

A FOLLOW-UP SURVEY OF WORKERS DISPLACED BY THE FORD SAN JOSE ASSEMBLY PLANT CLOSURE

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When the Ford Motor Company announced on November 18, 1982 that it was closing its San Jose Assembly Plant in six months, it marked the beginning of a cooperative, systematic approach to responsible plant closings in the American automobile industry. That approach, developed jointly by Ford and the United Automobile Workers Union (UAW), represented a major advance in dealing with this far-reaching social problem. This paper assesses: (1) the labor market outcomes of that pathbreaking effort, (2) the impact the education and training programs made available to the workers had had within two years after the closing, and (3) the worker's perceptions about the services provided for them.

The Setting

Ford, after months of intensive analysis and discussion, decided to shut down its San Jose Assembly Plant in Milpitas, California, because of excess small car capacity, loss of domestic market share to Japanese auto imports, and serious financial problems arising out of the 1979-82 auto recession. The closure resulted in the displacement of nearly 2,400 workers.

At the time of the shutdown, the San Jose workforce consisted of 2,094 hourly and 292 salaried workers. The average age of the hourly workers was 42, and the average age of the salaried workers was 47. Sixty-nine percent of the hourly workers had 10 or more years of service, with 15.9 years being their average length of service. Ninety-seven percent of the salaried workers had more than 10 years of service, with 22 years being their average length of service.

The San Jose workforce was an ethnic mix: 33 percent of the workers were Hispanic (45 percent of the hourly workers), 12 percent Black, 2 percent Oriental, and 53 percent Caucasian. Over 86 percent of the workers were married, 8.5 percent were separated, divorced or widowed, and 5.3 percent had never married.

Of the hourly and salaried workers: 37 percent had less than 11 years of schooling, 41 percent had completed high school, and 22 percent had one or more years of college. In addition, nearly 27 percent of the workers had participated in some post-high school education or training programs prior to their layoff from Ford San Jose.

Under the provisions of the various letters of agreement signed as part of the 1982 national negotiations, Ford and the UAW were able to respond immediately and positively to the needs of the hourly workers faced with dislocation.

When the closing was announced, an eight-member local Employee Development and Training Program (EDTP) Committee comprised of company and union representatives from the plant, moved into action. The committee was co-chaired by plant Industrial Relations Manager Hal Axtell and UAW Local 560 Bargaining Chairman Stan Jones. Within a week this committee, working closely with representatives of the UAW-Ford National Development and Training Center (NDTC), California Economic Adjustment Team and California Employment Development Department (EDD), began mobilizing resources and providing services to the workers.

Four days after the plant closing was announced, the local EDTP Committee and Ford management established an Employment and Retraining Center (ERC) in the plant. Two management industrial relations representatives and two hourly paid union members were assigned to serve as training coordinators and respond to workers' needs. Industrial relations representative Donna DeGrande was appointed coordinator of the ERC and supervised the organization and delivery of worker services. Ford paid the salaries and wages of the EDTP Committee members and the ERC employees. The company also provided space at the plant to allow on-site delivery of services by the California EDD (which provided vocational counseling) and the Milpitas Adult Education (which provided basic skills courses).

The initial results of the UAW-Ford San Jose project were documented in the summer of 1984, approximately one year after the plant closed. (See: *The San Jose Assembly Plant: UAW-Ford Approaches to Retraining and Job Assistance for Dislocated Employees*, Dearborn, MI: UAW-Ford National Development and Training Center Report 4, November 1984.) At that time, some of the vocational training programs were winding down while others were on-going. Consequently, it was not possible to assess all of the participants' placement

and subsequent labor market experiences. Therefore, a follow-up telephone survey of a random sample of 9 percent of the former San Jose workforce was carried out in July and August 1985, 26 months after the closure, to determine how useful the training was to them and their success in obtaining jobs.

To determine the effectiveness of the UAW-Ford readjustment program, the survey included current employment status, reemployment income, successful occupational change, and indicators of job satisfaction in present jobs. The workers' perceptions about the services Ford and the UAW made available to them were also used as indicators of program success.

Several different types of programs were used at San Jose:

1. Orientation
2. Assessment, testing and counseling
3. Vocational exploration courses
4. Seminars and programs
5. Job search training and job club
6. Adult Basic Education (ABE)
7. Targeted Group Classroom Vocational Retraining (TVR)
8. On-the-job Training (OJT)
9. Individual (prepaid tuition) Classroom Training (NVRAP)

The various programs were intended to augment the displaced workers' fund of human capital with labor market information, job search skills, remedial education and/or actual retraining in marketable vocational skills and thereby increase the participants' reemployment prospects, relative earnings and decrease unemployment.

Though many of the sample group had participated in at least one of the 9 programs offered, only a few had participated in some specific programs. Consequently, the sample responses were grouped into three categories for analysis:

- Those who did not participate in any programs (Category 0)
- Those who participated only in programs 1-5 above (Category 1)
- Those who participated in programs 6-9 above (Category 2)

Our objective was to assess the effectiveness of worker participation in the two main categories of programs: employability assessment and job search assistance, and education and training versus no program participation.

Findings

Employment and Unemployment

Based on the survey conducted in July and August 1985, the employment status of former San Jose Ford workers was as follows: 61.1 percent of the workers were employed, 16.9 percent were unemployed, and 22 percent were retired or out of the labor market and not looking for work.

Of those employed, 93.6 percent held only one job and 6.4 percent held more than one job. Five percent of the employed workers worked part-time (1-20 hours), and the remainder worked full time. Only 8.5 percent of the

employed workers had been temporarily laid off from their current job at any time. The employed workers' average age was 45. The unemployed workers' average age was 51, and 55 was the average age for those not in the labor market. The average age of those who did not participate in any readjustment programs (Category 0) was 53 years. The average age of those who participated in Category 1 was 48 years and the average age of those in Category 2 was 45 years.

Of the employed workers, 80.6 percent were employed by private companies, 9.7 percent worked for government agencies, and 9.7 percent were self-employed. The distances they commuted to work ranged from 1 to 50 miles and averaged 12 miles. Ninety percent of those employed commuted to work by private car.

The employer size ranged widely: 33 percent worked for very small employers (0-49 employees), 21.7 percent worked for small to medium-sized employers (50-499 employees), 20.9 percent worked for large employers (500-1999 employees), and 24.4 percent worked for very large employers (over 2000 employees).

Twenty-five percent of the former Ford workers had taken jobs with the so-called "high-tech" industry located in Silicon Valley. The remaining 75 percent were working in a wide variety of industries—steel, manufacturing of all kinds (including autos, aerospace, and tank building), services, transportation, food processing, wholesale and retail trade, and even agriculture.

Jobs held ranged widely: salesmen, microwave technician, materials handler, air conditioner repairman, cannery worker, body shop manager, facilities manager, assembler, order clerk, auto upholster, security guard, aluminum welder, counselor, machine operator, emergency procedures assistant, truck driver, electronic assembler, semiconductor tooling, landscape gardener, computer operator, plumber, mailman, CAD drafter, assistant service manager, and machinist. Seventeen percent of the workers held supervisory or managerial positions in their current employment.

While the majority of the workers were satisfied with their current jobs, 25 percent were actively looking for other employment or planned to seek other employment in the near future. The most frequent reason given for seeking other employment was "better pay." Other reasons included: "closure of office," "desire to return to auto industry," "current job is a temporary one," "future layoffs are possible," "no future at this firm," "want better benefits," and "have acquired new skills and want a better job."

Methods of Job Search Used

Like most individuals seeking work, the former Ford workers used a variety of sources to obtain their current jobs. Their most frequently used sources were personal friends and relatives, direct application to the employer, and the UAW-Ford San Jose Job Placement Center. Sources used less frequently included vocational training institutions, the public employment agency, private employment agencies, and want ads.

Usefulness of Training and ERC Services

Thirty-five percent of the workers said that the vocational training the UAW-Ford Retraining Center

arranged for had helped them obtain their current job. An equal number, 35 percent, indicated that they were using the vocational training they had received on their current job. When asked about assistance in finding employment, 44 percent of the workers said the services provided by the UAW-Ford Retraining Center helped them to obtain their current job.

Current Job Compared with Last Job at Ford

When asked to compare their current job with their job at Ford San Jose, the workers gave mixed answers. They perceived their current wages and benefits to be worse, but they considered their job satisfaction, supervision, and working conditions to be better than at Ford. Sixty-three percent indicated that they received most of their former fringe benefits (health insurance, dental insurance, vacations, sick leave, life insurance, pensions) in their current jobs, but 37 percent indicated that they did not receive one or more of their former benefits in their current job.

The wages the employed workers received on their current jobs averaged \$9.81 per hour compared with an average of \$9.97 at Ford. When the Ford COLA average of \$2.17 per hour is added, their average post-Ford wage was \$2.33 less per hour or 81 percent of their total Ford wage at the time of closure. However, there was considerable variation in the post-Ford wage levels and substantial differences depending upon the extent of their participation in education and training programs. The averages indicate that a number of employed workers were approaching or considerably exceeding their Ford wages, while some workers were substantially below their Ford wage levels.

Characteristics of the Unemployed.

Of the workers who were unemployed when the survey was conducted, 37.5 percent had been unemployed for 20 weeks or less, 19 percent for 20-35 weeks, and 44 percent for over 35 weeks. They were actively seeking work using a variety of techniques. Most of the unemployed were looking for full-time permanent work, only 13 percent were seeking part-time or temporary work. Thirty-seven percent of the unemployed considered age to be their most serious problem in finding a job. Other reasons given included lack of education or vocational training, lack of work experience or skills, and lack of assistance or resources in searching for work.

Workers Not in the Labor Force

Of the 22 percent of former Ford workers who were not in the labor force, three-quarters of them were fully retired. An additional 12.5 percent had ill health or a physical disability, and 6 percent were still participating in training or attending school. One worker said that he was waiting for recall to Ford under the GIS program. Among the workers not in the labor force, 10.8 percent indicated that they intended to look for work within the next 12 months.

Education and Training

One of the unique features of the San Jose plant closing was the development of a comprehensive program of adjustment services with a strong component of education and training to assist the displaced workers. The local San Jose UAW-Ford EDTP Committee wanted to provide

their workers with the education and vocational training necessary to help them obtain skilled or other meaningful jobs to replace their relatively high-wage Ford jobs.

Although 26.8 percent of the workers had received an average of 6 to 12 months of post high school training prior to the November 1982 closure announcement in community colleges, vocational schools, military service, apprenticeships, and company programs, many of the hourly San Jose workers lacked basic educational skills, and some did not speak English. Nearly 38 percent of the workers had 3 years or less of high school. These individuals needed some basic education to be successful in vocational training programs offered through the San Jose ERC.

All workers who wished to participate in remedial education courses and vocational training programs were tested to determine their education and training needs. Some 1,667 workers took the Test for Adult Basic Education, 1,516 took the Career Ability Placement Survey, and 1,997 were given a skills assessment and employability plan prepared by the California EDD counselors. A substantial number of workers elected to take the education and training courses available beginning in January 1983. According to the best information available, 691 workers participated in inplant seminars, over 2,100 workers participated in vocational exploration courses, and 438 individuals went through a job search skills workshop conducted by California EDD staff on-site at the plant. In addition, 531 individuals took adult basic education courses, and over 750 individuals enrolled in intensive full-time vocational training programs, of which 500 received substantial technical training.

Impact of Education and Training Program on Employment.

The importance of the education and training programs to the former San Jose workers was demonstrated by the results of our survey. Of the former Ford San Jose workers who were currently employed, only 14.6 percent had not participated in any readjustment program, but 33.3 percent of those currently unemployed had not participated in any readjustment programs.

When the data were disaggregated to see which of the training programs were most important to subsequent employment, the results for OJT and TVR were impressive. Of the former Ford San Jose workers in our sample who had participated in OJT, 100 percent were employed. The unemployment rate for those who participated in TVR classes was 10.6 percent compared with an unemployment rate of 21.2 percent for those who had not participated in TVR training.

Two conclusions can be drawn from these data. One, the OJT program funded by the California Employment and Training Panel and run by experienced Ford personnel who knew the workers and employers in their area was remarkably effective in placing Ford workers in jobs. Two, training did make a difference. It improved the employment prospects of the workers, aided them in their new jobs, and increased their post-Ford wages. Substantial numbers of workers upgraded their skills or learned new skills by taking advantage of TVR courses.

The impact of adult basic education (ABE) on post-Ford employment was more complex. ABE was remedial and considered preparatory for vocational training. If a worker with a 9th grade or above education took only adult basic education courses and no substantive vocational training (TVR, NVRAP, or OJT), the value of the ABE in obtaining subsequent employment was not evident. The probability of getting a job after taking ABE was roughly the same for any worker regardless of training level – about 78 percent. But if workers went from ABE to a TVR class, they increased their chances of getting a job to 94.4 percent. If they went from ABE to OJT their chances of getting a job increased to 100 percent. Only those who took vocational training after completing ABE courses realized the full benefits.

We think these results strongly support the use of ABE as part of a comprehensive readjustment strategy which includes substantive vocational retraining. It also appears that ABE, in the form it was delivered at San Jose, works best when workers are not seriously handicapped educationally. Additional help and longer specialized programs are probably needed for those with less than a 9th grade level of education.

Impact of Education and Training on Wages.

Another question raised about the value of education and training is its impact on the wages of those who do obtain jobs. As noted in the section on employment, the average hourly wage rates of the employed former Ford workers averaged \$2.33 per hour less than their former Ford wages. The positive impact of education and training was demonstrated when the workers were divided into three skill training participation groups: no participation (Category 0), participation in basic programs (Category 1), and participation in substantive education and vocational training programs (Category 2). When this was done, it was found that the former Ford workers who were currently employed but who had not participated in any of the adjustment services were receiving an average hourly wage of \$8.26 or 68 percent of their former Ford wage. Workers who had participated in the basic Category 1 retraining efforts were receiving an average hourly wage of \$9.20 or 76 percent of their former Ford wages. Finally, workers who participated in substantive Category 2 retraining programs were receiving an average hourly wage of \$10.36 or 85 percent of their former Ford wage plus COLA.

While the wage comparisons show that the workers are, on average, not "better off" financially than they would have been had the plant remained open, they do suggest that the education and training programs for the former Ford workers did improve their wages over what they might have been. In our judgment, this is an important finding.

Workers' Perceptions about the Services Provided

We were interested in obtaining data on how the workers felt about the unique services which were provided for them and whether the cooperative labor-management approach "paid off" from the perspective of the company and union. Some very dedicated people expended a great deal of effort and considerable resources to provide services to the workers. Regardless of the

outcome in economic and employment terms, how did the workers perceive the programs? What impressions about their union and their former employer were they left with? Once again, the answers are impressive.

This study revealed a number of important findings about the approach used to advertise and deliver readjustment services at Ford-San Jose. First, the workers knew about the services. Second, they felt that the services were readily accessible to them, and third, the majority made extensive use of them.

Seventy-four percent of the Ford San Jose workers indicated they used the UAW-Ford Retraining Center and its services. Though it is difficult to correlate the use of the center with subsequent employment, the data does suggest that those who used the center experienced lower unemployment and those who did not use the center had a higher unemployment rate.

The ERC's effectiveness is illustrated by the fact that 83.4 percent of the workers thought that the UAW-Ford San Jose Retraining Center effectively provided job placement services to them.

An even higher percentage, 91.2 percent, said that the advertising and promotion of the training and assistance programs were effective. Finally, 95.5 percent of the workers said that the San Jose ERC was effective in arranging training and retraining programs.

The company's and union's positive expression of concern, as expressed through the efforts of the Training Center, was acknowledged by 94.8 percent of the workers.

Finally, 93.5 percent of the workers said that the referral services provided by the UAW-Ford Training Center were effective in helping workers obtain professional counseling and assistance with personal and family problems.

Conclusions

The closing of the San Jose Assembly Plant provided the first opportunity to implement a joint labor-management approach to plant closings in the American automobile industry. The Ford Motor Company, working together with the United Auto Workers Union under the terms of the 1982 collective bargaining agreement, gave six-months advance notice, made company personnel, facilities and resources available for an extended period of time, worked closely and cooperatively with public agencies and educational institutions, and provided or facilitated the delivery of a variety of readjustment services to its San Jose workers, including substantive programs of education and training. The findings of this study demonstrate that the cooperative labor-management approach and the innovative programs and delivery mechanisms used at San Jose both benefitted and were appreciated by the workers. It also demonstrated a better way to deal with the difficult problems of worker dislocation arising from a plant closure.