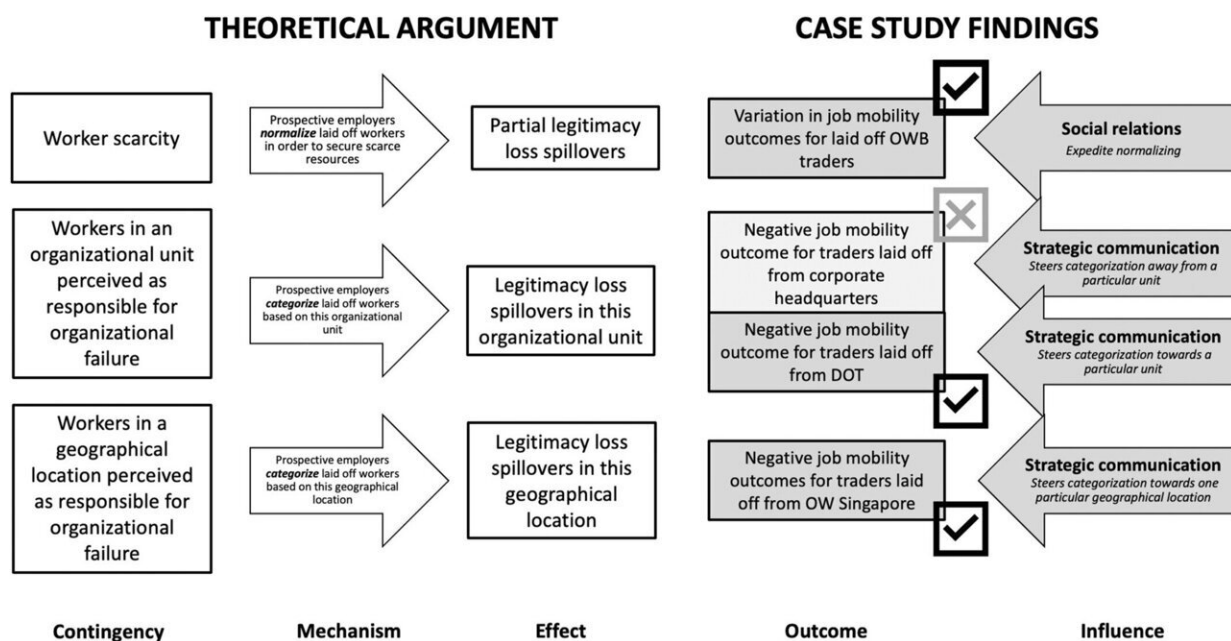


Hiring globally mobile, highly specialized workers after their firm's failure can be a strategic move

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Overview of theoretical argument and case study findings. Credit: *Global Strategy Journal* (2023). DOI: 10.1002/gsj.1497

[Research](#) published in the *Global Strategy Journal* identifies globally mobile workers with highly specialized skills as a strategic hiring strategy, due to the workers' legitimacy and mobility after being laid off by a failure of their former employer.

The study shows that laid-off workers experience comparatively high legitimacy loss if they work in the unit or [geographical location](#) where other workers are suspected of being responsible for the corporation's failure. As a result, their bargaining position with a prospective employer is weaker, even if their special skills make them a scarce, in-demand resource.

The research team—Kristina Vaarst Andersen of the Technical University of Denmark, Mark Lorenzen of Copenhagen Business School, and Agnieszka Nowinska of Aalborg University Business School—presented their findings by way of a case study of traders laid off by a bankruptcy in the global bunker industry (OW Bunker), offering a theoretical analysis of [worker](#) mobility between multinational organizations.

Their research was inspired by both the sudden and public bankruptcy of a large Danish firm with global operations, as well as an *Organization Science* study of the negative career outcomes experienced by displaced Boston lawyers.

"When we discussed the failure of OW Bunker, we were surprised that the OW Bunker traders were in high demand in the industry," Vaarst Andersen says. "This went against the findings of [the *Organization Science*] study as well as other previous studies of organizational failures: They all found employment with a failed organization to result in negative career outcomes. So that sparked our curiosity."

The *Global Strategy Journal* study focused on individuals who are considered specialized workers because of their vital technical or external knowledge, cultural experience, social relations, or other skills, making them vital to multinational corporation performance and putting them in high demand.

They become an important aspect of global strategy, and competition to hire such workers is high, so it presents a rare opportunity when another multinational company lays off such workers.

Drawing on LinkedIn job data and interviews, the researchers were able to demonstrate legitimacy loss was confined to laid-off traders who worked in specific organizational units and a geographical location where other workers were perceived as responsible for the corporation's bankruptcy.

The authors identified a strategic opportunity for multinational corporations looking to hire laid-off workers with specialized skills: The legitimacy and bargaining position of these candidates will be influenced by the failure of their previous employer.

Yes, hiring such a candidate with low industry legitimacy could damage the candidate's performance if they're assigned to a position involving trade, communication, or negotiation with others in the industry; however, this reduced legitimacy lowers the candidate's ability to bargain for above-average wages or promotions. High-legitimacy job candidates will be hired first, but managers could still hire valuable but low-[legitimacy](#) candidates at a comparatively low cost.

"The key takeaway for managers is to not allow themselves to be blinded by social evaluation when hiring," Vaarst Andersen says. "The assessment of any candidate should ideally be based on the candidate's merits, and not on assumptions based on the candidate's association with prior employers, colleagues, and geographical locations."

More information: Kristina Vaarst Andersen et al, Scarce resources or damaged goods? On the legitimacy of laid-off workers following MNC failure, *Global Strategy Journal* (2023). [DOI: 10.1002/gsj.1497](https://doi.org/10.1002/gsj.1497)

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