

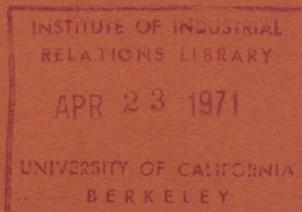
Plant closing ✓

**The Effect of Advance Notice  
in a Plant Shutdown :**

**A Study of the Closing of the  
Kelvinator Plant in London, Ontario. [by]**

● **Bernard Portis [and]**

● **Michel G. Suys //**



[London, Canada]

School of Business Administration,

The University of Western Ontario [1970]

**The Effect of Advance Notice in a Plant Shutdown:  
A Study of the Closing of the Kelvinator Plant in  
London, Ontario**

**by**

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## FOREWORD

The shutdown of an industrial plant creates many problems – for management, workers, and the community as a whole. But the immediate burden falls most directly on the displaced worker. This research stems from the closing of a major facility – the Kelvinator of Canada Ltd. appliance plant in London, Ontario – and a concern among some Western faculty members about what is done for and by the workers in such situations.

As the project took form it was apparent that a significant feature was a five-month advance notification of the plant's closing. Some American experience on the effects of advance notice was available, but it seemed useful to further this in a Canadian setting because of differing governmental agencies and legislation. The research was focused, therefore, on how this time period was utilized by all concerned to cushion the impact of the shutdown. The objective was to identify the forces at work and the actions taken with a view to recommending improved procedures for the future. The report describes the circumstances surrounding the shutdown and the roles played by management, the union, and the government as they affected the welfare of the workers, and the activities of the workers themselves in seeking new jobs. It becomes clear as the story unfolds that advance

notice is a useful device but that much can be done by *all* parties involved to more effectively utilize the lead time.

This study was conducted by Professor Bernard Portis and Mr. Michel Suys. The subject was a natural extension of the interests of both men. Professor Portis had done considerable prior research on manpower problems for private industry and government agencies. He was responsible for the design, supervision, and final writing of the report. Mr. Suys was specializing in labor relations in his M.B.A. studies at the time of this project. He was responsible for the field aspects, including interviewing many Kelvinator workers and administering a questionnaire survey.

The Research Branch of the Ontario Department of Labour undertook partial financing of the study and personnel of the Research Branch also provided helpful suggestions in the course of the work. Financial assistance was also forthcoming from the Labour-Universities Research Program of Canada, Department of Labour and from the Associates Research Fund at the School of Business Administration. The responsibility for the contents of the report, of course, rests solely with the authors.

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## SECTION I INTRODUCTION

In February 1969, Kelvinator of Canada Ltd. announced that its appliance plant in London, Ontario would close by August 1, 1969. The Company thus gave over five months' advance notice of job termination to its production and office employees.

Research on the Kelvinator shutdown began at The University of Western Ontario shortly after this announcement. The Kelvinator closing provided an opportunity to determine whether advance notice aided in the reemployment of a large group of older production workers. Research on shutdowns in the United States had shown that older production workers had a particularly difficult time finding reemployment following large plant shutdowns.<sup>1</sup> As legislation requiring advance notice had been enacted recently in Quebec and was being considered by the Ontario and Canadian governments, research on the Kelvinator shutdown could be particularly timely and useful.<sup>2</sup>

The Kelvinator closing is not assumed to be a typical shutdown or a test case for the use of advance notice. There are probably no typical shutdowns, as each represents a unique group of workers, and a special set of business and social conditions. The purpose of this report is to indicate some of the main problems encountered in the Kelvinator closing and how the Kelvinator company, its union, employees and government agencies faced these problems prior to the actual shutdown. These same problems could well occur in other large layoffs and the various parties involved may need to consider how advance notice can aid them in facing the problems.

### Use of Advance Notice

Before describing the particular circumstances of the Kelvinator shutdown, some attention should be given to important considerations in

granting advance notice: namely the purpose of advance notice and the actual effects or costs and benefits of advance notice. On the one hand many authorities in the area of labor relations recommend granting advance notice in cases of major labor displacement to reduce adverse effects to the workers and community. On the other it is not clear how much workers or communities benefit from advance notice. Furthermore there are no clear guidelines for a company showing what it can do to make advance notice most useful at a reasonable cost to the company.

Among the authorities recommending advance notice are George P. Schultz and Arnold R. Weber, recently Secretary and Assistant Secretary of Labor, respectively, in the United States. They state that advance notice is necessary to conduct programs of assistance for workers and communities faced with large permanent layoffs. On the basis of their experience with several plant closings by the Armour Company, Schultz and Weber give unqualified support of advance notice in any major displacement of workers.

Regardless of the particular labor market framework, advance notice of major displacement to the workers, the union and the appropriate government and community agencies is a procedural prerequisite for constructive action. It gives the various organizations some time to organize their programs and permits individuals to adjust their own plans, as well as to consider the various available options with care.<sup>3</sup>

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1. William Haber, *et al.*, *The Impact of Technological Change* (Upjohn Institute, Kalamazoo, Michigan, 1963).

2. Section 45 of the Manpower Vocational Training and Qualification Act of Quebec. Bill 96, an Amendment to the Employment Standards Act of Ontario, 1968 is currently being enacted to cover mass layoffs.

3. George P. Schultz and Arnold Weber, *Strategies for the Displaced Worker* (New York, Harper & Row, 1966) p. 190.

Schultz and Weber recommend advance notice of 6 months to a year in permanent layoffs. Such lengthy notice is particularly desirable when the educational level of the employees is low and extensive retraining is needed. They found that the 90-day notice given in some plant closings required "crash" programs to assist workers.<sup>4</sup>

The Canadian Task Force on Labour Relations also recommends a minimum of six months' notice in "all technical and related changes likely to lead to significant labour displacement".<sup>5</sup> Similar to the Schultz and Weber report, the Report of the Task Force cites advance notice as being necessary to conduct programs to assist workers and communities affected by large shutdowns or layoffs.

It is noteworthy that legislation being enacted in Ontario could facilitate programs of assistance to displaced workers.<sup>6</sup> This bill requires employers involved in layoffs of 50 or more employees, not only to give advance notice to employees, but also to cooperate in placing affected workers in new jobs.

The question can be raised as to whether the actual benefits justify costs to the company in providing advance notice. There is some evidence that employers can give lengthy advance notice of layoffs without serious costs or inconvenience to themselves. Weber and Taylor undertook a field investigation of 32 shutdowns or permanent layoffs in 17 firms and government agencies.<sup>7</sup> The employers studied by Weber and Taylor gave anywhere from three weeks' to three years' advance notice with the median notice being ten months. Only two of these firms were obliged by union contract to give more than a weeks' notice of layoff.

Weber and Taylor were interested in whether such a lengthy notice resulted in lower productivity, drastic losses in employees or other serious difficulties to the employers. They found that advance notice did not bring any major problems to the employer and made the following conclusions:

Overall, the problems associated with the administration of advance notice programs have not been unduly burdensome in the sample of cases covered by this study. Most of the difficulties

relate to the need for maintaining desired levels of performance during the period of advance notice rather than to sharp conflicts of interest between the parties. In this respect, labor-market conditions, the possible forfeiture of severance pay, and personal inertia generally have minimized the loss of personnel before the plant closing actually occurs. Even the most ineptly administered notification program studied did not result in lower production or premature attrition of the labor force. In addition, as long as the duration of advance notice exceeded the period specified by the labor agreement, management retained wide discretion in modifying the shutdown schedule without penalty.<sup>8</sup>

Another study by Robert Smith shows that a substantial number of employers involved in layoffs affecting 100 or more workers, give advance notice.<sup>9</sup> In this study there was information about 525 establishments in the United States and 187,333 workers laid off between July 1963 and June 1965. Nearly 36 percent of the establishments employing 48 percent of the workers in the study gave at least a month's notice of layoff to the public employment service. Approximately seven percent of establishments employing 18 percent of workers gave over 180 days' notice to the public employment services. The percentage of employees covered exceeds that of establishments since the larger employers tended to give longer advance notice. These estimates are all probably somewhat low because establishments likely notified their employees before contacting the public employment service.

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4. *Ibid.*, p. 191.

5. Canadian Industrial Relations: The Report of the Task Force on Labour Relations (Ottawa, Queen's Printer, 1969) pp. 194-195.

6. Bill 96, an Act to amend the Employment Standards Act of Ontario 1968.

7. Arnold Weber and David P. Taylor, "Procedures for Employee Displacement: Advance Notice of Plant Shutdown", *Journal of Business* (July 1963) pp. 302-315.

8. *Ibid.*, p. 315.

9. Robert F. Smith, "The Impact of Mass Layoffs, July 1963-June 1965", *Proceedings of the Industrial Relations Research Association* (Dec. 1965), pp. 207-210.

These studies by Weber and Taylor and by Smith indicate that many firms in the United States have voluntarily given more than a month's notice to their employees. There is no indication, at least in the study of Weber and Taylor, that the firms encountered serious difficulties or costs in doing so.

Oddly enough there is not very much evidence that advance notice benefits many workers. According to Weber and Taylor, not very many workers left before the layoffs to take new employment. One of the obvious benefits of advance notice should be the greater opportunity to find and take jobs prior to being laid off.

There is some evidence in the Armour studies that placement programs begun prior to the shutdown can be successful in placing workers in new jobs. For example, the interplant transfers program for displaced workers at the Armour plant in Sioux City, Iowa resulted in transfers by 25 percent of eligible men.<sup>10</sup> In addition, a placement program conducted through the Iowa Employment Service placed 422 employees, approximately 37 percent of all workers at the plant.<sup>11</sup> These successful programs in Sioux City followed less successful programs in other plants and probably benefitted from these earlier attempts at placement.

Thus, except for the important research done at the Armour closings, there has not been much research concerning the benefits or effects of advance notice. This report on the Kelvinator shutdown is intended to provide more information about the usefulness of advance notice.

### Conduct of the Research and the Report

The research on the Kelvinator shutdown started simply with interviews of Kelvinator workers following the announcement of the closing but prior to the actual shutdown. These interviews raised questions as to how effectively the workers were looking for employment and whether severance pay was a disincentive to taking reemployment prior to the shutdown. In order to pursue these and related questions further, a

questionnaire survey was conducted of all workers shortly after the shutdown. The questionnaire concentrated on job hunting by former Kelvinator workers prior to the shutdown and provides the basis for most of the research findings presented in Section 3. The Research Branch of the Ontario Department of Labour provided assistance in developing the questionnaire. Local 27 of the United Auto Workers furnished records of all its former members at Kelvinator and wrote a covering letter for the questionnaire.

In order to give a fuller picture of the Kelvinator shutdown it became necessary to gather much background information. *The London Free Press* made available its full file on Kelvinator of Canada Ltd. and much useful information was obtained directly from Kelvinator executives. Interviews were conducted with most of the large employers in the London area who hired Kelvinator workers.

Finally, a second survey was conducted seven months after the shutdown to determine later employment status of the former Kelvinator workers. Some findings of this survey are presented in this report, and other information is available in a Master's paper prepared by Frank O'Connor.<sup>12</sup>

Throughout the research much assistance was given by all parties involved in the shutdown. The former Kelvinator workers showed particular patience and cooperation in completing long questionnaires and interviews.

Financial support for the research came from the Research Associates of the School of Business Administration at Western, Research Branch of the Ontario Department of Labour, and the Labour-University Research Program of the Canada Department of Labour. The authors, rather than the financial supporters of the research, bear full responsibility for the presentation of findings and conclusions about the Kelvinator shutdown.

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10. Schultz and Weber, *op. cit.*, p. 60.

11. *Ibid.*, p. 120.

12. Sociology Department, The University of Western Ontario.

The report is primarily concerned with how workers at Kelvinator reacted to the announcement of the shutdown and used the time period prior to the shutdown to look for work. Evidence presented in Section 3 indicates that the reaction of the workers, especially the discouragement of the older, or long-term employees, is related to what use they made of the advance notice. Therefore, it is assumed that a comprehensive view of the displaced worker is useful in describing his efforts at finding employment.

It is also assumed that the action or inaction of the Kelvinator company, government agencies, the union representing the workers, and other employers affected the adjustment and placement of the former Kelvinator workers. Therefore, in providing the background of the Kelvinator

shutdown in Section 2, special attention is given to what these various groups did.

In Section 2 and also in the conclusion, Section 4, comments are made about potentially useful alternatives not undertaken in the Kelvinator shutdown. The purpose of raising these alternatives is not to criticize the parties involved in this very difficult situation, but to indicate how better use can be made of the time prior to a shutdown.

In the concluding section an assessment is made of the usefulness of advance notice in the Kelvinator closing. Even though more could have been done to assist the workers prior to the shutdown, the advance notice is considered to have been quite beneficial with little if any cost to Kelvinator of Canada Ltd.

## SECTION 2

### CIRCUMSTANCES OF THE KELVINATOR SHUTDOWN

A large shutdown, such as the Kelvinator closing, presents several problems to the parties involved. Some of the more significant problems in the Kelvinator shutdown included announcing the closing, providing programs to assist displaced workers, maintaining production prior to the closing, and locating or creating jobs for displaced workers. The circumstances of the Kelvinator shutdown are reviewed to show how the Kelvinator company, public officials, the union representing Kelvinator workers, the manpower agencies, and other employers acted to meet these problems.

#### **Announcement of the Shutdown**

Kelvinator of Canada Ltd. had at one time been one of the largest and most prosperous firms in London, manufacturing large appliances, especially stoves and refrigerators. According to newspaper records, Kelvinator earned after taxes approximately \$1,600,000 in 1950 and employed 830 workers, most of them in London. Net profits declined to about \$500,000 in 1954. At this time Kelvinator concluded a working agreement with Simpson-Sears who acquired a 20 percent stock interest in Kelvinator. Profits in succeeding years were somewhat lower and in 1966, Simpson-Sears sold most of the shares in Kelvinator of Canada Ltd. to Kelvinator International Corp., a wholly owned subsidiary of American Motors.

The following years brought drastic changes for Kelvinator of Canada Ltd. It lost its contract to supply Simpson-Sears beyond 1969. In July 1968, the whole Kelvinator division of American Motors was sold to White Consolidated Industries Inc. of Cleveland, Ohio, which already owned appliance manufacturing plants in Galt, Ontario and near Montreal, Quebec. A new president, Norman Leach, was brought into Kelvinator of Canada Ltd. from Franklin Manufacturing Company (Canada) Limited, another White subsidiary manufacturing

appliances in Canada. Reductions in the number of employees were soon made at all levels in the organization — executive, office staff, skilled workers and assembly workers. Forty-seven office and 94 hourly-rated workers were dismissed as an economy move to make up for lower sales.

After the sale of Kelvinator, both the president of White Consolidated and Mr. Leach stated the firm would continue to operate in London. It was not until February 7, 1969, at the start of negotiations for a new contract, that Mr. Leach announced the shutdown of Kelvinator production by August 1, 1969, the approximate ending of the contract with Simpson-Sears. A newspaper account shortly after is as follows:

#### **KELVINATOR DECISION ON CLOSING OF PLANT SAID 'IRREVOCABLE'.**

Mr. Leach announced Friday the 43 year-old appliance manufacturing firm would be closed. Union spokesmen subsequently said the closing of the plant would be phased out over the next few months.

About 500 employees are affected, but Mr. Leach said Monday night not all would necessarily lose their jobs.

He said although the final decision has not been made, it is possible some salaried people, especially in the marketing and distribution sections may be retained.

He said it was too early to say whether head office operations would stay in London.

Faced with intense competition in the appliance field, the old London plant proved too inefficient despite the best efforts of its employees and management, he said.

Mr. Leach said it would have taken several million dollars to automate the London factory, and it was decided these costs could not have been recovered economically.

He said the company would do all in its power to assist employees in finding other jobs. He said

this would primarily involve wide publication of the skill available among its employees.<sup>1</sup>

The Union bargaining committee was surprised by the announcement on February 7, 1969. According to a newspaper account the next day, Robert Nickerson, International Representative for United Auto Workers, Local 27, said negotiations for a new contract were cancelled and the company and union would be meeting shortly to negotiate terms of the phase-out period.<sup>2</sup>

Shortly afterwards, Mr. Nickerson was quoted as challenging the decision to close the plant. "We want to know why they are shutting the plant down and we want to get the people from Cleveland to sit down and ask them to reconsider,"<sup>3</sup> Approximately three weeks after the announcement in *The London Free Press*, Mr. Nickerson was quoted as still being dissatisfied with the company's explanation of reasons for closing the London Plant.

Robert Nickerson, UAW international representative, said the workers still have not been given a satisfactory answer as to why its plant is closing.

He said the company claimed the day it announced the closing that the machinery was old and outmoded but the next day, men from its Galt and Montreal plants toured the London plant, picking out the machines they planned to move to their own plants.

'The machinery is not outdated,' he said.<sup>4</sup>

In interviews with Kelvinator workers even stronger statements were made against the company's decision to close the plant. Many workers felt White was consolidating their Canadian manufacturing of appliances at the expense of the London workers.

A subsequent financial report of Kelvinator of Canada Ltd. indicates that the union and workers were not given full information about the closing of the plant in London. Kelvinator had lost approximately \$1,200,000 for the period ending September 30, 1968, but most of this loss probably occurred prior to the purchase of the company by White Consolidated Industries Inc. In the next half year Kelvinator reported a profit of \$28,000 as the number of employees and operating expenses were sharply reduced.<sup>5</sup> Thus at the time it announced the shutdown of its London

plant the company was actually operating at a small profit. There may have been other reasons for closing the plant, such as the loss of Simpson-Sears as a major customer, but these were not indicated by the company.

In making its announcement the company made no statement about its intentions to place Kelvinator production workers in other Canadian plants of White Consolidated Industries nor to give severance pay to these workers. Kelvinator later offered positions in its Quebec plant but found no interest among the Kelvinator workers. The company could not offer positions in its Galt plant because this was represented by another union with a waiting list of laid-off employees. (This latter plant was also closed by White Consolidated less than a year later.)

Thus in making the announcement, Kelvinator could have shown more concern for the London workers. The company neither explained fully to the workers why the plant was being closed nor provided any specific plans to assist or compensate the displaced workers.

#### Actions by Government Officials

Shortly after the announcement of the Kelvinator closing, the City Council of London met to take action on the Kelvinator shutdown. A committee of the City Council, including Mayor McClure, was formed to meet with White Consolidated to forestall the closing of the Kelvinator plant. The committee was also authorized to join local MP's and MPP's to meet with the Federal Minister of Industry and Provincial Minister of Trade and Development to explore all avenues for continued utilization of the plant.

Mayor McClure tried to arrange a meeting with Mr. F.S. Reddig, President of White Consolidated but was unsuccessful. Finally, in May, Mayor

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1. *The London Free Press*, February 11, 1969.

2. *The London Free Press*, February 8, 1969.

3. *The London Free Press*, February 9, 1969.

4. *The London Free Press*, March 1, 1969.

5. *The London Free Press*, May 31, 1969.

McClure was quoted as saying a meeting was no longer necessary as severance terms had been worked out.<sup>6</sup>

The City Council was able to arrange meetings with the Premier of Ontario, John Robarts, two other provincial cabinet ministers, and labor leaders soon after the shutdown. According to a newspaper account there was a discussion of problems facing Kelvinator workers such as the high percentage of older workers, lack of available jobs in London and small pensions available to older workers. Premier Robarts indicated these matters would be referred to appropriate departments of the provincial government concerned with pensions, retraining, and location of new industries. Premier Robarts also indicated he or a representative would attend a meeting with the company president but that such meetings had not been successful in other plant closings.<sup>7</sup>

While the Province of Ontario had general programs in the areas of industry development and training, there were no programs specifically designed for mass layoffs or shutdowns. The Manpower Consultative Service of the Federal Government is supposed to assist in special situations such as plant closings.

A representative from the Manpower Consultative Service did meet with officials of Kelvinator and the union and proposed a plan for the phasing-out of the Kelvinator plant and to assist in relocating workers.

There were two main features of the plan. One was the creation of a joint Manpower Planning Committee "to administer problems associated with the phasing-out of the Company's production plant". In the other, the company and Manpower Department were to share costs in relocating workers to other communities. A copy of the proposal was provided by UAW Local 27, and is presented in Appendix A.

The union supported the proposal since it could aid workers and include union representatives with no cost to the union. An executive at Kelvinator indicated that the company rejected the proposal because it might be quite costly and benefits might not be very large. The company instead preferred to work with the London Manpower Centre which referred temporary employees to the company and would place remaining workers in new jobs after the shutdown.

The Manpower Consultative Service could do nothing but withdraw from the scene when its proposal was rejected. Their service is completely voluntary and must be accepted by both the company and union in order to be used. As the service requires added costs for a plant being closed down, companies often do not make much use of the service.

The efforts of the Manpower Consultative Service and the Manpower Centre in London were not closely coordinated. Initially only the Manpower Consultative Service was dealing directly with Kelvinator regarding the phasing-out period of production and placement of workers. The Manpower Centre only dealt with Kelvinator employees who came to its office rather than interviewing them at the plant. Even after the Manpower Consultative Service withdrew, this same arrangement continued and the Manpower Centre did not provide any special program to place or advise the Kelvinator workers. In a subsequent shutdown in a London plant, both branches of the Manpower Department worked together to assist displaced workers.

Despite the interest of various government officials and groups, no special program was enacted to assist Kelvinator workers. One reason is that available programs and services are largely dependent upon the cooperation of the employer. The Kelvinator company chose not to cooperate with the Manpower Department nor the City of London in either reconsidering the decision to close the plant nor assisting workers to find employment prior to the shutdown. Ironically the Kelvinator company benefitted from the services of the Manpower Centre which referred temporary employees to Kelvinator to replace workers leaving.

### **Keeping the Plant Operating**

The main concern of the Kelvinator management following the announcement of the shutdown seemed to be to keep the production going and to avoid further losses in sales. The management was reasonably successful in both regards.

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6. *The London Free Press*, May 3, 1969.

7. *The London Free Press*, March 1, 1969.

Sales and financial figures are available from annual reports and newspaper articles. For the year ending September 30, 1969, the approximate year of Kelvinator operations under White Consolidated, Kelvinator lost approximately \$114,000 as opposed to a loss of approximately \$1,200,000 the previous year. Net sales for the year ending in September, 1969 dropped by 20.1 percent from the preceding year.<sup>8</sup> The decrease was attributed to the "loss of major customers" during the year. This suggests that Kelvinator was able to keep its smaller accounts, but suffered the expected loss of Simpson-Sears and perhaps other major customers.

Except for two brief disturbances, production at the Kelvinator plant ran quite smoothly and at a very high level. Some executives at Kelvinator remarked that production and morale were generally very good until the shutdown. Production was at a fairly constant level rather than being phased-out during the five-month period between the announcement of shutdown February 7, 1969, and shutdown of production July 18, 1969. Workers who stayed at Kelvinator during this period apparently had a strong interest in maintaining high production to get bonuses in pay.

The two disturbances to production were a one-day wildcat strike over severance benefits and a small amount of damage during a production run. Both disturbances were very short. The wildcat strike was ended after a day by negotiation and settlement of severance benefits. The damage was quickly stopped the same day when management indicated to workers that the plant would not be kept operating under such conditions.

Attrition of production workers was less of a problem than attrition of office workers, executives and foremen. According to estimates based on company and union records as well as a survey of employees, only 26 percent of production workers left before the final shutdown. Figures were not sought for other employees but it might well be that no more than 25 percent of office staff, foremen and executives remained until the shutdown. The loss of foremen was considered most serious. The company met this shortage by promoting some more experienced workers to foremen and bringing in foremen temporarily from its plant in Galt.

Figures on attrition of production workers were supplied by the Kelvinator management and are presented in Table 2-1.

Table 2-1

**ATTRITION OF PRODUCTION WORKERS FROM KELVINATOR FOLLOWING ANNOUNCEMENT OF THE SHUTDOWN**

<u>Date of Leaving</u>	<u>Number</u>
February 11-28	6
March 1-15	18
March 16-31	19
April 1-15	29
April 16-30	12
May 1-15	5
May 16-31	4
June	0
<b>TOTAL</b>	<b>93</b>

As can be seen from the figures in Table 2-1, only 93 production workers left before the final shutdown. Most of them left in the first three months preceding the end of April, 1969. This represents 26 percent of the 360 production workers employed as of January 31, 1969.

Other figures supplied by the company show a fairly constant work force from the end of January 1969 to the end of June 1969 (Table 2-2).

Table 2-2

**NUMBER OF PRODUCTION WORKERS AT KELVINATOR, 1968-1969**

<u>Date (month end)</u>	<u>Direct Hourly</u>	<u>Indirect Hourly</u>	<u>Total</u>
Before July 26, 1968	388	98	486
July 1968	289	98	387
December 1968	296	97	393
January 1969	284	76	360
February 1969	264	76	340
June 1969	244	76	320
July 1969	0	62	62
August 1969	0	37	37
September 1969	0	26	26

The work force declined only slightly (from 360 to 320) as losses of production workers were offset by recalls from previous layoffs and temporary employees.

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8. *The London Free Press*, March 7, 1970.

Table 2-2 also shows the effects of a previous layoff and demonstrates that a considerable number of workers stayed after the shutdown of production. A large layoff occurred in July 1968, shortly after White Consolidated took over Kelvinator. The layoffs in July 1968 affected less senior employees. These figures also show that 62 workers were kept on after production ceased in July 1969 to handle the cleanup and inventory. Those remaining after the shutdown in July 1969 were the workers with greatest seniority at Kelvinator.

### Severance Benefits

The two main reasons production workers did not leave were lack of job opportunities and desire to receive severance benefits. The production workers were advised by the plant chairman of their union to give up some severance benefits and leave if they could find reemployment. As just noted only 26 percent followed this advice.

The establishment of severance benefits took over a month after the announcement of closing. Phase-out talks between Local 27, UAW and the company began February 17, a week after the announcement of closing. The negotiation concentrated on supplementary unemployment benefits and the pension fund, both of which included employee contributions. Negotiation between the company and the union was suspended February 18. A month later no agreement had been reached. The workers complained that the company was "dragging its feet" and 300 of them staged a wildcat strike on March 20.

Following the wildcat strike, agreement was reached between the company and union on March 28. The main features of the agreement were as follows:

*Severance Pay* - \$200 for workers with less than ten years' seniority and \$28 a year for workers with more than ten years' seniority. Payment of severance benefits is conditional upon the employee's staying until the final shutdown or being laid off.

*Supplementary Unemployment Benefits* - S.U.B. was frozen as of March 30 and workers still at Kelvinator would receive a single payment

according to their credit. They could accumulate a maximum of 14 units which was valued at \$26 a unit or \$364 in total.

*Pension* - Workers' pension money would be returned to them and the company's share would be given to workers 43 or over who stayed until the shutdown. The company did not make significant contributions until about age 43.

Some of the agreements, those relating to S.U.B. and pension contributions, simply involved returning to production workers money they had contributed. The severance pay represents a contribution or concession on the part of the company. The severance pay and company's contribution to pension plan were conditional upon workers staying until the final shutdown. The granting of these benefits served the company's interests as well.

The union would have liked higher severance pay. For the average employee with 15 years' seniority, severance pay amounted to \$420 (approximately a month's pay), and was taxable. The union accepted the company's offer because it benefitted the older workers fairly well and the union was in a poor bargaining position.

The agreement seemed to guarantee prompt payment of benefits to workers but this was not actually the case. According to a union official the pension plan was not very clearly written. For a time it looked as if the workers were going to be charged slightly more in administrative charges than they were being given in interest. However, when the pensions were refunded in the fall of 1969, the union official said refunds exceeded payments into the fund and workers were not penalized. Like the pension refund, refunds on S.U.B. were not made until the fall of 1969.

Many former Kelvinator workers were not able to find full employment soon after the shutdown. For these workers the severance benefits would likely become a useful fund for living expenses.

The figures on reemployment of production workers at Kelvinator are based on a survey conducted seven to nine months after the shutdown. As nearly 80 percent of Kelvinator workers were reached by phone or personal interviews the figures should be reasonably accurate.

Table 2-3

**EMPLOYMENT SEVEN TO NINE MONTHS  
AFTER THE SHUTDOWN**

<u>Status Seven to Nine Months Following Shutdown</u>	<u>Percentage</u>
Fully employed	62
Employed full time	59
Self-employed	3
Not fully employed	37
Employed part time	4
Unemployed, seeking employment	27
Other (Training, welfare, just laid off)	6
Retired	<u>1</u>
<b>TOTAL</b>	<b>100%</b>
(Number)	(283)

As can be seen above, 37 percent were not fully employed seven to nine months after the shutdown of production. This figure includes those seeking employment, receiving training or welfare, and those employed part-time.

### Employment Opportunities

If Kelvinator workers stayed until the shutdown in July, or cleanup in August and September, they had to forego an important time to start new employment. According to figures supplied by the Manpower Centre in London and statements of other employers in the London area, job prospects were best in the spring and summer of 1969 and got much worse in the fall and winter, due to a general downturn in the economy.

The Manpower Centre had the following totals of registrants for the period of February 1969 (time of the announcement) to March 1970 (eight months after the shutdown). (See table 2-4)

These figures represent only registrants with the Manpower Centre in London and the number of unemployed could be considerably higher. Still the figures show that unemployment was lowest particularly in factory work during the spring of 1969 and rose dramatically during the fall and winter of that year reaching a high point in February 1970.

Table 2-4

**TOTALS OF REGISTRANTS**

<u>Month</u>	<u>Total Registrants</u>	<u>Registrants in cate- gories of Machine Trades &amp; Bench Work</u>
February 1969	4,637	491
March 1969	4,293	536
April 1969	4,138	478
May 1969	4,307	393
June 1969	5,450	526
July 1969	4,946	683
August 1969	3,832	591
September 1969	3,631	570
October 1969	4,279	680
November 1969	5,304	790
December 1969	5,153	927
January 1970	6,544	1,056
February 1970	6,897	1,348
March 1970	6,802	1,218

Interviews with London area employers provided information in agreement with these figures. During the spring of 1969, Ford Motor Co. in Talbotville was adding a second shift. Not only did this provide openings for many workers at Ford but also at other firms in the London area which lost employees to Ford.

Some London area firms showed a preference for hiring Kelvinator workers. A few of them with UAW representation had agreed to give special attention to applications from Kelvinator workers. Other firms had former long-term Kelvinator workers, at various levels from workers to foremen and executives. The former Kelvinator employees were in a position to recommend men they knew from Kelvinator. Whether through policy or personal contacts some of the larger firms hired as many as 20 percent of their new employees from Kelvinator.

Despite preference by some firms for Kelvinator workers, Kelvinator workers had a difficult time finding positions with the larger employers in the London area. The employers receive a large number of applications. A few firms stated they received as many as 100 applications from Kelvinator workers alone during 1969. Because of the large number of applications some firms could give preference to younger workers.

The large number of older Kelvinator employees entering the labor market at the same time clearly posed a major problem. In retrospect, provincial or federal agencies might have foreseen this problem and done more to meet it. Special efforts could have been made to register Kelvinator employees and assist them in finding employment in the London area prior to the shutdown at Kelvinator. This might have reduced the number entering the labor market at the same time. Also some government agency could have approached employers who hire few older workers, to ask them to review the situation. Finally a greater effort would still have to be made to relocate Kelvinator workers outside the London area.

#### **Summary**

The main efforts of others on behalf of the Kelvinator workers have been described. Following the announcement more could have been done to assist workers by some of the various parties involved, especially the Kelvinator company and government agencies. The union generally tried but was in a poor bargaining position, because there was little protection against layoffs or their effects in the labor contract. Advance notice provided an opportunity to meet problems resulting from a mass layoff but this opportunity was not used fully.

### SECTION 3

#### FINDING REEMPLOYMENT DURING THE PHASE-OUT PERIOD

Since there was no special program to place the Kelvinator workers, the workers were largely on their own in finding new jobs. In this section a detailed description is offered as to how workers reacted to the announcement of closing and what they did to find reemployment during the phase-out period.

Very little is known about how workers look for employment during the phase-out period. Actually, most plant shutdowns which have been accompanied by research have had little in the way of advance notice or a phase-out period. Thus research has generally shown the adverse effects of inadequate notice rather than the beneficial effects of notice. For example, research on some closings of Armour meat processing plants relates that little could be accomplished with only one month's advance notice.

In the four Armour plants, where only one month's notification of the shutdown was given, the combination of shock and suddenness meant that approximately half of the workers did not know what to do or at least found themselves unable to take any immediate action in searching for a new job. Since most had done no job hunting for years, the prospect was a difficult one to face, particularly since they were generally aware of the relative scarcity of jobs. As a result of inaction, confusion, bewilderment, and the scarcity of jobs, initial job hunting was ineffective; only a little over 6 percent of the former Armour workers were able to get a line on specific jobs prior to the final layoff.<sup>1</sup>

A more recent study of the Wickwire steel plant closing near Buffalo, New York, suggests that workers did not look extensively for jobs, when given several months' advance notice.<sup>2</sup> According to this study only 36 percent of the production

workers sought new jobs prior to quitting or being laid off. These figures may be too low as workers could be equating seeking new jobs with finding a job or with quitting before the shutdown. As is shown shortly, while only 26 percent left Kelvinator before the shutdown, 53 percent actually made at least one job application for new employment prior to the closing.

Research on the Kelvinator shutdown provides a more detailed description of job hunting before a shutdown than has been available in most previous studies. In this way, the research can describe not only how much use the Kelvinator workers made of the advance notice but also reasons why more job seeking was not done. First a description is made of the Kelvinator work force and how they reacted to the announcement of the closing. Next an account is given of ways in which workers looked for employment. Then, an analysis is made of what kinds of jobs some workers found and why other workers were not successful in finding jobs. Finally information is presented about the financial situation and plans of workers who had not found reemployment.

Most of the information presented in this section comes from a survey conducted a month after the shutdown. A 13-page questionnaire was mailed out to all 363 production workers whose names and addresses were taken from union records. Responses were received from 237 or 65 percent of the original sample. The nature of this survey and questionnaire is described more fully in Appendix B.

#### Worker Characteristics

An unfortunate aspect of plant closings is that they often involve older plants with a work force that has been employed several years with the company. This was the case at Kelvinator as the average seniority of workers at Kelvinator was just under 15 years. A distribution of the work force in

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1. Richard Wilcocke and Walter Franke, *Unwanted Workers* Glencoe, Ill. Free Press, 1963, p. 84.

2. Felician F. Foltman, *White and Blue-Collars in a Mill Shutdown* Ithaca, N.Y., Cornell University, 1968.

terms of seniority is presented in Table 3-1. This table, based on the union seniority list of February 1969, indicates that most workers (71 percent) had been with Kelvinator more than ten years. This table also shows that only a small number of production workers had less than five years' seniority as of February 1969. Layoffs the previous summer had nearly eliminated all workers with less than three years' seniority.

**Table 3-1**  
**SENIORITY OF PRODUCTION WORKERS**  
February 7, 1969

<u>Seniority</u>	<u>Number</u>	<u>Percentage</u>
1-4 years	25	7
5-9 years	78	22
10-14 years	87	25
15-19 years	87	25
20-24 years	55	15
25 years or more	21	6
<b>TOTAL*</b>	<b>353</b>	<b>100%</b>

\*The table does not include ten skilled workers included in the mailing list for the survey.

The information on seniority suggests an older work force which is confirmed by responses to the questionnaire sent out shortly after the shutdown. A distribution of workers' ages was taken from the questionnaire and is presented in Table 3-2.

**Table 3-2**  
**AGE OF PRODUCTION WORKERS**

<u>Age</u>	<u>Percentage</u>
21-25	3
26-30	9
31-35	8
36-40	14
41-45	23
46-50	20
51-55	9
56-60	9
61-65	5
<b>TOTAL</b>	<b>100%</b>
(Number)	(232)
Average Age	44 years old
Percentage over 40	66%
Percentage 40 and under	34%

As indicated at the bottom of Table 3-2, the mean or average age of workers is 44 years. Approximately two-thirds (66 percent) were over 40 years old at the time of shutdown.

Besides being older and working at Kelvinator several years, the work force consisted largely of men involved in assembly work. A list of major occupational classifications at Kelvinator and number of occupants, as supplied by the Kelvinator Company, is presented in Table 3-3.

**Table 3-3**  
**FACTORY CLASSIFICATION AT KELVINATOR**  
**AND NUMBER OF OCCUPANTS**

<u>Major job Classification</u>	<u>Number of Occupants</u>	<u>Percentage</u>
Assemblers (including 12 highly experienced inspectors)	147	43
Set up press operators	70	20
Electric, air, and gas welders	40	12
Stock and shippers	40	12
Paint sprayers and enamel	20	6
Metal finishers	10	3
Skilled trades (tool & die)	13	4
<b>TOTAL</b>	<b>340</b>	<b>100%</b>

Except for the few men in skilled trades, workers would face difficulty in finding similar employment in equal paying jobs. Kelvinator was one of the better paying manufacturers in London. As shown in Table 3-4, most of the workers at Kelvinator earned \$3.00 or more per hour.

**Table 3-4**  
**HOURLY PAY OF KELVINATOR WORKERS**

<u>Rate of Hourly Pay</u>	<u>Percentage of Workers Receiving Hourly Pay</u>
\$2.50-2.79	5
\$2.80-2.99	17
\$3.00-3.09	34
\$3.10-3.29	30
\$3.30 & over	11
Not ascertained	3
<b>TOTAL</b>	<b>100%</b>
(Number)	(237)*

\*Information comes from survey conducted a month after the shutdown. Unless noted otherwise, all information in Tables comes from this survey.

One other personal characteristic which could be related to their prospects for reemployment is their low level of educational attainment. The level of educational attainment of Kelvinator workers is compared with D.B.S. on male labor force in

London in 1961 in Table 3-5. Although the categories are not exactly the same, it can be seen that Kelvinator had more workers with only grade school education (37 percent vs. 31 percent) and fewer workers completing or nearly completing high school (22 percent vs. 34 percent).

**Table 3-5**  
**SURVEY OF KELVINATOR WORKERS**

<u>Education Level</u>	<u>Percentage</u>
Grade School 1-5 years	3
6-8 years	34
High School 1-2 years	41
3-5 years	22
<b>TOTAL</b>	<b>100%</b>

**MALE WORK FORCE IN LONDON\***

Grade School	31
High School 1-3 years	35
High School Graduate or College	34
<b>TOTAL</b>	<b>100%</b>

\*Source: D.B.S., 1961.

The figures on educational level do not allow for education in non English-speaking countries. As estimated in a later survey, one-third of Kelvinator workers were foreign born and many of them may have been educated in these countries. Only about ten percent in the total population of London were foreign born. Education in a non English-speaking country would be less useful if the foreign-born workers were not completely fluent in speaking or writing in English. Therefore, Kelvinator workers could be at a further disadvantage in terms of education when applying for new jobs.

In summary, the reemployment prospects of Kelvinator workers were not favorable because of their age, low level of education, foreign background and employment in semi-skilled or assembly work. Therefore, lengthy advance notice was desirable to allow them to find new employment or receive special training.

**Reactions to the Announcement**

Although there had been rumors for some time about the future of the Kelvinator plant in London, the actual announcement of the shutdown was quite disturbing to many workers at

Kelvinator. It did not help that the news reached workers after they had left the plant. One man interviewed during the phase-out period told how he had heard about the announcement while driving home.<sup>3</sup>

Most of us were stunned. I figured it could happen, as a matter of fact it came much later than I expected. I thought it would be all over by August [1968] but as time passed, I felt I might have been wrong and that Kelvinator would go on. I was driving home on Queen's Ave. when I heard the news on the radio. Talk of a shock! This is still working in my head [late May], because I believe this place could go on. However, I guess White is moving to get to cheaper wages, they don't have to pay a living bonus in Galt and Montreal. I've heard the Quebec Plant is obsolete, and in worse shape than ours. We're making range tops for them now, can you imagine the costs? I hear bits and pieces of what goes on because I am in shipping.

The man was quite accurate in his observations of the reactions of other workers as indicated in Table 3-6. Approximately half the workers were completely surprised by the announcement. Although many of the workers were expecting some kind of a curtailment or shutdown, they were surprised by the timing of the announcement.

**Table 3-6**  
**REACTION TO THE ANNOUNCEMENT**  
**OF THE SHUTDOWN**

	<u>Percentage</u>
Did not expect it, completely surprised	49
Expected it, but surprised	24
Expected it, was not surprised	24
Other reaction or not ascertained	3
<b>TOTAL</b>	<b>100%</b>
(Number)	(237)

The workers were not only surprised by the announcement but many were quite bitter about the plant being shut down. Several of the men interviewed during the phase-out period directed their bitterness toward the company. Some (such as the man quoted below) felt that White Consolidated had not tried hard enough to keep the plant going.

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3. He was 39 years old, worked in the shipping department and had been at Kelvinator for 20 years.

Most were very surprised even though it was somewhat expected. Leach said that he was given six months to show a profit. What's six months for a company of this size? It wasn't a production problem because the warehouses were full, they just couldn't sell the stuff. They didn't give it an honest try, they did fire close to 100 people, but they didn't change any of the foremen or supervisors who were costing them a few thousands of dollars a month because they didn't know what they were doing.

Others were angry about being put out of work and mentioned troubles they or others would have finding reemployment.

A lot of them are worried and will be hurt by this. Some of these guys are 50 to 55 and have only got a couple of fingers left on their right hand because of punch presses accidents. How do you think those guys will find work again?

Not only were the workers upset about losing their jobs, many were also concerned about finding reemployment. In the questionnaire, the workers were asked to recall how they felt shortly after the announcement. As shown in Table 3-7, 44 percent of all workers did not expect to find as good a job or job at all, and only 17 percent expected to get a better job.

Table 3-7

**PROSPECTS FOR EMPLOYMENT  
BY AGE OF WORKER**

Job Prospects	30 & under	31-40	41-50	51-60	60 & over	All workers
Better job	33	20	21	2	0	17
As good a job	26	46	42	23	9	36
Not as good a job	26	26	31	52	55	34
Not find anything	7	4	6	20	36	10
Other or not ascertained	8	4	0	3	0	3
<b>TOTAL</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
(Number)	(27)	(50)	(100)	(44)	(11)	(237)*

\*Includes five workers who did not indicate their age.

A man's age was strongly related to how he saw his prospects. Those 30 and under were most confident about finding a better job. As seen in the foregoing table, workers over 50 were the most worried about finding as good a job or a job at all. The less educated workers were also not very optimistic, a feeling which may be due in part to the fact that they were older.

After the shutdown many workers were still upset by what had happened. Nearly half the workers wrote in comments on their questionnaires about the shutdown and difficulties in finding reemployment. These workers expressed more resentment towards the Canadian Government for allowing the shutdown than towards the Kelvinator company.

It is not clear that the workers became less angry or disturbed about the shutdown over time. Although the shock may have subsided after the announcement, difficulty in finding reemployment raised new concerns. Therefore, a phase-out period is not necessarily a cooling off period if workers have difficulty finding employment.

**The Search for Work**

As stated previously, very little is known about how workers use a period of notice to find jobs. The way Kelvinator workers went about looking for work is described first, and then reasons for success or failure in finding employment are examined.

The former Kelvinator workers were asked to recall what steps they had taken to find jobs shortly after the shutdown was announced. As indicated in Table 3-8, most of the workers

Table 3-8

**FIRST STEPS TAKEN TO FIND REEMPLOYMENT  
BY WORKER'S AGE**

First Steps	40 & under	41-50	51-65	All workers
Investigate leads from relatives, friends, ads	61	54	44	53
Applied for work	65	50	31	50
Register with CMC for employment	48	39	31	40
Investigate possibilities of starting own business	14	19	5	14
Register with CMC for retraining	8	7	0	5
Other	3	3	2	3
No Steps Taken	12	21	38	23
<b>TOTAL *</b>	<b>211%</b>	<b>193%</b>	<b>151%</b>	<b>188%</b>
(Number)	(77)	(100)	(55)	(237)

\*Total exceeds 100% as many workers did more than one step toward finding reemployment.

indicated that they had taken steps to find reemployment shortly after notice of the shut-down. Only 23 percent of all workers failed to mention doing something before the closing. The totals far exceed 100 percent as many workers took more than one step toward finding reemployment. Regardless of age, workers were likely to be investigating job leads given them by friends, relatives and advertisements and to be applying directly for work or to have registered at the Canada Manpower Centre. The Canada Manpower Centre noted a large number of inquiries from Kelvinator workers immediately following the announcement.

There is considerable variation by age in how workers looked for employment. Men 40 and under were most likely to apply directly to employers. The older groups, especially those over 50, were less likely to apply directly for employment and relied relatively more on leads or assistance from others. The older workers were also more likely to have taken no steps toward finding reemployment shortly after the announcement.

There are no doubt many reasons for these older workers doing less looking for jobs. As previously noted, a majority of Kelvinator workers over 50 years old presumed that they could not get as good a job or find any job at all. Therefore, they may have felt they were as well off staying at Kelvinator at higher wages and getting severance benefits. It is sad and ironic that those who most need added time for finding employment made fewer initial inquiries about employment opportunities.

After making inquiries many workers became actively involved in job hunting. As can be seen in Table 3-9, a majority of workers made job applications prior to shutdown. Twenty-seven percent of them made three or more applications. The other part of Table 3-9 reveals that only 33 percent received offers and most of them received only one offer which in most cases they took. Thus while many Kelvinator workers looked widely, they usually had no more than one job offer to accept or reject.

When encountering this rather limited job market, many workers did not receive help from the company, union or private groups and agencies. As shown in Table 3-10, only the Canada Manpower Centre was frequently men-

**Table 3-9**  
**JOB APPLICATIONS AND OFFERS**  
**PRIOR TO THE SHUTDOWN**

<u>Job Applications Prior to the Shutdown</u>	<u>Percentage</u>
	53
More than 5 applications	10
3 to 5 applications	16
1 or 2 applications	27
No applications or not ascertained	47
<b>TOTAL</b>	<b>100%</b>
<u>Job Offers Before the Shutdown</u>	<u>Percentage</u>
	33
More than 2 job offers	3
2 job offers	8
1 job offer	22
No job offers or not ascertained	67
<b>TOTAL</b>	<b>100%</b>
(Number)	(237)

tioned as a source of help in looking for employment. One of the reasons that many workers sought help from the Manpower Centre was that some firms, especially the new Ford plant near London, used Manpower to screen applicants.

**Table 3-10**  
**SOURCES OF HELP IN FINDING NEW JOBS**

<u>Source</u>	<u>Percentage</u>
Canada Manpower Centre	30
Union	7
Kelvinator	2
Others (private or public groups)	3
<b>TOTAL</b>	<b>42%</b>
(Number)	(237)

\*Percentages total less than 100 percent as a majority of workers did not indicate receiving help from these groups.

Whereas many workers were aware of assistance from the Canada Manpower Centre, few considered their union, the Kelvinator company or other groups to have been much help. The union did contact several plants at which it had representation on behalf of the workers released from Kelvinator. The union also made direct efforts to place three deaf mutes in jobs at one of these plants but generally did not act to represent particular workers. The company and community groups may have received a few mentions in Table 3-10 as employers of displaced workers. Kelvinator offered to transfer workers to their Montreal

plant but not to their Galt plant, except for a few men in the service department. Some workers went to work for the Board of Education in custodial positions. Thus, except for direct assistance from Manpower and some indirect assistance from their Union, the Kelvinator workers were largely on their own in seeking new employment.

In summary most workers made inquiries about employment and at least one job application, but only one-third received job offers prior to the shutdown. Therefore, most can be said to have made some use of the advance notice, even if they were often not successful in getting a job offer. Only about half the Kelvinator workers said they received assistance from the company or various agencies in looking for jobs.

### Finding and Taking Jobs

As mentioned previously, 26 percent of the work force left Kelvinator prior to the shutdown. Those still at Kelvinator spoke about difficulties of finding jobs and staying until the shutdown to collect severance benefits. The questionnaire to all workers provides an opportunity to assess why only 26 percent of the workers left and the difficulties encountered by others in finding new jobs.

Workers were asked to explain why they stayed until the shutdown or left early. As shown in Table 3-11 most workers who left did so because they had been offered a good job. Only a small number (17 percent of those who left early) had some second thoughts about staying until the shutdown to collect all severance benefits.

Severance benefits were important to those staying. Most of these workers (83 percent) cited getting all the severance benefits as one of their reasons. It should also be noted that a majority of them (53 percent) cited matters related to employment, either being "sure of another job" or "could not find another job". It is difficult to tell whether employment opportunities or severance benefits were really the more important in keeping workers at Kelvinator.

Some of those staying at Kelvinator were able to arrange future jobs and still receive severance benefits. These workers, 22 percent of those remaining at Kelvinator or 16 percent of the work

Table 3-11

### REASONS FOR EITHER STAYING OR LEAVING BEFORE THE SHUTDOWN

<u>Reasons for Leaving Before the Final Shutdown</u>	<u>Percentage</u>
Had a good job offered	83
Did not know about severance benefits	17
Company retired me	7
Other	12
<b>TOTAL</b>	<b>119%</b>
(Number)	(59)
<u>Reasons for Staying Until the Shutdown</u>	
Get all severance benefits	82
Looked but could not find a job	31
Sure of another job after shutdown	22
Wanted to start own business	5
Planned to retire	4
Other	15
<b>TOTAL</b>	<b>159%</b>
(Number)	(178)

force, got double benefit from the phase-out period at Kelvinator – severance pay and a new job.

This would mean that as many as 42 percent of the work force may have found jobs during the phase-out period. This estimate includes 26 percent of the work force who left before the shutdown and 16 percent who lined up jobs. The questionnaire showed that only 43 percent were employed approximately a month after the shutdown, 49 percent unemployed and eight percent still at Kelvinator doing the cleaning up and inventory. Therefore, most workers employed a month after the shutdown had found their jobs before leaving Kelvinator.

It is possible to compare the jobs taken by workers who left before the shutdown with those taken by workers in the month following the shutdown. As shown in Table 3-12, employees taking new jobs before the shutdown got as much or more take-home pay than they had been receiving at Kelvinator. Two-thirds of those taking jobs after the shutdown at Kelvinator took a cut in pay. Thus the pay of a new job was apparently an important consideration in either leaving to take a job or staying until the shutdown.

**Table 3-12**  
**RATING OF NEW JOB COMPARED TO**  
**KELVINATOR JOB**  
**(Percentage)**

<u>Take-home pay</u>	<u>Those leaving before shutdown</u>	<u>Those remaining</u>
Higher	52	13
Same	11	11
Lower	32	67
Not ascertained	5	9
<b>TOTAL</b>	<b>100%</b>	<b>100%</b>
(Number)	(56)	(45)

As noted before, finding a job and getting an offer were often quite difficult. The questionnaire provides some information as to how workers found jobs or encountered difficulties in job hunting. As in previous studies, many workers found jobs by direct application or by getting leads from friends or relatives (Table 3-13).

**Table 3-13**  
**METHODS BY WHICH JOBS WERE FOUND**

<u>Method</u>	<u>Percentage</u>
Direct application	38
Lead from friend or relative	21
Canada Manpower provided the lead	19
Newspaper advertisement	9
Company contacted worker	8
Not ascertained	2
Other	3
<b>TOTAL</b>	<b>100%</b>
(Number)	(101)

Canada Manpower is also frequently mentioned as a good source of jobs at this time. The hiring practice at Ford and at a few other firms played an important part in this. Ford required men to apply through the Manpower Centre. Employees leaving other London area firms to take jobs at Ford created more openings than usual and perhaps more need by other firms to use Manpower.

Workers who had not found jobs a month after the shutdown were asked if they expected difficulties in finding reemployment. A majority of them did expect difficulty (Table 3-14). Generally personal characteristics (age, education, health, nationality and religion) were mentioned as difficulties with age being the most prominent. The labor market was not mentioned nearly as

often as age, perhaps because the employment picture was not too bad shortly after the Kelvinator shutdown.

**Table 3-14**  
**DIFFICULTIES EXPECTED BY WORKERS**  
**WHO HAD NOT FOUND REEMPLOYMENT**

<u>Reasons</u>	<u>Percentage</u>
Age	33
Labor Market	7
Education	4
Health	4
Nationality and Religion	2
Other	7
No difficulty or not answered	43
<b>TOTAL</b>	<b>100%</b>
(Number)	(114)

Statistical analysis shows the importance of age as a factor in both finding jobs and leaving before the shutdown (Table 3-15). In the top half of the table it is clear that, for each educational level, the older the worker the poorer his chances of finding employment before or shortly after the shutdown.

Educational level affects the employment opportunities more than workers admitted. Among workers 50 and under the less educated the worker the poorer were his chances of finding reemployment (Table 3-15). Educational level was a rather sensitive topic for the displaced workers.

In the bottom half of Table 3-15 it is evident that it is mainly workers with less seniority and 40 or under who left prior to the shutdown. The workers over 40 presumably could either not find any jobs at all, or jobs paying well enough to induce them to leave before the shutdown and miss severance benefits. The workers with less seniority would receive lower severance benefits and therefore had less reason to stay.

Thus, a number of factors apparently determined whether Kelvinator workers left early or stayed until the shutdown. These factors include employment opportunities, severance pay, and various personal characteristics of the workers. Some workers who could not get good paying jobs were glad to be paid extra for staying until the shutdown. On the other hand, some older workers probably did not look as hard as they should have for reemployment because of larger severance benefits they would get by staying until the end.

**Table 3-15**  
**FACTORS IN FINDING JOBS AND**  
**LEAVING BEFORE THE SHUTDOWN**

Percentage Employed by Age and Educational Level

<u>Educational Level</u>	<u>40 and under</u>	<u>41-50</u>	<u>51-65</u>	<u>All Ages</u>
Grade School	47* (17)	32 (38)	21 (28)	31 (83)
High School				
Grades 9 & 10	59 (34)	42 (43)	24 (17)	45 (94)
Grades 11 or more	83 (24)	76 (19)	25 ( 8)	61 (51)
All Educational Levels	63 (75)	40 (100)	23 (53)	

Percentage Leaving Prior to the Shutdown by  
Age and Seniority

<u>Seniority Level</u>	<u>40 and under</u>	<u>41-50</u>	<u>51-60</u>	<u>All Ages</u>
20 years or more	--†	31** (32)	9 (44)	18 (79)
10-19 years	47 (21)	9 (58)	10 (10)	18 (89)
9 years or less	52 (52)	22 ( 9)	--†	47 (62)
All seniority levels	51 (76)	17 (99)	9 (55)	

NOTE: The figures within parentheses in the above table denote the number of employees involved.

\* This means that 47 percent of the men 40 or under with no more than a grade school education were re-employed approximately a month after the shutdown. The percentage is calculated for 17 workers.

\*\* This means that 31 percent of the men between 41 and 50 years of age who had worked at Kelvinator or at least 20 years left before the shutdown. The percentage is calculated for 32 workers.

† Too few men to calculate percentages.

Despite the difficulties which workers faced in finding employment most agreed that they had been given enough advance notice. As can be seen in Table 3-16, 83 percent indicated they had enough advance notice, whereas only 14 percent wanted more time. Most of the workers who wanted longer advance notice would have preferred a year's notice rather than the five months' notice given them. The usual reason for requesting longer advance notice was more time to look for a

job. There was one man who wanted two years' notice because that was how long he had until retirement.

**Table 3-16**  
**OPINIONS ABOUT ADEQUACY OF**  
**ADVANCE NOTICE AT KELVINATOR**

<u>Opinion</u>	<u>Percentage</u>
Enough advance notice	83
Not enough advance notice	14
Prefer 6-11 months	3
1 year	8
More than 1 year	2
Not answered	1
Not ascertained	3
<b>TOTAL</b>	<b>100%</b>
(Number)	(237)

Given the situation at Kelvinator, five months would seem to be adequate. There was no special program to train or place these workers and workers had to wait the full period to get special severance benefits. As shown in the previous section, few workers left the last two months before the shutdown. If severance benefits were not made conditional upon staying until the shutdown and more was done to train and place the workers in new jobs, then advance notice of six months to a year might have been useful.

#### Jobs Taken

In previous tables it was shown that older workers were less likely to leave before the shutdown and that workers who left after the shutdown took poorer paying jobs. In tables presented next, it is shown that older workers did not get the better paying factory jobs.

A comparison is made in Table 3-17 between jobs found by workers 40 and under, and jobs found by older workers. Most of these older workers are between 41 and 50 as few of the workers over 50 had found work a month after the shutdown. A majority of the workers 40 and under found factory work. A smaller percentage of older workers took jobs in factories and a majority of the older workers worked in laboring jobs as janitors, construction workers and truck drivers.

**Table 3-17**  
**JOBS TAKEN BY AGE OF WORKER**  
(Percentage)

	<u>40 and Under</u>	<u>Over 40</u>	<u>All Workers</u>
<b>Production/Factory Job</b>	56	21	39
Production Worker	42	13	28
Welder, Machine Operator	8	6	7
Set-up and Repair	6	2	4
<b>Laboring Job</b>	24	55	41
General Labor and Janitorial	12	25	19
Stock Room	4	11	8
Construction, Carpentry	4	11	8
Truck Driver	4	8	6
<b>Other</b>	20	24	20
Skilled Labor	4	2	3
Clerical, Sales	2	9	5
Other (Bartender, Farmwork)	6	13	8
Not Stated	8	0	4
<b>TOTAL</b>	<u>100%</u>	<u>100%</u>	<u>100%</u>
(Number)	(48)	(53)	(101)

As far as can be determined, age more than education affected the kinds of jobs which former Kelvinator workers found. In Table 3-18, the kinds of jobs they found are presented according to age and educational level of the workers. Regardless of their education, 50 percent or more of workers 40 and under found jobs in production and 50 percent or more of older workers took jobs as laborers. These percentages are based on rather small numbers of workers. The figures in the table are still important as they indicate the jobs found by younger and older workers are unrelated to their educational level.

Because the older men had difficulty obtaining new jobs as production workers, they usually got lower wages on their new jobs. As shown in Table 3-19, 67 percent of men over 40 had lower hourly pay than at Kelvinator.

The figures on wages of new jobs also show considerable variation in pay within each age group. There is still a rather strong tendency for younger workers to hold their own or to improve their wages and for older workers to take a reduction, often substantial, in pay.

The workers were asked to rate their new jobs in various other respects — namely, type of work, use of own skills, job security, supervision, union representation, distance from home and work shift

**Table 3-18**  
**JOBS TAKEN BY AGE AND**  
**EDUCATIONAL ATTAINMENT OF WORKER**  
(Percentage)

<u>Job by Educational Level</u>	<u>40 and under</u>	<u>Over 40</u>
<b>Grade School</b>		
Production	57	27
Laborer	29	56
Other	14	17
<b>TOTAL</b>	<u>100%</u>	<u>100%</u>
(Number)	( 7)	(18)
<b>Grades 9 &amp; 10</b>		
Production	50	4
Laborer	28	63
Other	22	33
<b>TOTAL</b>	<u>100%</u>	<u>100%</u>
(Number)	(18)	(24)
<b>Grades 11 or more</b>		
Production	56	33
Laborer	33	50
Other	11	17
<b>TOTAL</b>	<u>100%</u>	<u>100%</u>
(Number)	(18)	(12)

(Table 3-20). In general the older and younger workers compared their new jobs quite favorably in these non wage aspects to their work at Kelvinator. Only the younger workers, some of whom were working at the Ford factory in Talbotville,

**Table 3-19**  
**AGE AND PAY LEVEL OF NEW JOB**  
**(Percentage)**

<u>Hourly wages of new jobs as compared to Kelvinator jobs (in dollars)</u>	<u>40 and Under</u>	<u>Over 40</u>	<u>All reemployed</u>
New Job hourly rate more	46	14	29
over .75 more per hour	17	8	12
.31-.75 more	19	2	10
.01-.30 more	10	4	7
Both rates same	16	11	13
New job hourly rate less	33	67	51
.01-.30 less	4	21	14
.31-.75 less	25	23	24
over .75 less	4	23	13
Not ascertained	5	8	7
<b>TOTAL</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
(Number)	(48)	(53)	(101)

**Table 3-20**  
**RATING OF NON MONETARY**  
**ASPECTS OF NEW JOB**  
**(Percentages)**

<u>Type of Work-New Job</u>	<u>40 and under</u>	<u>over 40</u>	<u>Total</u>	<u>Union Representation -New Job</u>	<u>40 and under</u>	<u>over 40</u>	<u>Total</u>
Better than Kelvinator	46	40	43	Better than Kelvinator	27	6	16
Same	19	26	23	Same	13	17	15
Worse	25	9	17	Worse	17	15	16
Don't know or not answered	10	25	17	Don't know or not answered	43	62	53
<b>TOTAL</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>TOTAL</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
<u>Use of Own Skill-New Job</u>				<u>Distance from Home-New Job</u>			
Better than Kelvinator	25	30	28	Better than Kelvinator	4	36	21
Same	27	25	26	Same	31	34	33
Worse	21	9	15	Worse	48	17	32
Don't know or not answered	27	36	31	Don't know or not answered	17	13	14
<b>TOTAL</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>TOTAL</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
<u>Job Security-New Job</u>				<u>Shifts-New Job</u>			
Better than Kelvinator	40	28	34	Better than Kelvinator	21	26	24
Same	16	8	12	Same	21	21	21
Worse	8	23	16	Worse	46	21	33
Don't know or not answered	36	41	38	Don't know or not answered	12	32	22
<b>TOTAL</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>TOTAL</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
<u>Supervisor-New Job</u>				(Number)	(48)	(53)	(101)
Better than Kelvinator	50	45	48				
Same	25	26	26				
Worse	8	2	5				
Don't know or not answered	17	27	21				
<b>TOTAL</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>				

indicated their new jobs were less desirable in terms of distance from home and shifts. Other aspects such as union representation, skill required and job security were apparently often not relevant for comparison or difficult to judge on their new jobs.

Their generally favorable rating of non monetary aspects of new jobs is reflected in the overall rating of the new job and interest in looking again for a new job. As shown in Table 3-21, most men regardless of age rated their new job as good as or better than their Kelvinator job. The figures in this table also indicate that the majority of workers were not looking for another job. Quite likely most men were glad to have a job even if it meant a reduction in pay.

**Table 3-21**  
**SATISFACTION WITH NEW JOB**  
(Percentage)

<u>Overall rating of New Job</u>	<u>40 and under</u>	<u>over 40</u>	<u>All</u>
Better	48	47	47
Same	23	25	24
Worse	25	26	26
No answer	4	2	3
<b>TOTAL</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
<b>Still Looking for a Job</b>			
Yes	33	40	37
No	63	56	59
No answer	4	4	4
<b>TOTAL</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
(Number)	(48)	(53)	(101)

#### **Financial Status and Plans of Unemployed Workers**

Those not finding work were asked about their financial status and plans to find reemployment. Their replies indicate that most of them could withstand a short period of unemployment. Their financial resources were not so great as to preclude looking for reemployment soon after the shutdown.

Those currently unemployed were asked how long they could go without work before cutting down on essential expenses. As indicated in Table 3-22, only 12 percent thought they might be in immediate financial difficulty in the next month, but 55 percent did not feel they could go more

than three months without cutting down on expenses. Thus a majority did not feel they could easily withstand a prolonged period of unemployment.

**Table 3-22**

#### **ABILITY TO WITHSTAND A PERIOD OF UNEMPLOYMENT**

<u>Time unemployed without cutting down on essential expenses</u>	<u>Not employed (%)</u>
Less than a month	12
Up to 2 months	24
Up to 3 months	19
Up to 6 months	22
Up to 1 year	14
More than 1 year	7
Not answered	2
<b>TOTAL</b>	<b>100%</b>
(Number)	(133)

The ability to withstand a period of unemployment is related to several factors such as amount of savings or debts, home ownership and other workers in the household. A summary of such information is presented in Table 3-23. As can be seen in this table, many persons (38 percent) own their home with no mortgage, have savings (74 percent) and have another member of the family working (37 percent). In these families, eight percent had a member go to work because of the shutdown. Only 17 percent have large debts and these presumably would have to find work very soon. Most workers who had been at Kelvinator were in reasonably good financial condition at the time of the shutdown.

Most workers not reemployed after the shutdown had received a variety of payments from the company. Almost all of them received severance pay and vacation pay (Table 3-24). In addition, many of them were eligible for their share of both Supplementary Unemployment Benefits (S.U.B.) and pension fund. Most of the workers received money from S.U.B. and pension funds but these payments were not paid until the fall because of administrative delays. Many workers may have been unsure regarding eligibility or amount to be paid them and did not answer. Therefore, the percentage of those receiving S.U.B. and pension payments is probably too low in Table 3-24.

**Table 3-23**  
**FINANCIAL CONDITION OF WORKERS**  
**NOT REEMPLOYED**

<u>Savings and Debts</u>	<u>Unemployed (%)</u>
Savings of \$2,000 or more	23
Some savings	51
No savings	13
No debts	29
Few debts	33
Large debts (over \$1,000)	17
<b>TOTAL</b>	<b>166%*</b>
<b>Home Ownership</b>	
No mortgage	38
Some mortgage	36
Rent	22
Other	3
Not answered	1
<b>TOTAL</b>	<b>100%</b>
<b>Others Working in Household</b>	
One	32
Two or more	5
None or not answered	63
<b>TOTAL</b>	<b>100%</b>
(Number)	(133)

\*Total is more than 100% as some people have both savings and debts.

**Table 3-24**  
**SEVERANCE BENEFITS RECEIVED BY**  
**WORKERS NOT REEMPLOYED**

<u>Benefits</u>	<u>Percentage Received</u>	<u>Median Amount*</u>
Severance Pay	95	\$200-\$400
Vacation Pay	92	200- 400
Supplementary unemployment benefits	52	200- 400
Pension Fund (own share)	36	600-1000
Pension Fund (company share)	8	400- 600
Paid up pension	3	3000 and over
(Number)	(133)	

\*The workers checked off categories rather than writing in amounts.

Following the shutdown most workers who had not found reemployment or were not working at Kelvinator did two things – register for unemployment insurance and take a vacation. Eighty-four

percent of these unemployed workers had registered for unemployment compensation and 66 percent of them took a vacation, usually more than one week.

The unemployed workers also indicated their interest in finding reemployment. As shown in Table 3-25, most were looking for employment. There were 11 percent, however, who were either retired or not looking for employment.

**Table 3-25**  
**CURRENT STATUS OF WORKERS**  
**(Percentage)**

Not working, but looking for employment	77
Not working and not looking for employment	9
Job expected after vacation	4
Will take a retraining course	4
Starting own business	3
Retired	2
Not ascertained	1
<b>TOTAL</b>	<b>100%</b>
(Number)	(114)

Most of the unemployed workers had no strong preferences about the kind of job they would take (Table 3-26). Only a small number of workers had particular preferences for factory work or a trade.

Many unemployed men recognized and accepted that they might need to take some cut in pay from their Kelvinator jobs. Few workers at Kelvinator had earned less than \$2.80 per hour and the most common salary had been between \$3.00 and \$3.10. A majority of the unemployed men looking for reemployment would accept a job for less than \$3.00 and a substantial number of these would take work below \$2.60.

Most of the unemployed workers were unwilling to relocate to take new jobs. They expressed their reasons for not being willing to move in terms of community ties.

Previous research has shown that workers were reluctant to move even if they have clear job offers. Even with a job offer in hand, workers were apprehensive about not having seniority and being laid off in a new community.

**Table 3-26**  
**JOB PREFERENCES OF UNEMPLOYED WORKERS**

<u>Jobs Preferred</u>	<u>Percentage</u>	<u>Willingness to Relocate</u>	
Same as Kelvinator	29	Willing	20
Trade outside of factory work	9	Maybe	19
Factory job different from Kelvinator work	7	Unwilling	56
Other	2	Not ascertained	5
No preference	67	TOTAL	<u>100%</u>
TOTAL	<u>114%*</u>		
		<u>Reasons Reluctant to Move</u>	
<u>Minimum Acceptable Wage Rate</u>		Home ownership	33
\$1.80- \$1.99	1	Family ties	9
2.00- 2.19	8	Sentimental	7
2.20- 2.39	4	Cost of Moving	4
2.40- 2.59	21	Distance	4
2.60- 2.79	16	Other	3
2.80- 2.99	9	TOTAL	<u>60%**</u>
3.00- 3.19	20	(Number)	(114)
3.20 and over	9		
Not ascertained	12		
TOTAL	<u>100%</u>		

\* Total exceeds 100% since some workers were willing to take more than one type of job.

\*\*Total is less than 100% since only the ones reluctant to move were asked this question.

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Thus, most of the Kelvinator workers who did not find reemployment shortly after the shutdown had some financial resources on which to "get along" for a month or more. Their financial position and the benefits contingent upon staying until the shutdown may have kept some workers

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from doing more job hunting or at least leaving before the shutdown at Kelvinator. Most of these unemployed workers recognized that they needed to find reemployment within three months after the shutdown and were looking for a reasonable job even if it paid less than their job at Kelvinator.

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## SECTION 4 SUMMARY AND CONCLUSION

The shutdown of a large plant, such as the Kelvinator plant in London, presents many difficulties to the employees, especially the older production workers. This report is concerned largely with how advance notice of shutdown can aid the production workers to find reemployment.

By way of summary, an assessment is made of costs and benefits of providing advance notice in the Kelvinator closing. Also conclusions are offered as to usefulness of advance notice and special programs to assist displaced workers. Advance notice and some of these supplementary programs need not be very costly and can bring considerable benefits in terms of finding reemployment for displaced workers.

### **Costs and Benefits of Advance Notice**

Advance notice was not very costly to the Kelvinator Company. Kelvinator maintained quite efficient production until the final shutdown of the plant. Morale and productivity were generally high. Attrition of employees did not seriously interfere with production. Although a large percentage of office workers, foremen, and executives left prior to the shutdown, 74 percent of the production workers remained. Temporary workers were found to replace production workers leaving before the shutdown.

The only increased cost of production was the awarding of severance pay. The Kelvinator company paid on an average a month's severance pay to all workers who stayed until the shutdown. The Company used severance pay as an incentive to keep workers from leaving. Even if the Company did not need to provide such an incentive, it might still have awarded some severance pay to maintain better relations with the departing workers and the community.

There can be substantial benefits associated with advance notice. In the closing of Armour plants, advance notice made it possible to organize

effective programs of interplant transfers and placement of employees. Although no such programs were organized in the Kelvinator shutdown, advance notice still provided time for workers to find jobs and for the union to negotiate severance benefits with the Company.

The production workers used the period before the shutdown in a variety of ways. Approximately 26 percent of them found and took jobs during this time. Perhaps another 15 percent lined up jobs which they took after the shutdown. Many others looked for jobs but could not find them before or shortly after the shutdown. A minority of workers, largely older workers, did not look for jobs very much prior to the closing.

Advance notice was useful to most of the workers who found jobs prior to the shutdown or shortly thereafter. Even those who had still not found jobs may have gained useful information about the job market.

Another benefit of advance notice in the Kelvinator shutdown was the time it allowed to negotiate severance benefits. Settlement of severance benefits took a month and a half and even more time was required to arrange repayment of contributions to the pension plan. Since these matters were not well covered in the union contract, the union needed considerable time to get a settlement for the production workers.

Thus in the Kelvinator shutdown advance notice benefitted the production workers at small cost to the company. Indeed production went so well prior to shutdown that advance notice could almost be considered a benefit to the company as well.

### **Conclusions**

Two fairly simple conclusions can be reached about the usefulness of advance notice. First of all workers can make good use of advance notice

to look for jobs. Kelvinator workers used a variety of sources — friends, the Manpower Centre, and advertisements — as well as their own initiative in looking for employment prior to the shutdown. Considering the difficulties production workers over 40 have in finding acceptable jobs, it is remarkable that 40 percent of all workers found reemployment shortly after the shutdown. Thus the Kelvinator closing demonstrates that workers do benefit from advance notice even if there are no special programs to assist them in finding reemployment.

The second conclusion is that the actions of the company affect quite substantially assistance given to its displaced workers. Kelvinator did not become involved in programs to assist its production workers. The company rejected a proposal of the Manpower Consultative Service to share costs in a joint placement and relocation program. Kelvinator did not consider a proposal by the City Council of London to phase out the plant over a longer period of time. Such a phase-out could have benefitted the older workers as they would have had a longer time to look for employment or receive retraining. Also a phasing-out of the London plant might have allowed workers to leave prior to the shutdown and receive most or all of the severance benefits, which were larger for the older workers.

There may well have been good reasons why the proposals of the Manpower Consultative Service and London City Council were not fully acceptable to Kelvinator. Some accommodation to these requests might have been found if there had

been more discussion between Kelvinator and these government groups.

Kelvinator could have worked closer with the Manpower Centre prior to the shutdown in assisting the production workers. It would not have disrupted production very much to have had the Canada Manpower Centre registering and advising workers at the plant before they were laid off. Probably not many more workers would have left Kelvinator prior to the shutdown because of the difficulty older workers have in finding well-paying jobs in factories. A more likely outcome of such assistance is that workers would have been better informed about non factory positions in London and other communities and about how they might train or apply for such positions after the shutdown at Kelvinator.

Bill 96, currently being enacted in Ontario, would require firms involved in mass layoffs to cooperate with the Ontario government prior to the shutdown in the placement of workers. Such cooperation need not be costly to the employers and could aid in relocating displaced workers.

In conclusion, the Kelvinator shutdown indicates that the workers can make good use of advance notice to find reemployment. Special programs of placement, training or relocation are still desirable to reduce the high unemployment rate several months after shutdown. Such programs require close cooperation between the company dismissing the employees and public agencies.

**APPENDIX A**

**D R A F T (Revised)**

**MANPOWER MOBILITY AND ASSESSMENT INCENTIVE AGREEMENT**

THIS AGREEMENT dated this        day of        , 1969,

BETWEEN:

THE MINISTER OF MANPOWER AND IMMIGRATION  
(hereinafter referred to as "the Minister")

AND:

KELVINATOR OF CANADA LIMITED  
(hereinafter referred to as "the Company")

AND:

THE INTERNATIONAL UNION UNITED AUTOMOBILE, AIRCRAFT  
AND AGRICULTURAL IMPLEMENT WORKERS OF AMERICA,  
LOCAL 27  
(hereinafter referred to as "the Union")

WITNESSETH THAT:

WHEREAS Vote No. 10 of the Department of Manpower and Immigration Main Estimates 1968-69 authorizes payment in accordance with agreements entered into with the approval of the Governor in Council by the Minister of Manpower and Immigration with provinces, employers and workers in respect of labour mobility and assessment incentives;

AND WHEREAS the Company and the Union have jointly requested the Minister to assist them, through the facilities of the Manpower Consultative Service of the Department of Manpower and Immigration, in assessing the manpower adjustment problems arising out of the closing the Company's production plant at London, Ontario;

AND WHEREAS the Minister has been authorized to enter into this agreement by Order in Council P.C.        of        , 1969;

NOW, THEREFORE, THIS AGREEMENT WITNESSETH that the parties hereto have mutually agreed as follows:

1.(a) The Company and the Union will establish and maintain for the duration of this agreement a Joint Manpower Planning Committee, consisting of two representatives from the Company and two representatives from the Union, to administer a program of assessment of the manpower problems associated with the phasing out of the Company's production plant.

(b) The Company and the Union, with the assistance of the Manpower Consultative Service, will jointly select and appoint a qualified and impartial person willing to act as Chairman of the Joint Manpower Planning Committee.

2. A representative of the Manpower Consultative Service will act as technical adviser and consultant to the Joint Manpower Planning Committee, and may attend any or all of its meetings.

3. All representatives appointed to the Joint Manpower Planning Committee agree to hold in confidence any personal information concerning any individual employee which may be revealed to them in the course of their work with the Committee.

4. The objectives of the program are to develop an orderly plan for the adjustment of employees, having due regard to:

(a) The employees' need for the greatest possible continuity of employment and least hardship in moving to other jobs.

(b) The Companies' need for certain classifications or workers in the step-by-step change in operations.

(c) The need for workers in operations of the parent Company in other locations.

(d) The need to co-ordinate the adjustment and movement of these with the operations of other government manpower services.

5. The Company will pay all shareable costs as set forth in Schedule "A", attached hereto, in relation to the manpower assessment program, upon presentation of vouchers or statements of account which have been approved and submitted to it by the Committee, provided the total of such costs does not exceed        dollars (\$        ).

6. The Company will pay all shareable costs as set forth in Schedule "B", attached hereto, in relation to the movement of employees and their families from London, Ontario, to the location of other parent Company operations elsewhere in Canada, and in relation to exploratory visits connected therewith.

7. The Minister will pay the Company an assessment incentive which shall be equal to fifty per cent (50%) of the shareable costs paid by the Company in accordance with Section 5, but such incentive shall not exceed        dollars (\$        ) or such greater amount as the Minister may approve.

8. The Minister will reimburse the Company for fifty per cent (50%) of the amount paid by the Company in accordance with Section 6, subject to the following conditions:

(a) Transfer of the employee shall be from his residence in or near London, Ontario, to any place in Canada, provided the transfer is approved by the Joint Manpower Planning Committee, and further provided that suitable, full-time employment can be provided (in the parent Company's operation at that location).

(b) Reimbursement shall be made only in respect of transfers which are made prior to

9. Notwithstanding Sections 7 and 8, no payment will be made by the Minister on account of either the assessment incentive or the mobility incentive unless application therefor is made in such form as the Minister may prescribe and accompanied by such other forms or documents as the Minister may require.

10. The Company will keep and make available to the Minister such records as he deems necessary to substantiate any claims for payment of the assessment incentive or the mobility incentive, and will allow free access to such records at convenient times to all persons authorized by law to keep or examine the records relating to the accounts of the Department of Manpower and Immigration.

11. This agreement shall remain in force for a period of        unless terminated before that date by one party giving the other parties notice in writing of its wish to terminate the agreement in which case the agreement shall terminate on the 30th day following receipt of such notice.

IN WITNESS WHEREOFF the parties hereto have executed these presents on the day and year first above written.

In the presence of:

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THE MINISTER OF MANPOWER AND IMMIGRATION

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KELVINATOR OF CANADA LIMITED

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THE INTERNATIONAL UNION UNITED AUTOMOBILE,  
AIRCRAFT AND AGRICULTURAL IMPLEMENT WORKERS  
OF AMERICA, LOCAL 27

#### **SCHEDULE "A"**

For the purpose of Section 5 of the Manpower Mobility and Assessment Incentive Agreement the shareable disbursements are as follows:

1. The regular straight-time salaries and wages of the representatives of the Company and the Union for the time actually engaged in the business of the Committee as certified by the Chairman.
2. Necessary disbursements for travelling, office supplies, clerical and stenographic services, preparation and printing of reports, and such other expenses as are approved by the Manpower Consultative Service.
3. Remuneration of the Chairman, if an outside person is selected and appointed by the Joint Manpower Planning Committee.
4. Remuneration of research workers, if such are engaged by the Joint Manpower Planning Committee.

#### **SCHEDULE "B"**

For the purpose of Section 6 of the Manpower Mobility and Assessment Incentive Agreement, the shareable costs are as follows:

1. All those costs related to the transfer of an employee, the employees' immediate family and household effects, which would under normal conditions be paid by the Company in accordance with established Company policy or practice in the transfer of employees from one location to another. Reimbursement to the employee if made by the Company for any loss sustained through real estate transactions, and for living expenses incurred at the new location while awaiting suitable housing, are excluded from these costs. The Minister reserves the right to limit the shareable portion of these costs in any individual case if in his opinion the amount appears to be excessive.
2. All the normal costs related to the travel and living expenses of an employee, or the employee and the employee's spouse, incurred due to a maximum of two exploratory visits for the purpose of investigating a job offered by the Company in another location, or for the purpose of seeking and securing suitable living accommodation at the new location.

## APPENDIX B

### Research Methods

This research is based on a questionnaire sent to all production workers at Kelvinator and numerous background interviews. Besides interviews with about 25 Kelvinator workers prior to the shutdown, we spoke with company executives, union officials, representatives of Canada Manpower Centre and other employers in the London area. These interviews were of a confidential nature and are not usually quoted as supporting evidence. Fortunately many of these same persons spoke freely to newspaper reporters and these published statements are presented in the report.

#### Survey

Three weeks after the shutdown all production workers at Kelvinator were mailed a 13-page questionnaire. Names and addresses were furnished by the United Auto Workers, Local 27 and the officials of the union included a covering letter.

The questionnaire was sent to 363 men and returned completed by 237 or 65 percent of them on the mailing list. Because of the personal nature of the questionnaire the men were told *not* to put their names on the questionnaire. Instead they were asked to return a postcard separately with their names on it.

A follow-up telephone survey was made on one-third of those not returning postcards to determine reasons for non response. Forty-eight names were selected and 16 could not be contacted. Therefore, it is assumed that approximately one-third of those not returning questionnaires had either moved from London or had incorrect addresses. Those contacted were about equally divided between working and not working. It was concluded that the main sources of non response were old or incorrect addresses and disinterest in the research.

The characteristics of the sample contacted very closely resembled known characteristics about the work force at Kelvinator. For example, the company records show that 26 percent of the work force left before the shutdown. The estimate based on the questionnaire is 25 percent. Similarly distributions of respondents by age, seniority and job classification were virtually the same as figures furnished by the company and union.

#### Questionnaire

The questionnaire used in the survey is similar to those used in other studies on the effects of plant shutdown. The questionnaire is especially detailed with respect to job hunting before the shutdown.

**APPENDIX C**  
**Questionnaire – Kelvinator Shutdown**

Date: \_\_\_\_\_ 1969

CONFIDENTIAL

**THE KELVINATOR JOB**

1. When did you first start working at Kelvinator? (month/year) \_\_\_\_\_
  
2. a) What was your last job at Kelvinator? (Please give a two or three word description such as – punch press operator, lift truck driver, etc. . . .) \_\_\_\_\_  
  
b) Was this last job the same as your usual job during the last two (2) years? YES (  ), NO (  )  
If you answered YES, go on to c)  
If you answered NO, answer the following
  - i) What was your regular job during the last two years? (two or three word description)  
\_\_\_\_\_
  
- c) What was your average hourly wage rate (INCLUDING BONUS) on your usual job? \$ \_\_\_\_\_ /hour
  
- d) Including bonus, what was your average take-home weekly pay during the last year BEFORE the announcement of the shutdown? \$ \_\_\_\_\_ /week
  
3. During the last five (5) years, have you ever been unemployed because of temporary layoffs?  
YES (  ), NO (  )  
If YES, how many times? \_\_\_\_\_ Total time laid off? \_\_\_\_\_ weeks
  
4. While working at Kelvinator, did you also have a part-time job? YES (  ), NO (  )  
If YES, what was it? (2 or 3 word description)  
\_\_\_\_\_

**THE SHUTDOWN**

1. When the announcement of the shutdown was made which of the following best describes your first reaction?
  - (  ) I did not expect it, and was completely surprised.
  - (  ) I expected it, but was surprised when the announcement was made.
  - (  ) I expected it, and was not surprised when the announcement was made.
  - (  ) Other, please explain \_\_\_\_\_

2. Shortly after you heard of the shutdown how did you see your prospects of finding another job (or other means of support)?
- I thought I could find something better than my Kelvinator job.
  - I thought I could find something as good as my Kelvinator job.
  - I thought I could find something, but not as good as my Kelvinator job.
  - I thought I would not be able to find any job at all.
3. Shortly after you heard about the shutdown, what steps did you take to face the situation? (check as many as apply)
- Register with Canada Manpower for employment.
  - Register with Canada Manpower for retraining.
  - Investigate for job leads from friends, ads, etc.
  - Applied for work at various companies.
  - Investigate possibilities of starting my own business.
  - Too discouraged to do much of anything.
  - Decided to wait and see what happened.
  - Other, please explain \_\_\_\_\_
4. a) Are you satisfied with what the Union has done for its members since the announcement of the shutdown? YES ( ), NO ( )
- b) Which of the following best explain your answer?
- Union did all it could
  - Union did a good job under the circumstances
  - Union did not do all it could
  - Union did not do a thing
  - Other, please explain \_\_\_\_\_
5. Has the Union done anything to help you find a new job? YES ( ), NO ( )
- If you answered YES, please explain what the Union did.
- \_\_\_\_\_
6. Has the Company done anything to help you find a new job? YES ( ), NO ( )
- If you answered YES, what did it do to help you?
- \_\_\_\_\_
7. a) Have you registered your name with Canada Manpower? YES ( ), NO ( )
- When? (month/year) \_\_\_\_\_
- b) Have you applied for unemployment compensation? YES ( ), NO ( )
- c) Has Canada Manpower done anything to help you find a new job? YES ( ), NO ( )
- If YES, what?
- Explained services available
  - Provided job leads
  - Offered a retraining course
  - Other, please explain \_\_\_\_\_

8. Has any other private or public association or group provided you with help to find another job?  
YES ( ), NO ( )

If YES, name the group and the help given to you.

GROUP

HELP

\_\_\_\_\_

9. Do you feel you received enough advance notice of the shutdown, to take the necessary measures before the layoff? YES ( ), NO ( )

If you answered NO, how much time would you have wanted? (months) \_\_\_\_\_

Why? \_\_\_\_\_

\_\_\_\_\_

#### LOOKING FOR WORK

1. When you first began to look for a new job, what kind of work were you looking for?

- ( ) Factory job similar to my Kelvinator job
- ( ) An opportunity to start my own business
- ( ) A trade outside of factory work
- ( ) Factory job different from my Kelvinator job (please explain)

\_\_\_\_\_

( ) I had no preference, and was looking only for any reasonable job offer

( ) Other, please explain: \_\_\_\_\_

\_\_\_\_\_

2. When did you first begin (when will you begin) to look for a new job? (month) \_\_\_\_\_

3. How did you find out the job leads for which you applied? (check as many as necessary)

- ( ) From friends and relatives.
- ( ) By going directly to the companies.
- ( ) From Canada Manpower
- ( ) Advertisement in newspaper
- ( ) Companies contacted me about a job opening
- ( ) Other, please explain \_\_\_\_\_

\_\_\_\_\_

4. How many applications for work have you made to date?

Before leaving Kelvinator \_\_\_\_\_ After leaving Kelvinator \_\_\_\_\_

5. Have you received any job offers? YES ( ), NO ( )

If YES, please answer the following:

a) How many received before leaving Kelvinator? \_\_\_\_\_

b) How many received after leaving Kelvinator? \_\_\_\_\_

c) How many offers did you turn down (if any):  
-before leaving Kelvinator? \_\_\_\_\_ -after leaving Kelvinator? \_\_\_\_\_

d) If you turned down any offers, could you list the *reasons* for turning them down? (low wages, severance pay, no job security, poor job, etc. . . .)

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6. Following is a list of factors which are usually related to a job. When you look at a job how do you rank each of the following in importance? (Rank only what you consider to be the top 5, starting with 1 for the most important, 2 for the next most important, and so on to 5).

	Rank of Importance (1 to 5 only)
High wages	( )
Good fringe benefits	( )
Good working conditions	( )
Work you like	( )
Opportunity to use your skills	( )
Job security	( )
Strong union representation	( )
Fair supervision	( )
Distance from home	( )
Shift	( )
Other, please specify:	( )

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### PRESENT WORK

1. When did you leave your Kelvinator job?

- ( ) Before the final layoff  
( ) With the final layoff

2. Answer this side only if you left before the final layoff

-----  
On what date did you leave?  
\_\_\_\_\_

Why did you leave before the shutdown?  
(check as many as apply)

- ( ) Had a good job offered to me  
( ) Did not know about the severance benefits  
( ) The company retired me  
( ) Other, please explain \_\_\_\_\_  
\_\_\_\_\_

Answer this side only if you stayed until the final layoff

-----  
What were your reasons for staying at Kelvinator until the final layoff? (check as many as apply)

- ( ) Get all the severance benefits  
( ) I was sure of another job after the layoff  
( ) I looked, but I could not find another job  
( ) I planned to retire after the shutdown  
( ) I wanted to start my own business after the shutdown  
( ) Other, please explain \_\_\_\_\_  
\_\_\_\_\_

3. Are you presently working for wages? YES ( ), NO ( )

If you answered YES, go on to the next question.

If you answered NO, go on to first yellow page, page 9.

ANSWER THIS PART ONLY IF YOU ARE PRESENTLY WORKING FOR INCOME

4. What is your present job? (two or three word description)

\_\_\_\_\_

5. Where do you work? \_\_\_\_\_  
location (city)? \_\_\_\_\_

6. Is your present job (check as many as apply):

- Permanent
- Temporary
- Part time
- Full time

7. When did you start on your present job? \_\_\_\_\_

8. How did you find out about this job? (check one box only)

- I applied directly to the company
- Friend or relative provided the lead
- Canada Manpower provided the lead
- "Help Wanted" advertisement
- The company contacted me
- Private placement agency provided the lead
- Other, please explain \_\_\_\_\_

9. Compared to those of your Kelvinator job, how do you rate EACH of the following factors in your new job?

	<u>Better</u>	<u>Same</u>	<u>Worse</u>	<u>Don't Know</u>
Wages	( )	( )	( )	( )
Fringe benefits	( )	( )	( )	( )
Working conditions	( )	( )	( )	( )
Type of work	( )	( )	( )	( )
Opportunity to use my skills	( )	( )	( )	( )
Job security	( )	( )	( )	( )
Supervision	( )	( )	( )	( )
Union representation	( )	( )	( )	( )
Distance from home	( )	( )	( )	( )
Working hours (shift)	( )	( )	( )	( )
Other, please specify _____	( )	( )	( )	( )

10. Overall, how do you rate your present job, against your usual Kelvinator job?

- Better
- About the same
- Worse

11. Comparing your present average hourly wage rate (WITH BONUS) to that of Kelvinator, which of the following applies? (Check MORE OR LESS next to the difference)

<u>Difference</u>	<u>More</u>	<u>Less</u>
over \$1.00 per hour	( )	( )
\$0.76 to \$1.00 per hour	( )	( )
\$0.51 to \$0.75 per hour	( )	( )
\$0.31 to \$0.50 per hour	( )	( )
\$0.16 to \$0.30 per hour	( )	( )
\$0.01 to \$0.15 per hour	( )	( )
same	( )	

12. How does your present average weekly take-home pay compare to that at Kelvinator?

- ( ) Higher
- ( ) Same
- ( ) Lower

13. Are you still looking for a job? YES ( ), NO ( )

If YES, explain briefly why \_\_\_\_\_  
\_\_\_\_\_

14. After leaving Kelvinator did you have any other job(s) before the one you have now? YES ( ), NO ( )

If you answered NO, go on to page 11 (next white page).

If you answered YES, please list the job(s), the company(ies) and whether you were laid off or you quit.

<u>Company</u>	<u>Job</u>	<u>Quit</u>	<u>Laid Off</u>
_____	_____	( )	( )
_____	_____	( )	( )

Please go on to page 11 (next white page).

**ANSWER THIS PART ONLY IF YOU ARE NOT PRESENTLY WORKING FOR INCOME**

1. Which of the following applies to you?

- ( ) Not working, but looking for a job
- ( ) Not working and not looking for a job now
- ( ) Starting my own business
- ( ) Taking or will be taking a retraining course
- ( ) I have retired and do not intend to work again
- ( ) Other, please explain \_\_\_\_\_  
\_\_\_\_\_

2. After you left Kelvinator, did you take some vacation or time off before starting to look for a job?

YES ( ), NO ( )

If YES, how long did you take? \_\_\_\_\_ weeks.

3. Have you worked for wages since leaving Kelvinator? YES ( ), NO ( )

If YES, answer the following:

a) How many weeks? \_\_\_\_\_weeks.

b) Please list these jobs and check off whether you quit or were laid off.

<u>Company</u>	<u>Job</u>	<u>Quit</u>	<u>Laid Off</u>
_____	_____	( )	( )
_____	_____	( )	( )

If you are *not* looking for work now, go on to page 11, (next white page).

**ANSWER THE REST OF THIS SECTION ONLY IF YOU ARE LOOKING FOR WORK**

4. What kind of work are you looking for?

( ) Same type as my usual Kelvinator job

( ) A trade outside of factory work

( ) A factory job different from my Kelvinator job

( ) I have no preference, I will accept any reasonable job offer

( ) Other, please explain \_\_\_\_\_  
\_\_\_\_\_

5. What is the minimum hourly wage rate you are willing to accept? \$ \_\_\_\_\_per hour

6. If you could get a job paying as much as your Kelvinator job, but outside London, would you consider moving? YES ( ), MAYBE ( ), NO ( )

If MAYBE or NO, why would you not leave? \_\_\_\_\_  
\_\_\_\_\_

7. Do you expect any difficulties in your search for a job? YES ( ), NO ( )

If YES, why? \_\_\_\_\_  
\_\_\_\_\_

8. Indicate how you feel each of the following will affect your chances of getting a job?

	<u>For</u>	<u>Against</u>	<u>No Effect</u>
Age	( )	( )	( )
Education	( )	( )	( )
Training	( )	( )	( )
Work Experience	( )	( )	( )
Skills	( )	( )	( )
Nationality	( )	( )	( )
Health	( )	( )	( )
Past Union Activities	( )	( )	( )

Please go on to page 11, (next white page)

**PERSONAL**

1. Age at last birthday \_\_\_\_\_

2. How long have you lived in the London area? \_\_\_\_\_ years

3. Years of school completed:

- ( ) 1–5
- ( ) 6–8
- ( ) 9–10
- ( ) 11–12
- ( ) 13 or more

4. Have you been to a trade or vocational school? Yes ( ), NO ( )

If Yes, what trade did you learn? \_\_\_\_\_

5. Marital status:

- ( ) single
- ( ) married
- ( ) widowed
- ( ) separated or divorced

6. Number of dependents (including wife): \_\_\_\_\_

7. As a result of the shutdown, which of the following have you received/will you receive? (Check as many as apply)

	Nil	\$100– \$200	\$200– \$400	\$400– \$600	\$600– \$1000	\$1000– \$2000	\$2000– \$3000	over \$3000
Severance pay								
S.U.B.								
Own share of pension								
Company's Share of pension								
Vacation pay								
Paid-up Pension								
Other, please explain _____ _____								

8. How many members of the household (beside yourself) work for wages? \_\_\_\_\_

9. Did any of them start to work because you lost your Kelvinator job? YES ( ), NO ( )

If NO, go on to question 10.

If YES, please answer the following:

- a) Who? Wife ( ), Son ( ), Daughter ( ), Other ( )
- b) Will this job be permanent: YES ( ), NO ( )
- c) Is it a full time job? YES ( ), NO ( )

10. Do you:

- own your home (no mortgage)
  - own your home (with some mortgage)
  - rent your home/apartment
  - other, please explain \_\_\_\_\_
- 

11. How would you describe your financial situation? (Check as many as apply)

- Have substantial savings (over \$2000)
- Have some savings (less than \$2000)
- Have no savings
- Have no debts
- Have a few debts (less than \$1000)
- Have large debts (over \$1000, not including house mortgage)

12. Taking into account unemployment insurance, severance benefits, savings and other sources of income, how long *could you* be without work, before having to cut down on essential expenses (clothes, medical, food, insurance, etc. . . .)

- less than one (1) month
- up to two (2) months
- up to three (3) months
- up to six (6) months
- up to one (1) year
- more than one (1) year

We would appreciate any comments or suggestions about the shutdown and finding employment.

PLEASE RETURN ANSWER CARD.

THANK YOU FOR YOUR COOPERATION