual capital in public and private organizations. Sometimes it is unavoidable that an economic, technological, social, political or another, type of situation causes changes in businesses, however for the personnel it becomes difficult to hide their worries and fear, which triggers confusion and the uncertainty of the unknown. That is why managers should improve the methods and tactics that will allow them to prepare a worker to be terminated from the company definitively. For an employee, the psychological consequences of dismissal can range from anxiety to depression and even damage to his self-esteem, guilt, anger, and even psychosomatic symptoms such as hypertension. Many experts believe the loss of employment is one of the most disturbing events that take place throughout life.

Juan Pilar (2009:12) affirms that when a worker sees himself in this type of situation, it is very common for him to ask for the opinion of a family member, friend or co- worker since he does not know what to do next. Some agencies offer consulting services to guides enterprises and workers who are on the verge of losing their jobs as a result of a business decision based on a process of restructuring, merger, acquisition, low sales, and other reasons, all of them unrelated to the worker's performance. The service offered is intended to guide companies in managing their restructuring plans and facilitate job reorientation, support and even training of employees to be laid off, so that they can find something similar to their current occupation conditions in the shortest possible time.

In this regard, some public agencies hire the service of outside law firms to collect the resignation signature from an employee or to terminate a contract, arguing that there is a possibility of rehiring, which is dishonest and unethical. Such practices go against the purpose of Outplacement, since these organizations are just trying to avoid legal problems and get rid of personnel in a cold and cruel manner. That is precisely where CSR plays a very important role, which should be part of their code of ethics, philosophy and organizational culture.

Corporate Social Responsibility

For Viviana Ronces (2011:1) Corporate Social Responsibility (CSR) could be defined as *"The ability of a company to listen, attend to, understand, and satisfy the legitimate expectations of the different players that contribute to its development."* Gerard Fonteneau (2003:3) also says that CSR *"requires the companies themselves define (unilaterally and voluntarily), social and environmental policies through alternative instruments which are neither collective agreements or legislation, and offer, in pursuit of their goals, associations with multiple players."*

According to Gustavo Verduzco and Mariela Perez (2006:21) CSR started in the times of the Aztecs, first in the pre-Hispanic era and later during the Spanish conquest of the Aztec Empire and its colonization. The Catholic Church became a great alternative social aid to protect the homeless, the poor, and the natives by building schools, hospitals, and nurseries.

Cynthia Sanborn (2004:3) says that after Independence of Mexico, the church institutions created by the Spaniards continued with the responsibility of taking care of the health, education and poverty of other needy groups, although they did not have the same power as before. During the Porfiriato, there was a big boost to charity with the creation of the Private Assistance Board, which still exists. Religious faith was a big motivation for charity and social aid, and influenced the corporate philanthropy characteristic of all Latin America, because in general, it was not the company but the owner who decided to get involved in social projects.

Cecilia Garavito (2007:22) points out that most companies that report CSR programs in the workplace, confuse these with employee training programs and recreational activities. While training increases worker productivity and contributes to them staying in the company, such activities do not constitute CSR programs.

Mariela Perez (2006: 2) reaffirms what several critics have already stated, that one of the challenges facing CSR in Mexico is precisely getting the proper meaning across, since very often it gets confused with the terms philanthropy, corporate ethics, and/or cause related marketing. It is also a challenge to communicate adequately what CSR is, make it visible and publicize it so that it is applied properly without making it look as a resource to improve the image and public relations of the companies.

In general, CSR in Mexico is more focused towards the development of activities related to donations, sponsorship support and welfare activities that would improve the company's image, reputation and legitimacy in society. Most companies make unplanned actions, disassociated from the true purpose of CSR.

Outplacement practice in Mexico

The changes that happen constantly in this globalized world and the fierce competition in which millions of businesses to remain at high levels of competitiveness and performance make it difficult to guarantee the stability of jobs in the long run. These days it is common for a worker to again experience working for a company for some time and then going to another and so on. It is very unusual to take roots with a single company. Little by little those times when an employee worked 20 or 30 years in a row for the same employer are disappearing, back then it was normal and even expected by the employees. Today, factors such as globalization, competitiveness, the need to adapt to the ever changing markets adversely affect what in the past was a linear career for the average worker.

Fernando Pedrero (2006:1) comments that Outplacement is a service companies hire externally, there nowadays, only 1% of the firms in Mexico use it. He admits that those who make use of this tool is because they are worried about the different problems laying somebody off would bring of the company, such as a hostile organizational climate, lawsuits and consequently, a bad image. Mexican companies are now more concerned about their image, they try to be good employer, be socially responsible to the interior of the company and the community. Outplacement creates opportunities, which can generate new value networks, to enable laid off employees to work alongside their former co-workers, but now as allies or partners. Pedrero affirms that this program is an option for companies to practice social responsibility.

Outplacement is to be understood as a response to this change, that is, as part of a strategy that a company must implement against the risk of contracting temporary employees, where the human resources help employers and employees to adopt new approaches and triumph over the changing workplace. As mentioned above, in Mexico, only 1% of companies use these services during the downsizing, according to data from the international consulting firm DBM. Among those who do use Outplacement

we have: Cemex, Femsas, Mexico American Express, IBM Mexico, GE Capital Mexico, Cisco, Danone, the US Embassy, Hewlett Packard, Johnson, Roche Laboratories and the Instituto Tecnológico del Estudios Superiores de Monterrey (ITESM).

According to INEGI (National Institute of Statistics and Geography) (2009) in Mexico there are 5'144,056 economic units; an unemployment rate of 4.61% during March is also reported, compared to 5.38% reported in February, in addition, at the end the first quarter of this 230,000 new jobs were reported.

A value strategy could be implemented in set up of Outplacement in Mexico to deal with the unemployment rate of 52% in the second quarter of 2011 (INEGI, 2011), and the fact that the country occupies the 12th place in intentional homicides (ICESI, 2011), which indicates an increase in crime.

Hiring outplacement consulting services is more accessible to medium and large companies because of the economic power they have, and usually, they are who hire these services in order to reduce the tension generated by the break up between worker and company, and also to promote a stable working environment that does not hinder relations who stay with the company. In our country, the labor legislation does not provide services such as outplacement consulting service, it is more of a self-determination of the company to reduce and mitigate the legal, economic, social and psychological consequences on the worker.

However, although this is a relatively new practice in the context of organizations, it is necessary for the government as a guiding axis of the economy and responsible for maintaining social welfare programs contemplated as outplacement services in labor law because it helps reduce the economic and social impact involved in the process of job termination.

Unfortunately in Mexico, public institutions do not use Outplacement and where layoffs occur, especially when there is a change of government. Bureaucrats in Mexico are the most affected in this regard, since it is a practice that takes place permanently and continuously, even among workers live in fear that at any moment will separate from his work, overnight and without any consideration.

Implementing an Outplacement service

As we have mentioned before, Outplacement does not intended to be guarantee of employment, its objective is to increase the possibility of a

candidate to go into the labor market again. Therefore its benefits are reflected both in the employee who receives counseling to resume the search for work according to the needs of the market by analyzing his strengths and weaknesses, and the employer who, with this program offers a more humane treatment to the fired employee and, at the same time, improves its corporate image and avoids the possible internal tensions that may arise. Table 2, shows the main steps to implement an Outplacement program.

Due to the high staff turnover experienced by companies as a result of economic instability, some measures have been taken that could help lead the process of work disengagement with a close collaboration between government and private sector through the following actions: recognition consequences (level of impact), the understanding of the Outplacement services by labor laws, the creation of a support fund for these services and, indubitably, the linking of governmental organizations with the private sector.

Olga Jaramillo, Catalina Quintero, and Fanny Monica Rangel Mantilla (2005:37) say the Outplacement process in Mexico is underdeveloped and that the cost of establishing it is high, thus the studies have focused on creating plans that are easy to implement inside Mexican companies; for this, the model based on the five D's-which in Spanish mean-"Discover, Addressing, Arguing, Decide, Develop" -describes the idea of creating a plan that could be exercised effectively within companies without impacting the costs or the size of the company. They Claim that the only thing needed is time (a long term goal) so that it can be executed.

Table 3.Steps for implementing an Outplacement Program

No	Name	Explanation	Breakdown
1	The Balance	In it, consultants are responsible for discovering and identifying the skills, abilities and knowledge of the candidate and how to develop them as well as his ambitions and motivations.	
2	The Professional Project	Based on the analysis of the balance, a project is developed and the results are measured, this helps give coherence to the professional profile of the candidate, and depending on the supply-demand relationship, develop his potential.	The project can be aimed in four areas: Continuity, in which is post like the previous jobs are sought, Change, where the post or the sector it is modified, Breakup, where all possible variables enter, and Entrepreneur which focuses on creating a business project.

3	The Action Plan,	Here, a career plan is developed, where search strategies are developed according to the plan together with communication tools. The candidate is trained to face a job interview and how to answer uncomfortable questions, as well as identify objectives to address the search of a new job successfully.
4	The Search Campaign	Once the plan has been completed, the means to search for job offers are chosen (placement agencies, starting a business, mailing, media and contact network), where the counselor guides the candidate and gives him job offers according to his professional profile, in the shortest possible time.
5	The Integration Process	It is when the new professional activity begins in which some counselors do a follow up considering finalized after a year or so, or when the candidate is fully satisfied and integrated into his new job.

Source: Elaborated by Author from Luis Lopez (2011:52).

Benefits Outplacement for the Organization and the worker

There are important benefits derived from the implementation of Outplacement programs, which involve a series of support, psychological and technical guidance strategies for those who have suffered the loss of their jobs. The contribution of psychology to these processes work transition processes is significantly important, especially in the initial stages of the process, not only for psychological support, but also for psychometric capacity assessments, career counseling, psychological counseling and job search in the labor market.

The emphasis of this service is also directed at those who are to retire either when they reach the age limit or at an earlier time, providing them with training, attending in the company of a relative, allowing them to establish a strategy to plan their life outside work, and certainly, to prepare them to live with a good quality of life in which undoubtedly, the family plays an important role. Some of the most important benefits resulting from the implementation of an Outplacement program are listed next.

For the firm that hires the service: 1) Counseling to reduce emotional conflict; 2) Maintain efficiency during the separation process; 3) Management of human resources; 4) Elimination of conflicts; 5) Integration of the means to find work in other companies; 6) Give employees the opportunity to plan their lives starting a new plan of activities; 7) Reduce the

time of unemployment, attaining a rapid relocation in the labor market; and 8) Discover what skills he may have in order to start his own business.

The employees who receive counseling: 1) Feedback, motivation and optimism about their future; 2) Professional reencounter; 3) Prevention of the physical and emotional consequences that a process of change involves; and 4) It allows the person to identify his strengths as well as improve his competences and abilities.

The organization which develops an Outplacement program: 1) Recognizes the human factor as the main asset; 2) Acquires with itself a moral commitment which enlarges and enhances its own values; 3) Maintain the trust and confidence of staff toward the executives who implemented the program; 4) To ensure and maintain the continuing commitment, motivation, dedication and loyalty of the workers who stay, toward the company; 5) Increase the adaptability and sensibility of the staff to accept and cope with the changes that the new environment demands; 6) Provide support for a successful transition, helping workers to accept "voluntary and reconciled" retirement plans; and 7) Strengthen and maintain the good image of the organization in front of the customers, suppliers, financial institutions and public opinion in general.

Conclusion

Outplacement consulting services are a relatively new technique in the world of organizations, with the US and some Western European countries being where they have had the most experience, consequently we can conclude that in Mexico is a technique hardly used at all, and therefore, there is not much experience in the field.

This service is a good option both, for the firm that, for some reason, has to take a business decision, whether it is because of a merger, acquisition or downsizing, and gets involved in a job separation process, as for the employees within the organization because it reduces the economic, social, and psychological impact.

This service is closely linked to the size and economic strength of the company, because of, to a greater extent, this practice is carried out within large corporations, but not in the Micro Small and Medium Enterprises (MSME's) where, in most of them, there is not a human resources area or department that would pay attention to the needs of their employees.

Due to the fact that most of the business Mexico are MSME's, and even though many of them do not have a human resource area or department, it is indispensable to take into consideration, in the work-related legislation, the need for Outplacement consulting services with the aim of reducing the negative aspects that directly affect the people who are immersed in a process of job termination.

It is also very important to stress the fact that it is necessary for companies regardless of their size, to give importance to the great shock that the worker receives from labor detachment; this should result in a actions within the same company to provide better opportunities, forcing us to improve our recruiting processes and consider outplacement, in a less detailed manner inside the same company but looking for optimal results, to be ready for those times when we have to let our valuable staff go for issues not related to their work skills.

CSR as organizational strategy and a philosophy of social commitment can be practical for a company, given that statistics show that 68% of the firms that use Outplacement have a more positive impact in their image and profitability.

References:

- Baltera, P., & Díaz, E. (2005). Responsabilidad social empresarial alcances y potenciales en material laboral, Cuaderno de investigaciones No. 25. Santiago de Chile, Chile: Dirección del Trabajo del Gobierno de Chile.
- Central Intelligence Academy. (s.f.). The world factbook: Central Intelligence Academy. Obtenido de <https://www.cia.gov/library/publications/the-world-factbook/index.html>
- Eslava, E. (2006). Outplacement. *Psicopeiahoy*, 8(11).
- Fonteneau, G. (Octubre de 2003). Responsabilidad Social Corporativa: previendo sus implicaciones sociales. Recuperado el 29 de Mayo de 2011, de La Alianza Global Jus Semper: <http://www.jussemper.org/Inicio/Resources/RSCimplicacionessoc.pdf>
- Garavito, C. (2007). Responsabilidad social empresarial y de mercado de trabajo. 30. Perú: Pontificia Universidad Católica del Perú. Obtenido de <http://www.pucp.edu.pe/economia/pdf/DDD258.pdf>
- ICESI. (2011). Instituto Ciudadano de Estudio Sobre la Inseguridad A.C. Recuperado el 15 de Septiembre de 2011, de http://www.icesi.org.mx/estadisticas/estadisticas_oficiales.asp

- INEGI. (2009). Comunicado Núm. 312/10 Instituto Naional de Estadística y Geografía. Recuperado el 20 de Mayo de 2011, de Instituto Naional de Estadística y Geografía: <http://www.inegi.org.mx/inegi/contenidos/espanol/prensa/comunicados/censoeconomicos09.asp>
- INEGI. (2011). Instituto Nacional de Estadística y Geografía. Recuperado el 19 de Mayo de 2011, de <http://www.inegi.org.mx/default.aspx>
- Jaimez, V. (2011). Los Orígenes de la Responsabilidad Social. DirComMx Comunidad Estratégica Global. Recuperado el 28 de Mayo de 2011, de <http://www.dircommx.com/2011/05/los-origenes-de-la-responsabilidad.html>
- Jaramillo, O., Quintero, C., Rangel, M., & Mantilla, F. (2005). Significados construidos alrededor de la transición laboral de empleo a desempleo de cuatro adultos que están vinculados al programa de Outplacement que ofrece la compañía Drake Beam Morin. (Tesis no publicada). Bogotá: Pontificia Universidad Javeriana. Recuperado el 18 de Mayo de 2011, de http://www.javeriana.edu.co/psicologia/observatorio_trabajo_admon/archivos/mantilla_outplacement.pdf
- López, L. (1997). La desvinculación asistida, (outplacement) y la continuidad en el empleo. *Revista de Psicología de la Universidad de Chile*, VI, 1-67.
- ONG Vinculos. (2011). Desvinculación laboral. Outplacement, sus técnicas, procesos y administración. Recuperado el 18 de Agosto de 2011, de ONG Vinculos: http://www.ongvinculos.cl/index.php?option=com_content&task=view&id=135&Itemid=1
- Pedrero, F. (27 de Marzo de 2006). Outplacement úselo al perder su empleo. *El Universal*. Recuperado el 8 de Marzo de 2012, de http://risefoundation.blogspot.mx/2006_03_01_archive.html
- Pérez, M. (2006). La responsabilidad social corporativa en México: ¿Ser o parecer? Análisis de la comunicación a 25 empresas del país. 1-25. México. Recuperado el 29 de Mayo de 2011, de <http://www.reddircom.org/textos/marielaperez.pdf>
- Pilar, J. (2009). El Outplacement, desvinculación asistida o reinserción laboral. Universidad Autónoma de Santo Domingo. FCAyF.
- Pin, J., Susaeta, L., & Gallifa, Á. (2010). Mejores prácticas en recursos humanos: directrices para las empresas en época de crisis. (U. d. Navarra, Ed.) Madrid: IESE Bussines School.

- Macías, S. (2008). La importancia de las pymes para el mercado mexicano. Recuperado el 12 de febrero del 2012, de: <http://www.compite.org.mx/otros/IMPORTANCIAPYMES.pdf>
- Sandorn, C., & Portocarrero, F. (2003). La filantropía ‘realmente existente en América Latina. Departamento de Ciencias Sociales y Políticas. Lima: Centro de Investigación de la Universidad del Pacífico.
- Verduzo, G. (2003). Organizaciones no lucrativas. El Colegio de México. México: CEMEFI.
- Warshaw, L., & Messite, J. (2001). Asistencia Sanitaria: Protección y promoción de la salud. Artículo 15. Enciclopedia de Salud y Seguridad en el Trabajo (Tercera Edición), 1-102.