

July 20, 2006

NOTE TO THE REVIEWER OF: OMB No. 1220-0141
Cognitive and Psychological Research

From: Bill Mockovak
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Office of Survey Methods Research

Subject: Submission of Materials for a Feasibility Study in the
Mass Layoff Statistics Program (MLS) Employer-
Contact Interview

Please accept the enclosed materials for approval under OMB clearance package #1220-0141, "Cognitive and Psychological Research." In accordance with our agreement with OMB, we are submitting a brief description of the research, and the materials to be used in the research at least two weeks prior to the beginning of the study.

This study will examine the feasibility of using a scripted, structured interview in the employer-contact interview of the Mass Layoff Statistics Program (MLS) to replace the existing "conversational" approach. In addition, it will investigate the use of a new question on business function designed to provide important information about the type of work affected by the layoff.

Four burden hours are estimated for this project.

If there are any questions regarding this project, please contact Bill Mockovak at (202) 691-7414.

Attachments

I. Introduction and Purpose

The Bureau of Labor Statistics (BLS) conducts the Mass Layoff Statistics (MLS) survey as part of a federal-state effort to help pinpoint the economic needs of local areas. The MLS data are also used by state governments to help administer local Workforce Investment Act (WIA) programs.

The MLS program collects reports on mass layoff actions that result in workers being separated from their jobs. Monthly mass layoff numbers are from establishments that have at least 50 initial claims for unemployment insurance (UI) filed against them during a 5-week period. Extended mass layoff numbers (issued quarterly) are from a subset of such establishments - where private sector, nonfarm employers indicate that 50 or more workers were separated from their jobs for at least 31 days.

When a potential layoff is identified, state MLS staff contacts the employer to confirm that job cutbacks are actually taking place. Once a layoff is confirmed, the employer is asked to provide the following information:

- The number of workers laid off
- The number of workers employed before the layoff
- The reason for the layoff
- The estimated length of the layoff
- The job site location of the layoff
- The possibility for employee recalls

Currently, the employer-contact interview is conducted using a “conversational” interviewing approach. State analysts who conduct the interviews have long argued that the demands of the interview require a highly flexible approach to obtain what can be viewed as highly sensitive information.

Recently, scripted, standardized questions about the offshoring and outsourcing of work activities were added to the MLS survey to provide hard, timely data about these topics. Follow-up evaluations revealed that the questions were well accepted by State Analysts (interviewers) who conduct the employer-contact interview. Specific benefits cited were that it made the job easier for new interviewers, as well as for more experienced interviewers who conducted the employer-contact interview on an infrequent basis.

Since turnover of interviewers is relatively high in participating States, an ongoing concern within the MLS program has been the consistency and quality of the data collected. Given the success of scripting the “movement of work” questions, steps were taken to move toward more standardized question wording and order for the remaining questions in the employer-contact interview.

In the annual MLS training conference in June 2005, a series of workshops were held with State staff to develop possible standardized introductions and scripts for the entire employer-contact interview. The workshops revealed a great deal of variability

in how interviewers worded the questions and approached their tasks, which raised concern.

Following the workshops, alternative formats and question wording for a scripted interview were prepared, and one format was eventually selected (see Attachment). This script now covers the entire employer-contact interview.

In addition to developing a standardized script for the employer-contact interview, work proceeded on the possibility of adding a question on business function to the interview. As conceived by Sharon Brown,¹ while administrative UI data provide demographic information on the affected workers, nothing is known about the type of work that was discontinued or moved elsewhere, precipitating the layoff of workers. In response, BLS is now developing and evaluating the collection of information on business function involved in the MLS layoff to fill this gap. This new information, in conjunction with detailed industry, may also provide information on the types of occupations affected.²

The conceptual foundation for the question about business function uses the concept of a value chain defined by Michael Porter.³ Porter's value chain divides a company's activities into those technologically and economically distinct activities it performs to do business, including primary activities and support activities. BLS proposes treating business function as a unit of activity of the firm that can be categorized within the value chain. Using this structure/hierarchy will provide important information on the nature of change in the establishment, especially in connection with data on movement of work. The collection of business function data will also shed light on internal firm activities that alter the traditional industry structure and provide information on outsourcing of specific firm functions, centralizing functions within the company, and reorganizing combined companies.

In his conceptual framework, Porter identified five primary value chain activities — inbound logistics, operations, outbound logistics, marketing and sales, and service — and four support activities — firm infrastructure, human resource management, technology development, and procurement.

To determine if employers can answer a question about business function, data will be collected from employers as part of the MLS interview, using an open-ended question on the business function involved in the layoff or closing (see Question #7 on Attachment; Question #6 is used to verify NAICS coding). Coding of the response to the value chain (or business) activity will occur after the interview. BLS will be using a slightly modified version of Porter's framework for coding purposes. The MLS data collection of business function will provide a new source of information on the establishment heretofore collected only in industry or firm case studies. Analyzing this new information along with other MLS-collected data —

¹ Division Chief, Division of Local Area Unemployment Statistics

² BLS has considered including occupation in the information collected in the MLS program, but ruled out collection as duplicative of other programs, too complex, and rife with quality issues.

³ Porter, Michael E. *On Competition*, pp. 77-97

industry of the establishment, the economic reason for the layoff given by the employer, and the response to the movement of work question — will not only yield important information on where change is occurring and why, but also may provide valuable insights into the impact on workers.

An alternative approach to business function would have been to ask respondents for the occupations of the laid off workers. However, this approach is being ruled out for the time being because of the complexity that it would introduce into the interview. For example, assume a situation where a manufacturing plant was shut down. The number and type of workers affected by the shut down would be substantial, and this information would be difficult to obtain in the interview.

To summarize, the purpose of this research is to conduct a feasibility study that involves use of the scripted interview, including the question on business functions. Once OMB approval is given for use of the scripted interview as part of our data-collection activities, volunteer States will be solicited to participate in this effort. Current plans are for States to begin using the scripted interview starting in September 2006 and ending in October, or possibly November 2006. The data collection period would be preceded by a training session to introduce the scripted interview and the business function question. In addition, a follow-up meeting would be held with the test States to determine their reactions to using the new materials and to obtain suggestions for changing the form. The primary questions of interest will be how did the script work and did employers understand the question about business function?

II. Sample Selection & Respondents

BLS will ask the cooperation of MLS States and select no more than nine States to participate in this study. The States will be given a separate contract to cover the additional training and work associated with this research. As in the current MLS, respondents will not be paid.

III. Interviewing Protocol

The script shown in the Attachment will be used to conduct the interview.

IV. Burden Hours

Burden hours are estimated only for the addition of the business function question since the other information on the scripted interview would have been collected in an employer-contact interview. It is estimated that the business function question will add an additional 20 seconds, on average, to the interview.

Because the number of employer-contact interviews is dependent on the number of layoff events, it is estimated that there will be 700 employer-contact interviews for

the anticipated nine participating States during the data collection period. This results in a burden of 3.88 hours.

V. Data Confidentiality

The introduction will be as conversational as possible, but the interviewer will be expected to cover all required points.

The interview will provide the same confidentiality pledge that is currently given to employers responding to the MLS survey.

VI. Attachments

A. Interview Protocol

Attachment: Employer Interview Script

Employer Name:

UI Account No.:

Layoff Event ID#:

Layoff Quarter:

Trigger Week

Contact Name/Phone Number:

Cover these points in your introduction:

- Introduce yourself, and the office you are calling from.
 - Explain why you are calling.
 - Summarize key points of confidentiality pledge. If asked, give 1220-0141 as the OMB clearance number.
 - Explain that this data collection is voluntary, and it will only take a few minutes.
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Questions about the Layoff

1. **Based on our unemployment insurance claims records, we believe that you may have had a layoff or reduction in staff during (month). Is that true?**

- Yes
- No Do you know why these unemployment claims were filed against your company? (Enter explanation below. End interview.)
- Don't know (ask for another contact)
- Refusal

2. **a. When did that layoff begin?** _____

b. When did you stop laying off workers?

3. **Were workers laid off for more than 30 days?**

- Yes
- No (End interview)

4. **About how many workers were laid off for more than 30 days?** (Probe: If big gap between number of initial claims and number of separations)

Number: _____

Don't Know/INA⁴

5. **What was the primary reason for the job cutbacks?**

 Don't Know/INA

6. **What kind of business is conducted at the worksite that experienced the layoffs?**

(Probe: What product do you manufacture or what service do you provide at that location?)

Industry: _____

Don't Know/INA

7. **(Note: If seasonal layoff, don't ask) Regarding the workers who were laid off, what was their main role or function within the company? For example, were they in manufacturing, sales, personnel, computer support, or something else?**

8. **In which county is the worksite located?**

County: _____

Layoffs occurred at more than one worksite and county

9. **Just prior to the layoff, what was the total employment at this worksite (an estimate is okay)?**

Number: _____

Don't Know/INA

⁴ INA – "Is Not Available" Revised: May 10, 2006

10. During the cutbacks/layoff, has your worksite remained completely open, partially open, or has it shut down completely?

- Open, no change in operating status
- Open, divisions stopped or shifts cut
- Partial closure of single unit establishment
- Closed, entire worksite(s)
- Closed, entire establishment
- Don't know/INA

11. Will there be a recall of workers, and, if so, what percent will return to work?

- Yes, enter percent: _____ (and check box)
 - 100%
 - 50-99%
 - Up to 50%
 - Don't know (ask for another contact)
- Yes, there will be a recall, but don't know percent
- No → Skip to Question 13
- Don't know (ask for another contact) → Skip to Question 13

12. What is the anticipated return date for those who were separated? Date: _____(enter range)

- Less than 90 days
- 90-180 days
- 181-270 days
- 271-364 days
- 365 or more days
- Don't know/ INA

Questions about Movement of Work

Do not ask Questions 13-14, if:

- Reason for layoff was seasonal or vacation
- Layoff was temporary (30 days or less)

13. a. Did this layoff include moving work from this worksite to a different geographic location within your company?

- Yes → Ask 13b
- No → Go to 14a
- Don't know → Go to 14a

b. Is the other location inside or outside the U.S.?

- Don't know/INA
- Inside U. S. → In what State(s)?

- Outside U.S. → In which country(s)?

c. Of the total number of workers laid off, how

many were laid off because your company moved work to this new location?
(an estimate is okay)

- Don't know/INA
Number inside U. S. _____
Number outside U.S. _____

14. a. Did this layoff include moving work that was conducted in-house by your employees to a different company, through contractual arrangement?

- Yes → Ask 14b
- No → Go to 15
- Don't know → Go to 15

b. Is that company located inside or outside of the U.S.?

- Don't know/INA
- Inside U. S. → In what State(s)?

- Outside U.S. → In which country(s)?

c. Of the total number of workers laid off, how many were laid off because your company moved work to a different company?
(an estimate is okay)

- Don't know/INA
Number inside U. S. _____
Number outside U.S. _____

15. Thank you very much for your time. You've been very helpful. In case I need to call you back in the future, I want to make sure I have correct information for you.

- (if necessary, What is your name?)
- What is your job title?
- Is there a better number to reach you on than the one I called today?

Name: _____

Job Title: _____

Direct telephone number: _____

Summary Information

Layoff Status (check one)

- Temporary: Layoff less than 31 days
- Permanent/Extended: Layoff included at least 50 separations and lasted more than 30 days
- Closure: One or more worksites closed or entire establishment closed
- No Layoff: Employer indicates that there there was no layoff or that separations were either voluntary (e.g., quits, retirements, transfers to other locations in company) or involuntary (e.g., firings due to employee misconduct, failure to perform duties).

Employer Contact Status (check one)

- Contact completed
- Contact incomplete
- Refused to provide any information

Additional Contact Persons

Name: _____

Job Title: _____

Direct telephone number: _____

Name: _____

Job Title: _____

Direct telephone number: _____

Name: _____

Job Title: _____

Direct telephone number: _____

Comments: