The Effects of Collective Layoffs on the Talent Attractiveness of Firms in Portugal

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Abstract

The world of labour has changed significantly in the last few years. The increasing flexibilization of labour regulation and the liberalisation of work relations between employers and employees have made way for greater job uncertainty.

Portugal was not immune to this trend. The country, which was known for the rigidity of its labour market, has undergone a liberalisation of its labour law, allowing for easier and less expensive layoffs. As past research has found that there is a negative influence of layoffs on a company's employer branding, it is necessary to assess the effects of said downsizing processes on the talent attractiveness of firms in Portugal. This paper explores the influence of collective dismissal processes on the employer branding of firms operating in Portugal, studying the moderating effect of candidates' individual attributes, namely age, risk aversion and political ideology, on the layoff-employer branding relationship.

The data used for the analysis, which was collected via an online survey, supports the hypothesised decrease in the willingness to work for a given firm in the event of a past layoff, however it was unable to support the hypothesised effect of age, political ideology and risk aversion on the dependent variable.

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Resumo

O mundo do trabalho tem sofrido alterações significativas nos últimos tempos. A crescente flexibilização da regulação laboral e a liberalização das relações de trabalho entre empregados e empregadores têm levado a uma maior incerteza laboral.

Portugal não foi imune a esta mudança. O país, outrora conhecido pela rigidez do seu mercado de trabalho, levou a cabo uma liberalização da sua lei laboral, permitindo a execução de despedimentos coletivos de uma maneira mais fácil e barata. Tendo em conta estudos que demonstram a influencia negativa de despedimentos coletivos no *employer branding* de uma empresa, é necessário avaliar os efeitos destes processos de reestruturação na capacidade que as empresas que os executam têm para atrair talento. Este trabalho explora a relação entre os despedimentos coletivos e o *employer branding* das empresas em Portugal, estudando o efeito que as características individuais dos candidatos, nomeadamente a idade, a aversão ao risco e a ideologia política, têm nesta relação.

Os dados analisados, recolhidos através de um inquérito *online*, validam a relação negativa entre a existência de despedimentos coletivos numa dada empresa e a sua capacidade de atrair talento. No entanto, não foi possível provar que a idade, a aversão ao risco ou a ideologia política dos candidatos têm influência na atratividade das empresas que executaram despedimentos coletivos no passado.

Título: Os Efeitos dos Despedimentos Coletivos na Atratividade de Talento das Empresas em Portugal

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List of Abbreviations

BE – Bloco de Esquerda

CDS-PP – Centro Democrático Social - Partido Popular

CIP – Confederação Empresarial de Portugal

DGERT – Direção Geral do Emprego e das Relações do Trabalho

EPP – European People's Party

GDP – Gross Domestic Product

INE – Instituto Nacional de Estatística

LEFT - European United Left/Nordic Green Left

PCP – Partido Comunista Português

PPD/PSD – Partido Popular Democrático/Partido Social Democrata

PS – Partido Socialista;

S&D – Socialists & Democrats.

1. Introduction

Employer branding is the application of branding principles to a company's human resource activities (Edwards, 2009), with the objective of being perceived as a good place to work (Minchington, 2010). Employer branding has become relevant in recent years due to factors such as the increasing war for talent (Biswas and Suar, 2016), making companies around the world increase their efforts to be perceived as an employer of choice with the ultimate goal of attracting the best candidates.

A company's employer brand suffers a great deal from its human resource decisions. Hostile policies such as collective dismissals are an example of executive decisions that may compromise a company's image as a good employer (Campos-García & Zúñiga-Vicente, 2018). Layoffs, as they are commonly called, have become a common practice in today's labour world, having gradually become more usual since the 1980's (Tsai et al., 2005). This mechanism used to only be executed when all remaining possibilities had been exhausted (Tsai et al., 2005; Cascio, 2002), however, in the last few years, collective dismissals have been proliferated, being executed even by companies with good financial performance (Sucher & Gupta, 2018). The banalisation of collective dismissals is a reflection of the increasing liberalisation of the labour market, resulting of the shift from the Old to the New employment contract (Charness & Levine, 2000).

Portugal is not immune to this phenomenon. What otherwise used to be a part of restructuring processes caused by the necessity to survive financial distress, is now a strategy used even in situations of financial stability and prosperity. Some of the major companies in the Portuguese banking sector, for instance, have conducted collective layoffs despite having significant profits (Lusa, 2021). Santander Totta and Millennium BCP are two examples of this phenomenon. In October 2021, the two Portuguese banks admitted to firing 145 and 23 workers, respectively, through the use of collective dismissal mechanisms despite having corresponding profits of 81,4 and 12,3 million euros in the first semester of 2021 (Lusa, 2021).

Notwithstanding the expected reputational damages of such hostile human resource policies on a company's image (Campos-García & Zúñiga-Vicente, 2018), Santander Totta is still one of the most attractive companies to work in in the Portuguese banking sector according to the Randstad Employer Branding Report Portugal 2021. The same report, however, also states

that job stability is the third most important driver when choosing an employer. As such, the impact of layoffs on employees' perception of job stability and on the company's attractiveness as an employer may not be as negative in Portugal as it is in other geographies.

As work security continues to be an important requisite for job candidates in Portugal, it is necessary to analyse the implications of collective dismissal processes on a company's employer branding, as companies that have executed layoffs in the past may have difficulties in attracting talent in the near future (Campos-García & Zúñiga-Vicente, 2018).

In Portugal, this phenomenon is particularly interesting considering the recent changes in labour law put in force during the IMF financial intervention in Portugal. During this period, Portugal underwent a liberalisation of the labour market regulation, especially in what collective dismissals are concerned, making their execution easier and less expensive (Martins, 2019). This amendment to the Portuguese labour law was put in force by a right-wing government, contrary to the will of the left-wing parties that constituted the parliamentary opposition at the time. As such, it is logical to infer that workers' political ideology may influence their perception of layoffs.

The aim of this research project is thus to analyse the effects of collective dismissals on the talent attractiveness of companies operating in Portugal, as well as to study the effect workers' age, political ideology and risk-aversion have on their perception of layoffs. It is hypothesised that job candidates' willingness to work for a given firm decreases if said firm has executed layoffs in the past. Additionally, it is hypothesised that said decrease in the willingness to work for a firm in the event of a past layoff is more significant in older and more risk-averse individuals, as well as on left-wing candidates.

To measure the effect of the above-mentioned variables on the attractiveness of firms as employers, a linear regression was run as to relate the independent variables "layoff", "age", "risk aversion" and "political ideology" with the dependent variable "willingness to work". The data used for this analysis was collected via an online survey. It supports the hypothesised decrease in the willingness to work for a given firm in the event of a past layoff, however it was unable to support the hypothesised effect of age, political ideology and risk aversion on the dependent variable. From a managerial point of view, this analysis can be helpful to better assess the net gains of pursuing a collective dismissal strategy in Portugal. This paper picks up on findings about the relation between layoffs and employer branding,

applying it to the Portuguese labour market. Additionally, it relates other findings on the effects of political ideology, risk aversion and age on the perceived acceptability of layoffs to the national context.

The remainder of this thesis is structured as follows. The Literature Review section introduces the concepts of employer branding and the trends on labour market relationships and regulation in Portugal and in the world, followed by the introduction of the research hypotheses. In the Methodology section, a synthesis of procedures and techniques used to test the hypotheses is presented. Main findings are then presented in the Results section. Finally, in the Discussion section, conclusions are compiled.

2. Literature Review

2.1. <u>Employer branding and talent scarcity</u>

Employer branding is the application of branding principles to Human Resource Management (Backhaus & Tikoo, 2004), being a clear mix of concepts from the fields of Marketing and Human Resources. It is characterised as being a firm's efforts to promote a clear view of what makes it different and desirable as an employer, both internally and externally, for current and potential employees, respectively (Edwards, 2009). The table below (Campos-García & Zúñiga-Vicente, 2018) presents some definitions of employer branding used in the literature.

Table 1 - Definitions of employer branding

Employer branding is the package of functional, economic and psychological benefits one associates to an employer (Ambler & Barrow, 1996).
Employer branding encompasses the management of a firm's image on the eyes of its current and potential employees (Martin & Beaumont, 2003).
Employees' internalisation of the idealised brand image and their motivation to project it to the firm's stakeholders are what defines Employer Branding (Miles & Mangold, 2004).
Building a recognisable and unique employer identity is Employer Branding's main objective (Backhaus & Tikoo, 2004).

Employer branding has increasingly attracted the attention of professionals and academics in recent years. The Chartered Institute of Personnel and Development (2007) justifies the rise of Employer Branding with the following reasons: (1) the power of branding, (2) the growing focus on employee engagement, (3) the war for talent, associated with growing supply shortages in the labour market (Chhabra & Sharma, 2014; Lievans & Highhouse, 2003) and (4) the impact of HR practices on business (Biswas and Suar, 2016).

Brand management tries to make a specific brand of products or services the preferred choice for the audience it is trying to target. Likewise, employer branding has the ultimate goal of becoming an employer of choice within the type of workers that fit the organisational culture of the company. It allows firms to differentiate themselves from competitors, improving their organisational performance in what Human Resources are concerned, namely in areas such as recruitment, retention, and engagement (Gilani & Cunningham, 2017; Chhabra & Sharma, 2014). Additionally, research shows that a good brand image as an employer facilitates recruitment processes as it increases the number of applicants and decreases the cost and time spent in said processes (Cable & Turban, 2003).Gaddam's (2008) 'Employer Brand Model' (Figure 1), shows the benefits of employer branding on organisations. The model is able to trace commitment, retention, performance, satisfaction, attraction, and loyalty back to the employer brand.

Figure 1 - Employer Brand Model
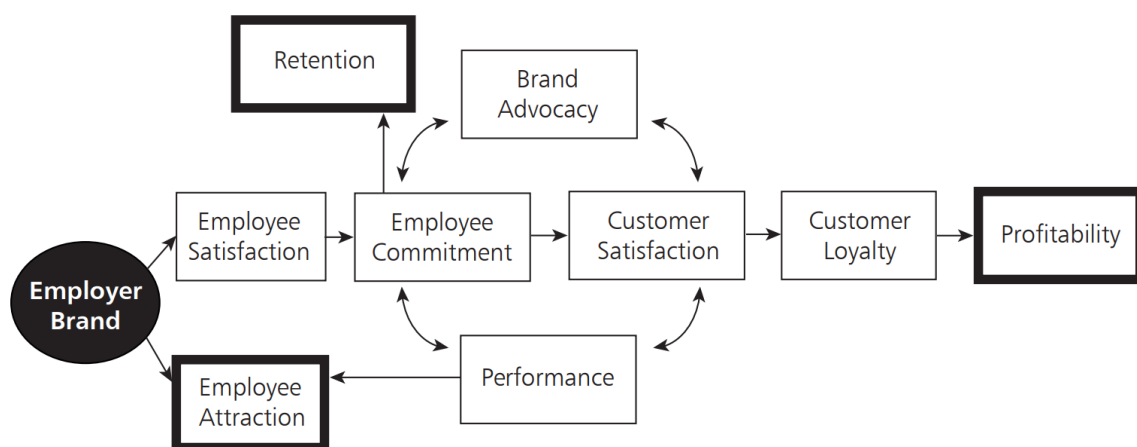
Source: Gilani & Cunningham, 2017.

As illustrated above, employer branding increases employer satisfaction, making employees committed to their job and to the company they work for. This increases employee retention,

as employees who have higher job satisfaction are usually less likely to leave (Lease, 1998). Satisfied employees are also more productive and more likely to display organisational commitment (Lease, 1998), increasing the level of company performance and brand advocacy, respectively. This will result in greater customer satisfaction and consequent loyalty, ultimately increasing profitability. Additionally, employer branding is very important for the increase of employee attraction, being that the latter is also affected by the company's performance on the market.

For many companies, attracting and retaining talent has been a difficult task in recent years (Biswas and Suar, 2016). In Portugal, 6 out of 10 firms experience some type of difficulties in filling job openings, being that 18% of the firms surveyed find it extremely difficult to find the right candidates (ManpowerGroup Employment Outlook Survey Q4, 2021). The Portuguese Corporate Confederation (CIP) highlights the scarcity of human resources as the main reason for the recruitment difficulties experienced across different industries (Patrício, 2022). The two main factors responsible for the scarcity of human resources in Portugal are, according to CIP, the country's declining birth rate and the high levels of emigration to more competitive economies.

Emigration has long been a problem for Portugal. Queirós (2020) states that "uneven development, measured via regional and/or national differences in domains such as economic growth, unemployment levels, wages and purchasing power and labour force qualifications, is still the background for Portuguese emigration". As a member of the European Union, the country faces fierce competition from other member states with more competitive salaries, better working conditions and overall higher standards of living. According to the 2021 Portuguese Emigration Report (Pires et al., 2021), there is a big concentration of Portuguese emigrants in European countries (Appendix A - Table 1) (Appendix A - Figure 1) that resulted from the accumulation of migratory movements from two different moments in time: the emigration associated with the freedom of movement inside the European Union that started in the 1990's; and earlier migratory movements initiated in the '60s when Portugal was still under a dictatorship, leading many to try to escape poverty and the authoritarian regime that ruled the country at the time. The report states, however, that there was a generalised decrease in the Portuguese emigration flows mostly due to the COVID-19 pandemic and the mobility restrictions that arose thereof. Brexit accentuated this phenomenon, drastically reducing the number of Portuguese citizens emigrating to what was

once one of the main destinations of Portuguese emigrants. According to the report, in 2021 this number was the lowest in the last 20 years.

The pandemic affected both emigration and immigration. According to Pordata, in 2020, the number of foreigners moving to Portugal decreased 11% when compared to the same period of the previous year, leading to a decrease in Total Immigration of about 8%, notwithstanding the 10% increase in the number of Portuguese citizens moving back into the country (Appendix A - Table 2). Despite the increase in the active population in 2021, which is now above the pre-pandemic (2019) values (Table 2), the demand for labour has increased significantly in the last year.

Table 2 - Active Population in Portugal (in thousands)

Year	Total
2011	5 117,8
2012	5 059,2
2013	5 000,4
2014	4 993,2
2015	4 995,9
2016	5 002,8
2017	5 053,3
2018	5 084,5
2019	5 115,7
2020	5 034,5
2021	5 151,1

Source: Pordata, INE

In February 2022, the unemployment rate (5,8%) was the lowest in 20 years[1], meaning that Portugal is approaching a full employment situation. Furthermore, Portugal's labour force is expected to decrease in the near future, a phenomenon which intensifies this problem of labour market scarcity on the supply side. Between 2018 and 2080, the population in working age (15 to 64 years old) is expected to decrease from 6,6 million to 4,2 million (INE, 2020).

In a labour market with high demand and low supply, Employer Branding gains special importance, as talent scarcity is considered one of the biggest threats to business success, only topped by competition (Chambers et al. 1998). A valuable employer brand can also be cost saving in terms of talent acquisition, as a company may spend on average 10% more to hire an employee due to its bad reputation (Burgess, 2016). In his research, the author found that the three factors that contribute most to a bad reputation as a place to work are concerns about job security, dysfunctional teams, and poor leadership.

Being that layoffs are closely connected with the notion of job security, it is necessary to assess if staff downsizing operations will have an effect on the company's ability to hire again in the future. From a financial point of view, it is also important to understand if the savings obtained as a result of the decrease in labour costs via collective dismissals will result in an increase of hiring costs in the future, as studies have shown that, when calculating savings, most executives fail to consider the cost of recruiting, hiring, and training new employees who will be necessary once the economy recovers, also failing to account for the damages to morale and productivity (Fryer et al., 2009).

2.2. Layoffs and Labour Law

Collective layoffs, which correspond to an employer's unilateral termination of the work contract of a group of employees, used to be the last resource strategy for companies in financial distress. The unwanted exposure and negative effects on the reputation of the firm executing them (Flanagan & O'Shaughnessy, 2005), led companies to only use this mechanism when all remaining possibilities had been exhausted (Tsai et al., 2005). Additionally, layoffs are perceived as being fairer if justified by reduced product demand (Charness & Levine, 2000). During the last few years, however, collective dismissals have

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[1] Ministério do Trabalho, Solidariedade e Segurança Social (2022). XXII Governo da República Portuguesa. Retrieved April 1, 2022, from https://www.portugal.gov.pt/pt/gc22/comunicacao/comunicado?i=taxa-de-desemprego-em-fevereiro-e-a-mais-baixa-dos-ultimos-20-anos.

been banalised, being executed even by companies with good financial performance (Sucher & Gupta, 2018).

The belief that long-term relationships were usually developed between employers and employees can be justified by the Implicit Contract Theory (Azariadis, 1975) (Baily, 1974). This theory assumes that employees are risk-averse and that employers are risk-neutral. As such, employers provide a fixed wage that doesn't fluctuate according to the economic cycle. In his analysis, Baily has concluded that the strategy that maximises profit for all firms together (and for every single firm assuming that the fluctuations in labour demand are not too large) is to set a pre-announced wage path that is not influenced by periodic fluctuations in aggregate demand, price or employment.

Long-term contractual relationships have therefore been a common practice in the labour market as they allow both parties to reduce their level of risk, decreasing the fluctuations in employees' income on one side and reducing employers' overall labour costs on the other. As a consequence of this, firms act not only as employers but also as insurers of their employees.

This tie between employers and employees has, nonetheless, been decreasing its strength in the last few decades (Charness & Levine, 2000). The authors state that there has been a shift in the contractual relations between both groups, creating two contrasting types of employer-employee relationships: the Old Contract and the New Contract. The authors describe the Old Contract as follows: "We expect loyalty from our core mid-level employees, and we provide loyalty in return. If you work hard and receive satisfactory performance ratings, your job is secure (We might take exception if the financial health of the company is threatened).". By contrast, under New Contracts "The work you do will be interesting, and you will learn new skills while you are here. Your employability will be high, although perhaps not at this employer. We work on great projects, but as each project ends, it is up to you to find a new place for yourself within the company - otherwise, you must find a new place for yourself outside the company.". The difference between the two contracts lies mostly on the duration and strength of the ties between employer and employee. The loyalty between the two parties, which is a *sine qua non* condition in the Old Contract, is completely discarded in the new one, where labour mobility gains greater importance.

The Old Contract can also take the name of Standard Employment Relationship (SER), a "regulatory architecture built upon employment status (i.e., the bilateral employment

relationship), standardised working time (normal daily, weekly, and annual hours), and continuous employment (permanency)." (Vosko, 2010).

In opposition to SER, Flexible Labour is characterised by employers' weak contractual link with its employees. In this type of labour relationship, a company's number of workers and their wage can fluctuate freely according to the company's production needs (Arnold & Bongiovi, 2013, citing Ofreneo, 2010). As the ties between both parts lose strength, there is a risk shift from employers to employees, leaving workers quite vulnerable to, for instance, situations of sudden unemployment resulting from staff downsizing as a consequence of an exogenous shock such as a financial crisis. According to Arnold & Bongiovi, the growth in perceived and real job insecurity, increasing nonstandard work, a lack of workplace safety, and an increase in work-based stress and harassment are other labour trends that are associated with globalisation, which has been a great contributor to the neoliberal transformation of the labour market. The authors state that "the growing power and reach of global capital has exceeded the ability of nations and labour movements to regulate it, exacerbating inequality and precarious work".

2.3. The Effect of Layoffs on Employer Branding

Despite recent changes in the labour market, stability is still a very important requisite for employees. Randstad Employer Brand Research 2021 puts Job Security as the 3rd most important criterion when choosing an employer in Portugal, which is in line with the European average. As such, it is essential to assess the effect of the recent changes in the labour environment, such as the rise of labour mobility and the gradual disappearance of long-term relationships between employers and employees, on the attractiveness of firms in Portugal.

To fully appreciate the effect of layoffs on employer branding, it is important to ask first why firms engage in layoffs. Prior research has demonstrated that firms execute downsizing operations in an effort to stay competitive in an increasingly globalised market (Appelbaum et al., 1999). The following factors are some of the incentives firms have to reduce their number of employees:

(a) Cost cutting - Reducing the headcount of a firm can be a way of reducing its costs (Appelbaum et al., 1999). The authors state that downsizing has become the most preferred strategy for companies attempting to cut costs. Firing older employees, especially those who have worked for the company for a long time, is also usually synonym of higher savings. These employees usually figure higher in the salary table of the firm and are also more likely to have been hired through collective contractual agreements, benefitting from special benefits such as paid vacation days according to years of service (Montepio, 2017). As such, they enjoy a number of benefits that is higher than those of their younger counterparts, incentivising firms to let go of older, and consequently, more expensive employees.

(b) Staff rejuvenation - Firing older employees and hiring younger ones can be a strategy to decrease the average age of the company's staff, in an attempt to make it look more innovative and to increase productivity, as younger workers are considered to be more productive than older ones (Armashova-Telnik et al., 2021).

(c) Change in skills demanded – Recent technological advancements are responsible for a change in the type of competencies needed. As such, some firms are forced to fire workers whose work has become redundant, using their resources to invest in IT infrastructure and hiring software developers and other technology-specialised employees (Tehubijuluw, 2017).

(d) Overcapacity - As stated earlier, technological advancement and innovations increase productivity, resulting in a decreasing need for workers required to execute certain tasks which have become redundant (Appelbaum et al., 1999).

Notwithstanding the potential benefits of downsizing, layoffs do pose significant challenges from an employer branding perspective. Past literature has found that there is a negative link between downsizing and employer branding in other countries, such as neighbouring Spain (Campos-García & Zúñiga-Vicente, 2018). According to the authors, firms that have undergone downsizing processes saw their image as an employer being diminished. The authors also argue that this phenomenon may have negative repercussions in several dimensions of the firms, namely in what hiring costs are concerned, as firms with solid reputations as an employer are able to attract a bigger pool of candidates, allowing them to be more selective about the ones actually being hired and to fill the vacancies in a shorter amount of time. These factors result in the increased efficiency of the recruitment process, leading

firms to decrease the cost of hiring by up to 50% and thus increasing their competitive advantage. As such, the following is hypothesised:

Hypothesis 1: Collective layoffs are negatively associated with employer attractiveness.

2.4. <u>The moderating effect of candidate characteristics on the layoff-branding relationship</u>

Despite the above hypothesised negative relationship between layoffs and employer branding, evidence from Portugal suggests that some employers are still able to retain their attractiveness following layoffs. Indeed, several companies that conducted aggressive downsizing policies for the past few years still figure quite high in Employer Attractiveness Rankings.

A case in point in Santander Portugal, a bank that suffered a restructuring plan that resulted in the termination of 1175 job contracts in 2021 alone. The majority of the workers settled with the company, resigning by mutual agreement or anticipated retirement plans. 49 of them, however, faced a collective layoff as they did not reach a settlement with the company (Lusa, 2022). This downsizing plan targeted mostly employees over the age of 55, being that most of the workers that agreed to leave Santander did it via anticipated retirement plans. The bank, however, is still recruiting, currently having positions open for their Trainees Programme.

The Santander case suggests that for some firms, and some prospective employees, layoffs may not be as strongly associated with negative employer branding as others. In the next section, three candidate-level attributes are theorised to influence the negative relationship between layoffs and employer branding: risk aversion, political ideology, and age.

2.4.1. <u>Candidate Risk Aversion</u>

Past research has found that risk aversion plays a decisive role in labour mobility. Due to the imperfect information to which workers have access when considering moving to a new job, there is a level of uncertainty that is inherent to the decision of accepting a job offer.

According to van Huizen & Alessie (2019), it is impossible to completely evaluate the value of the job (quality of the job match) before accepting the offer, as workers only have access to limited or no information about it. The worker will only learn about the value of the new job while on-the-job. As such, the worker faces the risk of accepting a poor job match, being that the less risky option would therefore be to stay at the current job and to reject the offer for the new and uncertain one.

As stated by the authors, "risk averse workers are less likely to quit and move to another job as they invest less in job search activities and are more critical about alternative job offers". Past research has highlighted the importance of job security at the work place (Hur, 2019), with Employer Branding rankings placing it as one of the most important attributes when choosing a job (Randstad, 2021). Research has also found that there is a negative relation between risk-aversion and job mobility, especially for employees with a permanent contract (van Huizen & Alessie, 2019).

As collective dismissals and the forced work contract terminations that results thereof pose a serious threat to job stability, they may be considered as a risk for employees. It is thus presumable that risk averse employees, which are usually more averse to labour mobility, will be also averse to collective dismissals as they are a serious threat for job security, negatively affecting their willingness to work for firms that have executed them in the past. As such, the following is hypothesised:

Hypothesis 2: The negative relationship between layoffs and employer branding is stronger among risk averse candidates.

2.4.2. Candidate political ideology

After the 1974 Revolution, Portugal's 1976 Constitution set the goal of working towards a socialist society, something which still has an impact on Portuguese labour law up to this day. Consequently, the rigidity of labour legislation in the country is mostly tied to the constitutional right to work, which resulted in labour laws that favoured employment security rather than flexible dismissals (Cardoso & Branco, 2017).

The last right-wing government to be elected in Portugal liberalised labour law, specifically in what collective dismissals and compensations that arise thereof are concerned (European Trade Union Institute, 2016). The PPD/PSD - CDS-PP (European Popular Party) coalition that governed the country from 2011 to 2015 reduced the minimum amount of compensation for collective layoff from 30 days' worth of salary per year of service to only 12 days per year, drastically reducing the amount of the compensation paid to workers in the event of a layoff (Lei n.º 69/2013 de 30 de agosto).

The 5th amendment to the Portuguese Labour Code created a transitory regime for labour contracts entered into before 01/10/2013, increasing workers' doubts regarding the compensation to which they would be entitled to in the event of a layoff (See Appendix A – Table 3).

This amendment was applauded by right-wing neoliberals who defended the liberalisation of the labour market. Left-wing parties, on the other hand, opposed it as it made workers less protected in a time when they were already quite vulnerable: the sovereign debt financial crisis. At the time of its approval, in 2013, the level of unemployment hit its maximum (17,1%) (See Appendix A – Table 4).

Given the unprecedented levels of unemployment, the left feared that a decrease in costs associated with layoffs combined with the unfavourable economic situation Portugal was facing at the time would ultimately result as an incentive for companies to fire employees, increasing the number of layoffs and consequently the level of unemployment.

As shown in Table 3, however, the number of laid-off workers did not increase after the layoff compensation law was changed. The annual reports from the Directorate-General for Employment and Labour Relations (DGERT) show that from 2010 to 2020 the average percentage of workers being laid off out of the total number of workers of firms undergoing collective dismissal processes was 12%, meaning that approximately 1 in every 8 workers was laid off during that period.

Table 3 - Number of Workers Affected by Layoffs in Portugal (2010-2020)

Year	Total Number of Workers in Firms Executing Layoffs	Number of Laid Off Workers	Percentage of Laid Off Workers from Total of Workers in Firms Executing Layoffs
2010	22480	3462	15%
2011	34777	6526	19%
2012	82555	10488	13%
2013	89801	9262	10%
2014	67327	6216	9%
2015	60891	5236	9%
2016	67545	4712	7%
2017	38688	3478	9%
2018	40376	3601	9%
2019	20231	3616	18%
2020	63282	7513	12%
Average Percentage of Laid Off Workers			12% (1 in every 8 workers)

Source: Direção-Geral do Emprego e das Relações do Trabalho

The reason why the number of layoffs did not increase may be tied to the fact that Portugal's economy started growing back again in 2013, getting back to pre-crisis (2010) GDP values in 2015, as shown in Table 4.

Table 4 - Gross Domestic Product in Portugal (2010-2020)

Year	GDP (in euros)
2010	179 610 779
2011	176 096 171
2012	168 295 569
2013	170 492 269
2014	173 053 691
2015	179 713 159
2016	186 489 811
2017	195 947 210
2018	205 184 124
2019	214 374 620
2020	200 087 571

Source: Pordata, INE

Notwithstanding the strong opposition to the labour law changes carried out by the PPD/PSD - CDS-PP (EPP) right-wing government in 2013, the left-wing post-electoral coalition elected in 2015 did not reverse these changes. The so-called "Geringonça" was a PS (S&D) minority backed by BE (LEFT) and PCP (LEFT), forming a Left-wing parliamentary majority. Despite great pressure from the two latter, the PS government made no changes to the labour law since 2015. Other measures implemented during the execution of the FMI financial rescue programme, such as the reduction of paid vacation days and the reduction of compensation for overtime, have never returned back to their pre-Troika values despite pressure from the BE and PCP. In the 2022 National State Budget negotiations, BE asked PS to include some changes to the labour law in exchange for a favourable vote. These changes included the reestablishment to pre-Troika values of the number of workdays per year of service used in

the calculation of, of the number of paid vacation days per year and of the compensation for overtime.

In the case of the calculation of the compensation in case of contract termination, PS agreed to increase the number of workdays per year of service to 24 (Patrício, 2021), which is below the 30 days that were in force prior to the 2013 amendment, but still far more than the 12 days that are now in force.

However, in what labour matters are concerned, BE ended up voting against the budget due to a lack of agreement on paid vacation days, as PS was unable to increase the number of days from the current 22 to the former 25. PCP also voted against the budget, making PS lose the left-wing majority which had made it possible for the party to govern the country from 2015 up to that moment. The non-approval of this budget led to a political crisis and to the consequent dissolution of the Parliament.

Past research has found evidence of the influence of individuals' political ideology on their perception of layoffs in Portugal (Neto & Mullet, 2016). In their analysis, the authors have identified clusters of individuals who favoured collective layoffs or uncompensated wage cuts over softer downsizing and cost-cutting measures. The cluster was essentially composed of males who showed a moderate level of agreement with right-wing economic proposals and a low level of agreement with left-wing economic proposals. In contrast, individuals whose perceived acceptability of layoffs depended on the magnitude of the downsizing process showed a low level of agreement with right-wing economic proposals but a moderate level of agreement with left-wing economic proposals.

Due to right-wing individuals' better acceptance of layoffs, it is presumed that their perception of a company's image as an employer will not suffer as negatively from the reputational damages caused by a potential layoff when compared to their left-wing counterparts. Consequently, one can infer that left-wing individuals will be less willing to work for a firm which has conducted layoffs in the past. As such, the following is hypothesised:

Hypothesis 3: The negative relationship between layoffs and employer branding is stronger among candidates with a left-leaning political ideology.

2.4.3. Candidate Age

The increasing liberalisation of the labour market has mostly affected young workers, as they are finding it increasingly difficult to find long-term employment even during periods of strong economic growth (Chung et al., 2012). A gradual increase of the precariousness of youth jobs is being observed, being that young workers are significantly more likely to face situations of job uncertainty than older workers, resulting in a recurrent rotation between temporary jobs and unemployment (Scarpetta et al., 2010).

This phenomenon results of the shift in the type of contractual relationships between employers and employees (Charness & Levine, 2000). As such, it is fair to infer that older generations will be more accustomed to the Old Contract, and thus be more averse to having a weaker contractual link to their employer (New Contract). Consequently, it is likely that younger generations will be more inclined to work for a company that has executed collective dismissal operations in the past than older generations, given that younger workers are more used to the level of flexibility and uncertainty that characterises New Contract labour relationships. As such, the following is hypothesized:

Hypothesis 4: The negative relationship between layoffs and employer branding is stronger among older candidates.

3. Data and Methodology

The data used to test the hypotheses stated above was collected through a survey. As the research concentrates on the talent attractiveness of firms operating in Portugal, only respondents who are currently working in Portugal or who intend on doing so in the future were able to answer the full questionnaire. It was available in both Portuguese and English.

The questionnaire was composed of questions related to political ideology, risk aversion and demographics. Two alternating scenario-based question about a potential job offer were also included, with 'layoffs' being manipulated across both scenarios (see more below).

The survey was distributed online among 252 respondents, mainly via social media. Given the geographical scope of the research, the questionnaire targeted individuals who worked in Portugal or intended on doing so in the future. As such, respondents who stated otherwise (working abroad or intending on doing so) would automatically be excluded from it.

3.1. Dependent variable

The dependent variable tested in this survey ("Willingness to work") measures the attractiveness of an employer. This was captured by presenting respondents with a hypothetical job offer and asking them "How likely are you to take the job offer?" on a Likert scale, with 1 corresponding to "Highly Unlikely" and 5 corresponding to "Highly likely".

3.2. Independent variables

3.2.1. Political ideology

In the first group, respondents were asked about their political beliefs using a Left-Right questionnaire (Evans et al., 1996). This is a widely tested method that is fairly quick and simple to respond to, covering aspects such as income distribution, social welfare, labour relations, and class equality in what justice is concerned.

Respondents used a five-point Likert Scale to rate their level of agreeableness with each one of the following statements, ranging from one (1 - "Strongly agree") to five (5 - "Strongly disagree"):

1) ''There is one law for the rich and one law for the poor.''

2) ''Ordinary working people do not get their fair share of the nation's wealth.''

3) ''Big business benefits owners at the expense of workers.''

4) ''Government should redistribute income from the better off to those who are less well off.''

5) ''Management will always try to get the better of employees if it gets the chance.''

The final test score corresponds to the simple average of the scores obtained in each question of the test. All statements are written in such a way that a high level of agreeableness indicates a left-wing ideology. As such, a low average score on this test would indicate a left-wing ideology, whereas a high score would indicate a right-wing one.

3.2.2. Risk Aversion

Multiple Price List (MPL) method was used to assess respondents' level of risk aversion. This is a widely used and validated method to test respondents' risk tolerance (Csermely & Rabas, 2016). When compared to other risk aversion measurement methods, such as DOSPERT (Weber et al., 2002) or the trade-off method (Wakker & Deneffe, 1996), the greater advantage of the Multiple Price List method is the fact that it is easy to explain to subjects and to implement (Andersen et al., 2006).

The payoffs and probabilities of each of the 10 scenarios are the same as those of the Payoff matrix from the Holt & Laury (2002) risk aversion experiments. This matrix is an example of a Paired Gamble method (PG), where both options are lotteries. The Standard Gamble method (SG), on the other hand, makes respondents choose between a lottery and a 100% chance of receiving a given payoff (which is usually lower than the lottery prize).

Under the PG method, payoffs are held constant as the probability of getting each payoff changes. In each scenario, the respondent is presented with two lotteries, being that each one of them has a High (HP) and a Low (LP) Payoff.

Option A is the option which delivers the lowest variation between HP and LP (0,40€ difference), whereas Option B delivers a 3,75€ difference between both payoffs, having a lower LP and a higher HP than Option A.

In the first scenario, there is a 90% probability of getting LP and a 10% probability of getting HP in both lotteries. In each new scenario, the probability of getting LP decreases by 10 percentage points and the probability of getting HP increases by the same amount.

As presented in the table below, the expected values are higher for option A in scenarios 1 to 4 and higher for option B in scenarios 5 to 9. As such, risk-loving individuals would choose Option B from the beginning, as they will prefer the option that delivers a greater HP regardless of risk (probability). A risk-neutral individual would always choose the greater expected value, starting in Option A and then switching to Option B in scenario 5. A risk-averse individual would choose option A from scenarios 1 to 9, as it is the option that delivers a greater payoff in the event of LP.

Table 5 - Payoff Matrix from the Holt & Laury Risk Aversion Experiments

Lottery A				Lottery B				EV$_A$	EV$_B$	Difference
p($2)		p($1.60)		p($3.85)		p($0.10)				
0.1	$2	0.9	$1.60	0.1	$3.85	0.9	$0.10	$1.64	S0.48	$1.17
0.2	$2	0.8	$1.60	0.2	$3.85	0.8	$0.10	$1.68	$0.85	$0.83
0.3	$2	0.7	$1.60	0.3	$3.85	0.7	$0.10	$1.72	$1.23	$0.49
0.4	$2	0.6	$1.60	0.4	$3.85	0.6	$0.10	$1.76	$1.60	$0.16
0.5	$2	0.5	$1.60	0.5	$3.85	0.5	$0.10	$1.80	$1.98	-$0.17
0.6	$2	0.4	$1.60	0.6	$3.85	0.4	$0.10	$1.84	$2.35	-$0.51
0.7	$2	0.3	$1.60	0.7	$3.85	0.3	$0.10	$1.88	$2.73	-S0.84
0.8	$2	0.2	$1.60	0.8	$3.85	0.2	$0.10	$1.92	$3.10	-$1.18
0.9	S2	0.1	$1.60	0.9	$3.85	0.1	$0.10	$1.96	$3.48	-S1.52
1	S2	0	$1.60	1	$3.85	0	$0.10	$2.00	53.85	-S1.85

Source: Andersen et al., 2006

For all risk profiles, the respondent must choose option B for scenario 10. Given that in this scenario there is a 100% chance of getting HP, it would be irrational to choose option A as it delivers the lower HP. As such, scenario 10 is not relevant for the risk aversion assessment, being an attention test only.

The level of risk aversion of each respondent corresponds to the scenario in which they changed from Option A to Option B. It is measured on a one to ten (1-10) scale, being that one (1) corresponds to a respondent who has never chosen Option A (risk lover), choosing option B from the beginning. The other end of the scale corresponds to the most risk-averse respondents, who only switch to option B on scenario 10 (attention test). Put simply, the later respondents change from Option A to Option B, the more risk-averse they are. As such, a high score on this test means a high level of risk aversion.

3.3. Moderator variable

To assess the impact of layoffs on employer attractiveness, respondents were randomly assigned to one of two job offers ('scenarios'), with only one explicitly mentioning the employer in question undertook collective dismissals (layoffs) earlier. In both scenarios, respondents had to choose between the safety of staying in a company in which they like working in or the risk of accepting a new job with a 15% salary raise. Respondents are aware of the company's good employer branding as they are told the company has a good work environment and corporate culture by people they know. In these scenarios, the use of Word-of-Mouth marketing from people with whom respondents have a strong relation with increases the impact on employer attractiveness because of perceived credibility (Ahamad, 2019).

The only difference between the two scenarios was the past occurrence of layoffs in the company offering the new job. The scenarios were shown to the respondents as follows:

Scenario 1 (With Layoff)

"Imagine you have been in the same company for five years. Even though you like working there, you got a job offer from a different company which left you wondering if you should take it.

WorkHeaven Ltd. has offered you a position at their company. Three years ago they conducted a collective layoff, having fired 1 in every 8 workers. They are now rehiring and the company has offered to pay you 15% more than what you make at your current job. People you know have told you about the company's great work environment and corporate culture.

How likely are you to take the job offer?"

Scenario 2 (Without Layoff)

"Imagine you have been in the same company for five years. Even though you like working there, you got a job offer from a different company which left you wondering if you should take it.

WorkHeaven Ltd. has offered you a position at their company. The company has offered to pay you 15% more than what you make at your current job. People you know have told you about the company's great work environment and corpoate culture.

How likely are you to take the job offer?

The figures for the layoff scenario were calculated taking data about collective dismissals in Portugal as reference. As shown previously in Table 3, the annual reports from DGERT show that from 2010 to 2020, firms executing collective dismissals laid off approximately 1 in every 8 workers.

3.4. <u>Control variables</u>

There are some variables that may have an effect on individuals' perception of risk, thus affecting the dependant variable. Research shows that women are more risk-averse than men (Dohmen et al., 2011), as such, the effect of gender on a candidate's level of risk aversion must be accounted for. Additionally, studies show that individuals with a higher level of education and income are more likely to be risk takers (Shaw, 1996), making it necessary to account for the effects of both income and education on candidates' level of risk aversion.

3.5. <u>Analytical approach</u>

A linear regression was used to analyse the data collected, more specifically the relationship between the dependent and the independent variables.

4. Results

Out of 252 total answers, only 174 of the respondents who worked in Portugal or intended to do so in the future (209 individuals) reached the end of the questionnaire. Of those, 14 failed the attention test on scenario 10 of the risk-aversion assessment test and 8 of them presented inconsistent answers on said assessment. Assuming respondents are rational, failing the attention test means not answering "Option B" when there is a 100% probability of getting HP, which is higher in Option B.

Inconsistent answers on the risk-aversion test are the ones where respondents keep changing from Option A to Option B throughout the test (multiple switching problem). As the main objective of this test is to see at what stage the respondent changes from Option A to Option B, responses where there is not a clear switching point were eliminated. As such, there are a total of 152 valid answers, from which this analysis and further conclusions were drawn.

The average age of respondents was around 33, and both the mean and the mode were below 30, meaning the sample population was very young. The range of the variable, however, was

quite wide. The sample is mostly female ("Male" was coded as 0 and "Female" as 1) and the majority of the respondents completed higher education, as the average, median and mode are all around 5, which corresponds to "Bachelor's Degree".

Politically, both the average and the median position respondents at the centre-left of the political axis. The standard deviation, however, highlights the heterogeneity of the sample on that matter. On what risk aversion is concerned, the sample is also a bit heterogeneous, however the average, median and mode place the sample as being risk neutral. Concerning income, the majority of respondents has a medium-to-low income (2000€ or lower), however, the standard deviation highlights the heterogeneity of the sample on that matter.

All the variables present a low level of correlation, as shown in Table 7.

Table 6 – Descriptive Statistics

	N	Minimum value	Maximum value	Average Value	Standard deviation	Median	Mode
Candidate income	152	1	6	2,63	1,331	2	2
Candidate education level	152	1	7	4,82	1,191	5	5
Female	152	0	1	0,55	0,5	1	1
Candidate political ideology	152	1	5	2,387	0,9546	2,3	2,8
Candidate risk aversion	152	1	10	5,8247	2,5	5,5	5
Candidate age	152	19	93	32,5714	13,8625	25	22
Prior layoffs by employer	152	0	1	0,49	0,501		
Risk Aversion * Layoff	152	0	10	2,8312	3,3855		
Political Ideology * Layoff	152	0	5	1,2143	1,426		
Age * Layoff	152	0	64	15,9026	18,8499		

Table 7 - Pearson Correlations Table

	Willingness to work	Candidate income	Candidate education level	Candidate gender	Candidate political ideology	Candidate risk aversion	Candidate age	Prior layoffs by employer
Willingness to work	1,00	-,010	,085	-,129	-,112	-,022	-,107	-182
Candidate income	-,010	1,00	,131	,061	174	-,028	-,137	,087
Candidate education level	,085	,131	1,00	-,010	015	-,045	-,258	-,082
Candidate gender	-,129	,061	-,010	1,00	,162	029	,066	,095
Candidate political ideology	-,112	,174	,015	,162	1,00	,006	,016	,108
Candidate risk aversion	-,022	-,028	-,045	,029	,006	1,00	-,074	-,009
Candidate age	-,107	-137	-,258	,066	,016	-074	1,00	,006
Prior layoffs by employer	-182	,087	-082	,095	,108	-,009	,006	1,00

Hypothesis 1 predicted that candidates are less likely to find an employer attractive if the latter has recently engaged in collective layoffs. As indicated in Table 8, the variable "Layoff" has a negative impact on the dependent variable "Willingness to work", being that variable is significant at a 90% confidence level (sig. = 0.051). The existence of a layoff reduces the

likelihood of accepting the job offer by 0.161 points, which is an expressive value taking into concern the small range (1 to 5) of the scale for the dependent variable.

Table 8 - Coefficients Table for Model 1 (Only Layoff)

	Standardised coefficients	t	Sig.
	Beta	t	Sig.
Candidate income	0,005	0,055	0,956
Candidate education level	0,048	0,57	0,57
Female	-0,094	-1,146	0,254
Candidate political ideology	-0,079	-0,95	0,343
Candidate risk aversion	-0,025	-0,305	0,761
Candidate age	-0,088	-1,035	0,303
Prior layoffs by employer	-0,161	-1,966	0,051
(Constant)		6,083	<,001

a. Dependent Variable: Willingness to work

This finding is in line with what was predicted for Hypothesis 1, reflecting the importance potential employees place on job stability. Additionally, candidates' repulsiveness to work for a firm which has executed layoffs may also be linked to the risk of potential reputational damages. As layoffs have a negative impact on a company's reputation, it is logical to infer that potential candidates may be afraid to be associated with a company that has been through a restructuring process, as it gives an idea of fragility and instability. As such, working for a company that has conducted layoffs in the past may be considered as being a "resume stain".

Hypothesis 2 predicted that reluctance to work for employers with a history of layoffs is stronger among risk-averse candidates. To test it, an interaction term (Risk aversion*Layoff) was included in the regression. As per table 9, the interaction term is non-significant and the beta coefficient is positive, meaning a higher risk aversion will have a positive impact on the

willingness to work for a firm which has conducted layoffs. This finding contradicts the predictions for hypothesis 2, however, since the variable is non-significant, it is not possible to draw conclusions about the influence of individual risk aversion on the willingness to work for a firm which has conducted layoffs in the past.

Table 9 - Coefficients Table for Model 2 (including interaction term Risk Aversion * Layoff)

	Standardised Coefficients	t	Sig.
	Beta	t	Sig.
Candidate income	0,005	0,066	0,948
Candidate education level	0,051	0,597	0,552
Female	-0,092	-1,114	0,267
Candidate political ideology	-0,082	-0,98	0,329
Candidate risk aversion	-0,05	-0,439	0,661
Candidate age	-0,09	-1,056	0,293
Prior layoffs by employer	-0,223	-1,049	0,296
Risk Aversion * Layoff	0,072	0,316	0,752
(Constant)		5,851	<,001

a. Dependent Variable: Willingness to work

Hypothesis 3 predicted that reluctance to work for employers with a history of layoffs is stronger among candidates with a more left-leaning political ideology. As per table 10, the beta coefficient for the interaction term "Political Ideology * Layoff" is positive, which means that a right-wing individual will be more willing to work for a firm which has conducted layoffs (the variable "Political Ideology" was coded using a 1 to 5 scale where 1 is "far-left" and 5 is "far-right"). This finding is in line with what was predicted for hypothesis 3, however the variable for the interaction effect is non-significant, meaning it is not possible to draw

conclusions about the influence of Political Ideology on the willingness to work for a firm which has conducted layoffs in the past.

Table 10 - Coefficients Table for Model 3 (including interaction term Political Ideology * Layoff)

	Standardised Coefficients	t	Sig.
	Beta	t	Sig.
Candidate income	0,001	0,012	0,991
Candidate education level	0,048	0,565	0,573
Female	-0,091	-1,105	0,271
Candidate political ideology	-0,113	-0,943	0,347
Candidate risk aversion	-0,028	-0,347	0,729
Candidate age	-0,086	-1,018	0,31
Prior layoffs by employer	-0,243	-1,091	0,277
Political Ideology * Layoff	0,097	0,395	0,694
(Constant)		5,748	<,001

a. Dependent Variable: Willingness to work

Hypothesis 4 predicted that reluctance to work for employers with a history of layoffs is stronger among older candidates. As per table 11, the beta coefficient for the interaction effect "Age*Layoff" is negative, meaning that older individuals will be less likely to work for a firm which has conducted layoffs. Albeit the fact that this conclusion is in line with what was predicted for hypothesis 4, the variable for the interaction effect is non-significant, making it impossible to conclude if age plays a role in the talent attractiveness of a firm which has conducted layoffs.

Table 11 - Coefficients Table for Model 4 (including interaction term Age * Layoff)

	Standardised Coefficients	t	sig
	Beta		
Candidate income	0	-0,002	0,998
Candidate education level	0,044	0,526	0,6
Female	-0,094	-1,142	0,255
Candidate political ideology	-0,085	-1,016	0,311
Candidate risk aversion	-0,014	-0,167	0,867
Candidate age	0	0,003	0,997
Prior layoffs by employer	0,07	0,1334	0,739
Layoff * Age	-0,266	-1,195	0,234
(Constant)		5,506	<,001

a. Dependent Variable: Willingness to work

5. Discussion

With the decrease in the number of working age individuals and the decreasing supply of labour resulting thereof, the war for talent in Portugal intensifies. As such, it is expected for employer branding to gain importance as competition for the most qualified professionals increases between hiring firms.

As concluded in the analysis of the data collected, layoffs have a negative impact on a company's ability to attract talent, tarnishing its reputation as a good employer and consequently having a negative effect on its employer brand. Consequently, the reduction of salary expenses due to collective dismissals may prove to be costly in the future, as companies are expected to spend more resources on employer branding, public relations and crisis management strategies to minimise the reputational damages associated with a

collective layoff. Additionally, candidates may demand higher salaries to work for such companies (Burgess, 2016), especially in a labour market such as the Portuguese one, where high demand and low supply of labour increase workers' bargaining power.

As such, firms are advised to keep layoffs for an emergency scenario. If in a situation of financial distress and taking into concern the potential increase in hiring costs in the future, firms are advised to cut staff expenses by performing salary and fringe benefit cuts rather than executing collective dismissal operations.

If there is a shift in the type of skills demanded by the company, it should try to reallocate its workers to areas of business where demand is greater, using the financial resources allocated to collective dismissal compensations for employee training. In some cases, however, reallocating staff may not be possible due to the high costs of retraining workers to perform other functions in the company. Additionally, it may be the case that such investment in a worker's requalification is not worthy, taking into consideration the worker's age and the possibility that he or she may retire before that investment has any return.

The negative effects of collective dismissal operations on firms' capacity to attract talent may decrease in the future, however. Due to the weakening contractual links between employers and employees, it is also likely that the number of employees affected by collective layoffs decreases, as this type of solution for job contract termination is only put in force for employees with permanent work contracts, a labour status that will become increasingly less common as the shift from the Old to the New employment contract intensifies. Due to the decrease in the probability of having to conduct collective dismissals, companies are expected to reduce the likelihood of suffering reputational damages from downsizing operations as the number of employees affected by them will be residual.

The aim of this research was to study the influence of collective layoffs on firms' talent attractiveness in Portugal, picking up on findings about the relation between layoffs and employer branding in other countries. Additionally, it aimed at relating other findings on the effects of political ideology, risk aversion and age on job candidates' perceived acceptability of layoffs in the Portuguese labour market. This paper provides evidence that, despite the recent changes in the Portuguese labour law and the resulting facilitation of layoffs, as well as the increasing liberalisation of labour relations at a global scale, candidates in Portugal still have a negative perception of layoffs on what employer branding and talent attractiveness is

concerned. This research shows that firms in Portugal are subject to a decrease in their appeal as a good employer in the event of a layoff, compromising their ability to attract talent. Nevertheless, the paper fails to validate the effect of candidates' individual attributes on the perception of layoffs as a negative effect on a firms' attractiveness as an employer. As such, it is not possible to define the type of candidates which would be more sensitive to layoffs.

5.1. Limitations and Further Research

As respondents were exposed to hypothetical surveys and scenario-based questions, their responses may differ from attitudes of employees in a real situation, both in the case of the paired lotteries exercises and in the layoff scenario question. To verify the validity of the findings presented above, researchers could survey employees that have actually been affected by processes of collective dismissal and assess their level of risk aversion through the use of real lotteries, for instance.

The data collected was able to prove that the past occurrence of layoffs in a given company is indeed a reason for the reduction of the willingness to work for said company, however, the reasons that make potential candidates fear layoffs are yet to be defined. As such, further research on the causes that intensify one's repulsiveness to a layoff scenario is needed. Said research should take into consideration some aspects covered in this analysis, such as Age, Political Ideology and Risk Aversion, as well as others, such as the simultaneous occurrence of collective dismissal and hiring operations in the same company, for instance. Additionally, researchers could survey employees regarding the motives that make them fear or not the existence of a collective dismissal process.

Additionally, further research is necessary to assess the effect of Employer Branding initiatives on the offsetting of the negative reputational effects caused by layoffs in Portugal.

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Appendix A – Demographic and legal data

Figure 1 - Citizens born in Portugal residing abroad, main destination countries of emigration, 2020 or last available year.

Source: Pires et al., 2021.

Table 1 - Portuguese emigration by country of destination, 2020 or last available year.

Country of Destination	Incoming Portuguese nationals	Residents born in Portugal	Residents with Portuguese nationality	Consular registrations
France	7,643	587,300	537,000	1,456,721
Brasil	439	137,973	-	853,663
United Kingdom	6,664	165,726	268,245	372,166
Switzerland	7,542	210,731	257,691	339,534
USA	940	157,418	48,158	269,118
Venezuela	532	37,326	-	229,405
Germany	5,380	114,825	138,555	229,391
Canada	550	143,160	25,855	188,826
Macau (China)	67	2,011	9,024	153,615
Luxemburg	3,286	72,821	95,057	149,215
Angola	1,708	-	-	125,457
Spain	6,471	95,221	97,628	101,185
Belgium	3,215	37,376	48,655	75,788
Mozambique	1,439	3,767	5,560	41,492
Australia	39	18,610	-	40,641
The Netherlands	1,933	19,820	24,193	34,118
Cape Verde	-	1,491	-	18,561
Ireland	426	3,866	4,807	8,570
Italy	528	6,520	6,847	8,051
Austria	579	3,020	3,989	6,854
Denmark	968	3,033	2,970	3,610
Sweden	321	4,336	3,149	3,338
Norway	344	3,664	5,050	767

Source: Pires et al.,2021.

Table 2 - Immigration to Portugal by origin (2010-2020)

Year	Origin					
	Total	Total (% change)	Portuguese	Portuguese (% change)	Foreign	Foreign (% change)
2010	27 575	-	16 079	-	11 496	-
2011	19 667	-29%	11 860	-26%	7 807	-32%
2012	14 606	-26%	9 326	-21%	5 280	-32%
2013	17 554	20%	9 744	4%	7 809	48%
2014	19 516	11%	7 865	-19%	11 645	49%
2015	29 896	53%	12 712	62%	17 156	47%
2016	29 925	0%	11 790	-7%	18 122	6%
2017	36 639	22%	13 830	17%	22 802	26%
2018	43 170	18%	14 570	5%	28 600	25%
2019	72 725	68%	12 511	-14%	60 201	110%
2020	67 160	-8%	13 823	10%	53 337	-11%

Source: Pordata, INE

Table 3 - Different collective compensation regimes in Portugal

CONTRACTS ENTERED INTO BEFORE 11/01/2011	CONTRACTS ENTERED INTO BETWEEN 11/01/2011 AND 09/30/2013	CONTRACTS ENTERED INTO AFTER 10/01/2013
(1) Contract duration period until 10/31/2012 :	(4) Duration period until 09/30/2013:	12 days of base pay and seniority payments for each full year of seniority.
1 month of base salary and seniority payments for each full year of seniority.	20 days of base pay and seniority payments for each full year of seniority.	
(2) Duration period between 11/01/2012 and 09/30/2013:	(5) Duration period from 10/01/2013:	
20 days of base pay and seniority payments for each full year of seniority.	a) 18 days of base pay and seniority payments for each full year of seniority, with regard to the first three years of the contract's duration, only when the employment contract, on October 1, 2013, has not yet reached the duration of 3 years old; and	
(3) Duration period from 10/01/2013:		

a) 18 days of base pay and seniority payments for each full year of seniority, with regard to the first three years of the contract's duration, only when the employment contract, on October 1, 2013, has not yet reached the duration of 3 years old; and b) 12 days of base pay and seniority payments for each full year of seniority in subsequent years.	b) 12 days of base pay and seniority payments for each full year of seniority in subsequent years.	
• When the application of (1) results in a compensation amount equal to or greater than 12 times the monthly base salary or 240 times the RMMG, the provisions of (2) and (3) are not applicable; • When the application of (1) results in a compensation amount lower than 12 times the monthly base salary or 240 months at RMMG, the compensation amount cannot exceed these amounts.• If the sum of the values of (1) and (2)	• When the application of (4) results in a compensation amount equal to or greater than 12 times the monthly base salary or 240 times the RMMG, the provisions of (5) are not applicable; • When the application of (4) results in a compensation amount lower than 12 times the monthly base salary or 240 times the RMMG, the global amount of compensation cannot exceed these amounts.	The global amount of compensation cannot exceed 12 times the monthly base salary and seniority or 240 times the RMMG;

result in a compensation amount equal to or greater than 12 times the monthly base salary or 240 times the RMMG, the provisions of point (3) are not applicable; • If the sum of the values of (1) and (2) results in an amount of compensation lower than 12 times the monthly base salary or 240 times the RMMG, the global amount of compensation cannot exceed these values. (2) and (3): • The value of the monthly base salary and seniority to be considered cannot exceed 20 times the Guaranteed Minimum Monthly Remuneration (RMMG); • The daily amount of monthly base salary and seniority is the result of dividing these amounts by 30; • The total amount of compensation cannot be less than 3 months of base salary and seniority.	• The value of the monthly base salary and seniority to be considered cannot exceed 20 times the Guaranteed Minimum Monthly Remuneration (RMMG); • The daily value of the monthly base salary and seniority is the result of dividing these amounts by 30;

Source: DGERT

Table 4 - Unemployment in Portugal by gender (2010-2020)

Year	Gender		
	Total	Male	Female
2010	10,8	9,8	11,9
2011	13,4	13,1	13,8
2012	16,5	16,6	16,4
2013	17,1	17,0	17,1
2014	14,5	14,2	14,8
2015	12,9	12,7	13,1
2016	11,5	11,5	11,5
2017	9,2	8,7	9,6
2018	7,2	6,8	7,6
2019	6,6	6,0	7,3
2020	7,0	6,8	7,2

Source: Pordata, INE

Appendix B – Survey questions

Please state to what extent you agree with the following statements:

	Strongly agree	Somewhat agree	Neither agree nor disagree	Somewhat disagree	Strongly disagree
1) There is one law for the rich and one law for the poor.	○	○	○	○	○
2) Ordinary working people do not get their fair share of the nation's wealth.	○	○	○	○	○
3) Big business benefits owners at the expense of workers.	○	○	○	○	○
4) Government should redistribute income from the better off to those who are less well off.	○	○	○	○	○
5) Management will always try to get the better of employees if it gets the chance.	○	○	○	○	○

>>

English - United Kingdom ⌄

Imagine you are buying a lottery ticket and you have to choose between two lotteries. Both lottery tickets cost the same, but they have different payoffs. Which of the following lotteries would you choose:

LOTTERY A	LOTTERY B
10% probability of winning **2€**	**10%** probability of winning **3,85€**
90% probability of winning **1,6€**	**90%** probability of winning **0,1€**

>>

English - United Kingdom ⌄

Imagine you are buying a lottery ticket and you have to choose between two lotteries. Both lottery tickets cost the same, but they have different payoffs. Which of the following lotteries would you choose:

LOTTERY A	LOTTERY B
20% probability of winning **2€**	**20%** probability of winning **3,85€**
80% probability of winning **1,6€**	**80%** probability of winning **0,1€**

>>

Imagine you are buying a lottery ticket and you have to choose between two lotteries. Both lottery tickets cost the same, but they have different payoffs. Which of the following lotteries would you choose:

LOTTERY A	LOTTERY B
30% probability of winning 2€	30% probability of winning 3,85€
70% probability of winning 1,6€	70% probability of winning 0,1€

>>

Imagine you are buying a lottery ticket and you have to choose between two lotteries. Both lottery tickets cost the same, but they have different payoffs. Which of the following lotteries would you choose:

LOTTERY A	LOTTERY B
40% probability of winning 2€	40% probability of winning 3,85€
60% probability of winning 1,6€	60% probability of winning 0,1€

>>

Imagine you are buying a lottery ticket and you have to choose between two lotteries. Both lottery tickets cost the same, but they have different payoffs. Which of the following lotteries would you choose:

LOTTERY A	LOTTERY B
50% probability of winning **2€**	**50%** probability of winning **3,85€**
50% probability of winning **1,6€**	**50%** probability of winning **0,1€**

>>

Imagine you are buying a lottery ticket and you have to choose between two lotteries. Both lottery tickets cost the same, but they have different payoffs. Which of the following lotteries would you choose:

LOTTERY A	LOTTERY B
60% probability of winning **2€**	**60%** probability of winning **3,85€**
40% probability of winning **1,6€**	**40%** probability of winning **0,1€**

>>

Imagine you are buying a lottery ticket and you have to choose between two lotteries. Both lottery tickets cost the same, but they have different payoffs. Which of the following lotteries would you choose:

LOTTERY A

70% probability of winning **2€**

30% probability of winning **1,6€**

LOTTERY B

70% probability of winning **3,85€**

30% probability of winning **0,1€**

>>

Imagine you are buying a lottery ticket and you have to choose between two lotteries. Both lottery tickets cost the same, but they have different payoffs. Which of the following lotteries would you choose:

LOTTERY A

80% probability of winning **2€**

20% probability of winning **1,6€**

LOTTERY B

80% probability of winning **3,85€**

20% probability of winning **0,1€**

>>

English - United Kingdom ∨

Imagine you are buying a lottery ticket and you have to choose between two lotteries. Both lottery tickets cost the same, but they have different payoffs. Which of the following lotteries would you choose:

LOTTERY A	LOTTERY B
90% probability of winning **2€**	**90%** probability of winning **3,85€**
10% probability of winning **1,6€**	**10%** probability of winning **0,1€**

>>

English - United Kingdom ∨

Imagine you are buying a lottery ticket and you have to choose between two lotteries. Both lottery tickets cost the same, but they have different payoffs. Which of the following lotteries would you choose:

LOTTERY A	LOTTERY B
100% probability of winning **2€**	**100%** probability of winning **3,85€**
0% probability of winning **1,6€**	**0%** probability of winning **0,1€**

>>

English - United Kingdom ⌄

Imagine you have been in the same company for five years. Even though you like working there, you got a job offer from a different company which left you wondering if you should take it.

WorkHeaven Ltd. has offered you a position at their company. The company has offered to pay you 15% more than what you make at your current job. People you know have told you about the company's great work environment and corporate culture.

How likely are you to take the job offer?

	Extremely unlikely	Somewhat unlikely	Neither likely nor unlikely	Somewhat likely	Extremely likely
How likely are you to take the job offer?	○	○	○	○	○

>>

English - United Kingdom ⌄

What is your gender?

Female

Male

Prefer not to say

Other

What is your age?

0   100

Age

What is your highest level of education completed?

Elementary School

Middle School

High School

Professional degree

Bachelor's degree or equivalent

Master's degree or equivalent

Doctoral degree

Other

What is your current professional status?

Student

Employed

Self-employed

Unemployed

Retired

Maternity leave

Other

What is your **monthly household income** on an **after-tax** basis?

Less than 1000€

1001€ – 2000€

2001€ – 3000€

3001€ – 4000€

4001€ – 5000€

More than 5000€

>>