ORGANISATIONAL CLOSURE: A CRITIQUE OF THE LITERATURE AND SOME RESEARCH PROPOSITIONS

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ABSTRACT
Many organisations close each year yet academic understanding of closure is limited and fragmented. Through a review of the organisational decline literature this paper demonstrates that most of the contemporary research on closures has focused on explanations for closures, the affects of job loss on the retrenched workers, union action (sometimes allied with other institutions) which has sought to overturn or mitigate closure decisions and, finally, the often polemical arguments over the appropriateness, features and effectiveness of state-imposed controls over redundancies and closures. Also, very little qualitative and quantitative research has been published which analyses the closure process from the time of the announcement until their final day. From this review, a research agenda is proposed.

1 INTRODUCTION
Organisations are born, develop and mature; some even become prosperous. Over time many face decline, and often downsize their workforce¹. At its most extreme, downsizing occurs when either a part, or a whole organisation, is closed (Weber and Taylor, 1963). Closures are common events and account for major job losses. For example, in Australia the ABS’s Retrenchment and Redundancy data shows that for the three years prior to July 2001, closures accounted for 18.1 per cent of all retrenchments or some 108,300 persons (ABS, 2002). in the US, according to data cited by Clinebell and Clinebell (1994), of the 4.6 million workers who had at least three years tenure with their employer and who were displaced between 1983 and 1988, almost 60 per cent lost their jobs because of closures. A survey by Harris and Associates (1991) cited in Cappelli et al. (1997) found that 64.3 per cent of the US respondents had closed some part of their operation in the previous five years.

¹ There is considerable contention over the precise meaning of the term ‘downsizing’. It is as Kozlowski et al. (1993) and Shaw and Barrett-Power suggest, both descriptive and normative. Notwithstanding these problems, in an operational sense as Harris and Beaumont have pointed out (1999: 1) ‘everyone knew what the word meant in practice (i.e. some people lost their jobs) but views as to its necessity and desirability varied enormously’.
At the level of the firm, the US Steel Corporation, for example, had by the mid-1980s closed more than 150 of its plants and laid-off over 100,000 workers (Deitch and Erickson, 1987). In 2004 Colgate-Palmolive announced plans aimed at cutting nearly 12 per cent of its total workforce; a restructuring in which one third of its 78 plants worldwide would be closed (Walsh, 2004). General Motors released details in 2004 of 12,000 job cuts across its European subsidiaries involving extensive closures; plans against which commentators assessed unions had few defences (Broughton, 2004). BHP’s closure of its steelworks located in Newcastle on Australia’s eastern seaboard in September 1999 involved upwards of 4,000 direct job losses (Lewer, 2001).

Most of the analysis of closures has tended to fall within the burgeoning literature on downsizing which emerged since the 1980s. Despite the extensiveness of this work, much of what is known about downsizing generally and closures specifically is scattered and contested. We contend that, in part, organisational decline has been a generally neglected topic in the organisational sciences as much of the literature has emphasised growth (e.g. Cameron, Sutton and Whetten, 1988; Whetten, 1980). Similarly, as Sutton (1987) noted much has been written about why organisations die yet, in contrast, little research or conceptual work has focused on how the process of organisational closedown unfolds.

This paper reviews the closure literature and proposes a research agenda.

2 DISCUSSION
2.1 Reasons for closures
Labelled organisational death by Sutton, explanations for closures have been analysed through the frames of orthodox economics (market forces, labour costs and the like), industrial relations (especially as a union avoidance strategy) and the organisational life cycle literature, for example, decisions over a firm’s product mix may lead a shut down of an subsequently obsolete facility (Greiner, 1972). Some researchers, such as Scott and Storper, 1986; Hinde, 1994; and Tomaney, Pike and Cornford, 1999, have located the study of closures within the fields of regional development and human geography. An important focus of this literature is an exploration of capitalism’s uneven development and, specifically, how transnational corporations choose which of their manufacturing plants will be closed (see Healey, 1982; Lee, 1987; Watts and Kirkham, 1999; and Richbell and Watts, 2000).

Of course, not all closures are the same; they differ across a repertoire of variables. These typically include the organisation’s business strategy, size, economic activities (particularly technology), its product market(s), the demography, skill profile and other features of its workforce especially union density and how rules over work are made, interpreted and enforced. Many of these variables were isolated by Nissen (1995) as central to each closure viz. economic factors (such as the extent of the reinvestment required to have kept the facility open), corporate strategy and structure (did the structure make the corporation vulnerable to union resistance), early warning (were there any signs the plant may have been a target for closure), labour-management issues (such as were these relationships responsible for the shutdown) and the role of government (including regulatory constraints over the closure decision).

2 Sutton (1987) notes; ‘As with all metaphors the use of the term “organisational death” in this research is technically a mistake, because it treats biological death and organisational death as if they were identical. When a biological system dies, so do all of its components . . . This is not true for organisations, which have human members’. The death metaphor implies a closed system approach and is for that reason not fully applicable for the view of the closedown process in this paper that adopts an open system approach.
As with downsizing, closures are commonly attributed to the effects of globalisation, increasing competition, mergers and acquisitions, government deregulation, and changes in product markets; all which increase pressure on managers to improve performance by reducing human and/or capital resources to better align the organisation with its competitive environment (DeWitt, 1993; Drazin and Van de Ven, 1985; Hardy, 1985; Hardy, 1990). Job layoffs are often an important component of many corporate restructuring, particularly in declining (and/or dying) organisations (Sutton, 1990). Layoffs may reflect a proactive attempt by the management to position the organisation against expected challenges. Still they are usually reactive in nature; the organisation may have no choice but to downsize and/or close down in the face of eroding market share, rising competition and labour costs, and/or obsolete technologies (Kozolowski, et. al., 1994). Some organisations are closed due to strategic decisions while others ‘die’ because of bankruptcy (e.g. Altman, 1971, Gratzer and Box 2002; Gratzer, 1999). Managers frequently cite poor industry conditions or weak demand as a reason for downsizing or closedowns (Espahbodi, John and Vasudevan, 2000). Other research points to labour costs as an explanation of closures, particularly for capital flight as resources are deployed elsewhere for a better return on investments (Laabs, 1999).

The impact of unionisation and other employment-related issues have been studied as a potential cause of closure. For instance, both Machin (1995) and Addidson and Belfield (2002) drew on the UK Workplace Industrial Relations Surveys (WIRS) to calculate whether a causal relationship existed between levels of unionisation and closures. Similarly, Green and McIntosh (1998) used the first WIRS data set to test if the degree of unionisation in a plant affected ‘the pace of work’ in the face of an external threat of job loss. An associated line of inquiry has analysed the significance of the relationship between wages, wage cuts and the probability of closure. Hamermesh (1989: 55) examined the experience of the US steel industry in which employment had dramatically fallen from 448,000 in 1979 to merely 216,700 by 1986. Using an analysis of time-series data, he determined that the industry decline was not attributable to collectively-negotiated wage increases. Rather, he concluded better explanations lay in the US national accounts terms of trade, slow real income growth and technological innovation. In a related study, Freeman and Kleiner (1999) hypothesised whether unions in the US made firms more susceptible to insolvency (and thereby closure). Kirkham, Richbell and Watts (1999) compared the experience in the UK and the US of the ‘runaway shop’ i.e. a closure designed to ‘escape’ labour difficulties. Nissen’s (1995) comprehensive analysis of plant shutdowns in Indiana, US, demonstrated that a complex interplay of dynamic factors affected the closure decisions. Some cases, significantly, showed profitability was not at risk. Plainly it was trite therefore, he argued, to assert that market forces always exerted an ‘iron determinism over plant closures’ (ibid.: 148).

Much of the impetus for this research analysing firm’s closure decisions can be traced to the mass retrenchments which occurred in many OECD countries as a result of the recession of the early 1980s, the widespread adoption of deregulatory economic policies and from the privatisation of state-owned business enterprises. ‘Rust-belt’ regions consequently deindustrialised with many plants, mines and other facilities shutdown. Beynon, Hudson and Sadler’s (1991), for instance, surveyed the dismantling of the nationalised coal and steel industries in the northeast of England. They found that over the four years following the 1984-85 coal miners’ strike, 83 pits closed and that industry employment collapsed from 287,600 to 66,000 by 1990 (ibid.: 87).

Overall as to cause of closures, Dickson and Judge (1987: 165) from their analysis of the collapse of British manufacturing industry in the 1980s concluded that ‘There is no single, universal and inescapable economic law of downturn and closure. Whilst companies and government may seek to legitimise their actions by invoking immutable laws of economics, recourse to such legitimising devices is itself a political act . . . ‘.
2.2 Institutional controls and closure

When closing an organisation management generally exercises relatively unfettered power in determining the closure strategy and the range of services and benefits to be made available to those being displaced. This decision-making may be affected by state-imposed controls and from union (collective) resistance.

In terms of state controls, the ILO, for example, has adopted standards which set out preventative and remedial measures relevant to worker retrenchment. Many have been incorporated into national legislation particularly across continental Europe and Japan (Evans-Klock et al., 1999). In the US (even), employers’ managerial prerogative over layoffs and closure has must comply with certain laws. For example, the federal Worker Adjustment and Retraining Notification Act (WARN), passed by the US Congress in 1988, generally requires employers with 100 employees (or the equivalent) to provide 60 days’ notice of large-scale retrenchments (50 or more workers during any 30-day period) to the affected workers, unions and certain government agencies (Santacroce, 2003).

As to collective resistance, Golden (1997) researched on unions’ response to large-scale redundancies across Italy, Japan, Britain and the USA (including the notorious 1984-5 British miners’ strike) and found that strike action mainly lead to unions and their members experiencing heroic but costly defeats. Union action, she argues, turns largely not on whether the job losses can be halted per se, but on a rational-instrumental decision as to whether the activists and their structures are threatened by the redundancies. Heery (1999), reviewing Golden’s analysis, found it ‘impressive’ at one level but not fully plausible: ‘In short, an explanation of union behaviour which is confined to a rational choice framework and neglects the role of leadership and ideology is bound to be partial . . . ’ (959). Hyman (1987) observed that unions often abandon what they once regarded as vital principles, and negotiate plant closures and redundancies ‘because union representatives felt unable to resist’ (1987: 51). Citing Buraway, he argues a new regime of labour control (‘hegemonic despotism’) has emerged in response to the recessionary and downsizing crisis. Market despotism relied on the vulnerability of the individual worker, ‘today it is the collective worker that is vulnerable. The fear of being fired is replaced by the fear of capital flight, plant closure, the transfer of operations, and disinvestment’ (1987: 52).

Craypo and Nissen (1993: 240) reviewed how in closure situations ‘the most frequent advice outside specialists give unions is to abandon their adversarial relationships with management in favour of co-operation’ actually fared in practice. In industries such as steel, where management had difficulty avoiding unions, co-operative programs gave unions expanded roles, even participating in how labour cost-cutting and downsizing would be implemented. They found that ‘in none of these cases did the employer show much commitment to unions and collective bargaining as power-sharing, problem-solving institutions . . . because employers rather than unions are unwilling to enter into genuinely co-operative arrangements’ (ibid: 240-241).

Craypo and Nissen’s case study evidence demonstrated that in conflicts over closure decisions, corporate power prevailed. They concluded that the legal system, collective bargaining arrangements and the absence of strongly enforced regulations meant the balance heavily favoured management. However, a conclusion that workers and communities were utterly powerless and unable to act in self-defence against companies’ decisions to ‘close plants, break unions and abuse public subsidies’ was ‘an exaggeration’ as new forms of institutional power (mainly consumer boycotts, union, community and other stakeholder campaigns) offered organising potential against capital (ibid.: 209). Perhaps somewhat idealistically, Craypo and Nissen proposed that the state had to act in greater concert to challenge corporate power, by agreeing, for example, to ‘no-raiding’ pacts which would prohibit governments from offering rival relocation incentives.
Nissens’ (1995) later work, *Fighting for Jobs*, examined five cases of labour-community coalitions which challenged plant closures. Through the perspectives of resource mobilisation theory (social movements are analysed using their capacity to access resources) and class conflict (the struggle by proletarian communities and their institutions [unions] against capital), in summary, Nissen contended that closures have the capacity to stimulate (social movement) coalitions and empower the working class. Indeed, the case studies offered ‘evidence for a mild optimism’, quite ‘contrary to the pessimism of some of the literature, the limitations are not absolute’ (*ibid.*: 175 and 17). Success, he claimed, depended on redefining the problem to favour the rights of labour and by exposing capital’s weaknesses: ‘If the company is forced to assert naked self-interest and private property rights against clear community interest, it risks weakening public commitment to its prerogatives’ (*ibid.*: 161). Unions are ‘relatively impotent in the face of plant closures unless they assume new roles and move beyond the traditional collective bargaining system’ (*ibid.*: 174).

There is an economic rationalist debate in the literature over the appropriateness of the state’s regulation of managerial decision-making and whether displaced workers benefit from the notice mandated by legislation (see Ehrenberg and Jakubson, 1989; Addison, Blackburn and McKinley, 1994; Elliot, 1994; Nissen, 1995). Some are quite polemical over this issue of whether the state should intervene at all. McKensie (1984: 2), for instance, argues that any resistance from organised labour or interventionist legislation which inhibits the geographical mobility of capital is indefensible. To do so would be to accept a ‘distorted mercantilist philosophy’, because workers and capitalists have a duty to invest and spend their incomes in a way to maximise utility. Anti-closure coalitions seeking to mobilise and harden public opinion against closures are analogous to ‘destroying the rights’ of workers to find the best deals they can from any purchaser of their labour (*ibid.*).

### 2.3 Workers and closures

In contrast to downsizing generally in which the organisation is on-going, closedowns displace all organisational members. Workers in the face of a closure decision experience powerlessness and insecurity (Greenhalgh and Rosenblatt, 1984). Furthermore, displaced workers face both a loss of identity and important social networks. This means that closedowns are often emotionally charged events; characterised by mourning, anger, depression, sorrow, an ambiguous present and the fear of an unknown future (Cunningham, 1997; Harris and Sutton, 1986). Indeed, individuals may experience some pathology. When placed in a threat situation, an individual’s most well-learned or dominant response may be emitted which could be grossly inappropriate (Weick, 1979). Similarly, decision-making groups’ performance may decline as a result of the stressful situation (Staw, Sandelands and Dutton, 1981; Shaw and Barrett-Power, 1997).

An extensive economic and social analysis of workers’ post-retrenchment labour market experience and the emotional and health implications of job loss have been published. In an early study Gordus, Jarley and Freman (1981: 162) summarised the most significant plant closure reports published since the early 1960s (27 closures reported in 20 studies) and found that the primary research focus remained ‘where it has been for the past fifty years, squarely on the displaced worker’. Gerhart’s (1987: 1) introduction to his book, *Saving Plants and Jobs*, stated that the major research direction has been to ‘measure and describe the consequences of decisions to close’.

Later studies have maintained this momentum: the literature exploring how retrenched workers adjusted during the post-displacement period (regardless of the reason for their job loss including whether it followed from a closure) is voluminous. Taylor (1984); Deery, *et al.* (1986) and Murtough and Waite (2000), for example, examined this question in detail without distinguishing between the reasons why the workers were retrenched. Fallick (1996) through a detailed synopsis of the worker displacement literature analysed for duration of unemployment, earnings effects and how investments...
in human capital (mainly training activities) affected the adjustment experience. From case study evidence, Turnbull and Vass (1997: 27) concluded that retrenched employees, ‘wantonly discarded through (mis)management’, disproportionately bore the costs of job loss. Overall, for those who are retrenched, the literature points to a litany of personal negative effects: ‘shock, disbelief, anger, hurt, sense of powerlessness, loss of confidence and self-esteem’ (Webber and Campbell, 1997: 189; Kets de Vries and Balazs, 1997).

2.4 Managing the closure process
Management in closure situations anticipate that difficulties will arise in dealing with the (dis)affected workforce during the closedown period, i.e. the time from the announcement until the final day. This period can vary extensively in terms of time and predictability. BHP, for example, gave an extensive 2½ years’ notice of the Newcastle steelworks closure but was widely condemned as the decision was, for many, surprising and a ‘betrayal’ (Lewer, 2001). Management’s expectations are based on the negative responses experienced by the workforce to the closure announcement. Downsizing is closely analogous to closures as the survivors of downsizing mirror the experience of workers during closedown periods, that is, in both situations the workforce recognises that their employment relationship no longer conforms to the implicit psychological contract of job security in return for loyalty and effort. It follows that organisations which are closing should anticipate, as firms which are downsizing, that worker performance will decline. This is known as the ‘survivor syndrome’. Disturbed by the retrenchments and troubled by the on-going uncertainty over job security, survivors typically manifest their concerns in a cluster of negative behaviours, viz. reduced organisational commitment, skepticism, resistance to change, lower productivity, poorer safety and a reluctance to facilitate innovation (see Hartley et al. 1991; Brockner, et al., 1992; Littler, et al., 1999; Littler and Innes, 2004). Cascio (1993: 100) noted that ‘study after study shows that following a downsizing, surviving employees become narrow-minded, self-absorbed, and risk adverse. Morale sinks, productivity drops and survivors distrust management.’ Similarly, Hitt et al. (1994), as cited in Applebaum, Close and Klasa (1999), estimated that less than one quarter of downsizing firms successfully improved productivity; an outcome which mostly related to the declining efforts of the surviving employees.

Little quantitative and qualitative research has been published which has analysed how organisations manage closedown periods. Of the (just) three quantitative investigations, a survey conducted by the Financial Executive Research Foundation (1986) (FERF) is the most comprehensive. Administered to 1,500 US companies which had closed a plant, only 101 questionnaires were returned. The FERF (1986: viii) considered that this ‘was expected in the light of the sensitivity of the subject.’ Apart from the survey data, a few (7) in-depth follow-up interviews were also carried out. However, neither the affected workers and their unions nor community groups were surveyed.

Summarised, the main findings showed that nearly half of the respondents – 47 organisations – experienced limited to extensive degrees of productivity decline following the closure announcement. For the balance of the respondents there was little or no employee reaction. As to those with increased productivity, the FERF reported that it occurred ‘in some instances’ but not sufficiently often to warrant inclusion in the overall analysis of the data (ibid.: 14). Almost half reported that absenteeism was negatively affected to at least a ‘limited’ level. A few plants (4) had to contend with employee demonstrations designed to resist the closure decision or sabotage (6 firms). Difficulties were encountered with employees terminating their employment and leaving prior to the allocated schedule. Respondents countered with special incentives to retain key personnel and commented that managing this issue reinforced the desirability of the shortest possible closedown period contingent upon giving adequate notice (ibid.: 29).
The FERF study found that those respondents which had redundancy arrangements and programs to ease the transition generally avoided negative worker responses (lower productivity, higher absenteeism). Many firms provided services to assist the workforce to gain employment. Of the 101 respondents, all but 35 offered assistance with relocation costs. Eighteen per cent reported that the benefits were used extensively. The extent of the benefits usually turned on status – ‘managerial level’ employees received higher support (temporary living expenses, mortgage assistance, and the reimbursement of real estate commissions) than the ‘blue collar’ workforce. Some respondents reported that engaging outside counselling services to psychologically aid employees and their families to ‘pass through the trauma of job loss successfully’ and to ‘help them discover and merchandise skills and interests they possessed’ was particularly effective (ibid.: 32). External providers were reported to be more likely to break employees out of their inertia and to seriously focus on finding new employment. Half of the firms voluntarily maintained health and welfare benefits (covering hospital, dental, disability and death) for the retrenched employees (and some to dependents as well) to periods beyond the closure date.

It is not possible to unbundle the FERF’s data to determine if a relationship existed between those organisations which provided transition assistance and redundancy pay (voluntarily or otherwise) and those which experienced the least adverse effects during the closedown period. However, some respondents stated that their approach to closures had changed as a result of the firm’s earlier experiences. In one instance, the organisation decided to provide outplacement services because in another closure the absence of the service had created ‘a lot of hard feelings’ (ibid.: 34). Implied within this statement is the proposition that the ‘hard feelings’ were manifest in negative worker reactions like reduced productivity and higher absenteeism.

The FERF report also stressed that how well the firm communicated the closure ‘message’ to the variety of differing ‘publics’ was crucial in minimising negative reactions to the firm; ‘a poorly managed, poorly communicated closing can cause a corporation unnecessary damage. Such actions affect the company’s credibility in future dealings with its customers, employees, community and suppliers’ (ibid.: 18).

Overall, the FERF report concluded (ibid.: xii): ‘There are no easy solutions to the problems involved in a plant closing. No matter how it is handled, there will likely be some adverse effects on the company closing the facility and its employees . . . Although there are no absolutes there are some positive steps that can be taken to alleviate some of the more difficult aspects.’

The second quantitative research investigation was a mail-out survey of 1,700 US firms conducted by Coopers and Lybrand (cited in BHP, 1998). Of the 110 usable responses, no respondent reported improved performances during the closedown period; rather, the survey found that 47 per cent reported limited to extensive productivity losses in the closedown period. These periods were quite lengthy, with 37 per cent of the respondents giving at least six months notice of closure. Fifty per cent found that absenteeism was a limited to extensive problem. Sabotage levels were similar to those reported in the FERF survey at 6 per cent of respondents.

Ehrenberg and Jakubson (1989: 60), the third quantitative study, used US labour statistics and other North American research data to evaluate whether ‘it matter(ed)’ if advance notice of plant closure was given. The research was in response to the debate over the WARN Act. Apart from a discussion of the econometric calculations, unfortunately neither the exact methodology nor the data sources used in the study were made explicit. Their findings differed from the FERF and the Coopers and Lybrand studies in that they concluded there was no evidence that advance notice either caused ‘firms most productive workers to leave’ or lessened ‘the productivity of the remaining
workers’. However, they did not report that organisations experienced heightened performances during the closedown periods.

2.5 The closedown effect
The term, the closedown effect, was originally coined by Wigblad (1995) and drew on his study of the closure of a pulp mill located in Marmaverken, Sweden. Counterintuitively, productivity improvements were experienced during the mill’s closedown period. Bergman and Wigblad (1999) also give an account of another productivity effect in some closures. Bergman and Wigblad (1999: 343) stated that the closedown effect is an ‘unexpected, puzzling social phenomenon’ for which a final explanation, they surmised, was yet to be found.

So, how does the literature explain the closedown effect? Sutton (1987) from a study of eight firms concluded that ‘psychological factors’ experienced by the affected workers (principally, that they were motivated by a hope that improved performance would persuade management to rescind the closure decision) was an important explanatory factor. Bergman and Wigblad (1999: 348) considered that the explanations proffered by Sutton (1987) were too psychologically focused; analysing the causes of the closedown effect solely on the ‘employees’ mental states is not satisfying. Collective actions in declining organisations obviously have social aspects related to the context in which they take place which must be considered in any serious explanation.’ Their research did not dismiss the employees’ psychological reactions outright though; they accepted that falls in productivity after a closure is announced may be recovered when the initial anxiety, stress and anger are lowered. However, Bergman and Wigblad (1999: 365) claimed that productivity improvements experienced during closedown periods may be best attributed to management ‘surrendering’ significant levels of workplace control: ‘A common feature in the ‘declining organisations’ studied was that productivity increased in a situation where management control over daily operations was diminishing. Management’s interest in keeping traditional patterns of control intact was rather absent in organisations they perceived as temporary.’ Another way to characterise this process is as a shift in the ‘frontier of control’; managers providing greater autonomy to those that they supervise, empowering them both formally and informally to make decisions over work.

These specific explanations aside, other reasons for the closedown effect may be found in the wider downsizing literature which reports that management may offer a range of interventions to assist workers’ adjustment to job loss. These human resource management (HRM) benefits commonly incorporate additional remuneration and other financial aid, such as relocation allowances, personal counselling, job search skills and retraining for alternative employment. Beyond these direct benefits, other less overt strategies may seek to enhance worker commitment and therefore performance during the closedown period by, for example, democratising decision-making over a range of issues normally remote from worker voice.

Essentially, the evidence demonstrates that such assistance schemes do ameliorate the survivor syndrome. Firms which manage downsizing using HRM-styled support for their workforces are far more likely to achieve their restructuring objectives. So, potentially, these employer-sponsored benefits may offer an explanation for the closedown effect by replicating their known impact on survivors in downsizing firms.

3 CONCLUSIONS
Despite the pervasiveness of closures and their undoubted impact on their workforces and possibly the wider community within which the organisation is located, the scholarly understanding of the phenomenon is uneven. Certainly, what happens to the retrenched employees has been extensively examined, matched, to some extent, by the analysis of the reasons underpinning closures. This suggests a significant research agenda exists to
explore those other issues and questions which, to date; have only received partial or superficial analysis.

Not in any order, it appears to us that first, a comprehensive international survey of the OECD members and other nations is required to comprehensively draw together the public and privately published data on closures (number, industries, employees affected, reasons and the like) and to map the state regulatory arrangements (and practices) which seek to affect managerial decision-making over closures. Apart from discerning patterns and assessing the impact of the interventions on relevant stakeholders, the various interventions could be analysed using the varieties of capitalism literature.

Second, more data is needed to test the effects of agencies such unions and community coalitions on closures. Much of the current literature, although meritorious – Bruce Nissen’s work in particular – is dated. What contemporary strategies, for example, do unions employ when confronted with closure decisions and what is their utility when measured against the union’s objectives? For those firms which face an entrenched struggle against well-organised unions, supported by their community, is there evidence that the firms factor the power of these opposing interests into their decision-making over the closure? To what extent, for example, do corporations which forecast that they may be susceptible to action such as consumer boycotts when plants are closed, especially when manufacturing activities are transferred to non-unionised, low labour cost economies, provide economic assistance - industrial parks, new business start up capital and the like - to the community being abandoned?

Third, as this paper has demonstrated there are an extremely small number of single firm studies (almost exclusively Swedish and limited to the manufacturing sector) which have reported on an organisation’s performance during a closedown period. Plus, only three quantitative studies on the issue have been located. All are dated. Some firms counterintuitively to management’s expectations and contrary to the well-researched survivor syndrome experienced the closedown effect. Much more research is required to explore this phenomenon. An international sample of firms which have closed facilities is needed to record the organisation’s experiences, assess whether performances improved, fell or remained stable, the significance of industrial relations or community considerations and the range (if any) of HRM-styled assistance provided to the workforce on a cost-benefit analysis. Such data would go a significant way to overcoming the limitations in the current research.

4 REFERENCES


