

Effective Communication and Exit Support During Factory Closure: A Case Study in a Foreign Based Manufacturing Firm

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Abstract

This paper examines the communication approach and exits support implemented during a factory closure in a foreign-based manufacturing firm. A total of 200 employees were selected as respondents for the study. The research applied a quantitative approach using a questionnaire survey with a five-point Likert scale to evaluate employee agreement and perceptions regarding communication effectiveness and exit support during the closure process. The findings revealed that 14 out of 18 communication items were positively rated and generally satisfied by the respondents. However, two communication items received strong disagreement from employees, particularly regarding the closure announcement involving media presence and employee riots. The media were not directly involved during the announcement process due to the limited timeframe and controlled communication strategy adopted by the company. Only top management representatives communicated with the media, while published news articles were later displayed on notice boards as general information for employees. For exit support, most respondents selected "not sure," mainly because they had never previously experienced a factory closure situation. In addition, many employees had spent most of their careers in their first manufacturing company, resulting in limited exposure to employment transition or career relocation support. The study provides valuable insights for organizations that may face factory closure situations in the future, particularly in improving preparedness strategies, communication management, and the effectiveness of HR interventions to reduce employee anxiety and uncertainty during organizational shutdowns.

Keywords: Factory Closure, Communication, Exit Support, Foreign-Based Manufacturing Firm, Survey

Introduction

Factory closures in the manufacturing sector have significant impacts on employees, organizations, and local communities. The effectiveness of HR interventions during such closures is critical in determining whether the process is handled constructively or leads to negative outcomes. Successful HR interventions are characterized by transparent communication, employee engagement, adequate severance packages, outplacement support, and attention to employee well-being. Studies highlighted that transparent communication and leadership involvement during organizational transitions significantly improve employee trust, morale, and workforce adaptability (Lundmark, 2024). Similarly, integrated HR practices that actively involve employees in transition planning were found to reduce uncertainty and strengthen employee resilience during restructuring processes (McGrath, 2024). In addition, sustainable HRM practices emphasizing employee well-being, psychological safety, and long-term employability were identified as important factors in supporting workers during organizational closures (Griep, 2025). Structured career transition programs, retraining opportunities, and emotional support mechanisms were also shown to improve employee readiness and facilitate smoother workforce transitions (Pandey, 2025). Furthermore, organizational recovery initiatives that integrate counselling services, emotional assistance, and stakeholder collaboration contribute significantly to reducing employee distress and improving psychological adaptation following workplace disruption (Agrawal, 2026).

Furthermore, mental health and emotional support play a critical role in mitigating the stress associated with factory closures. Counselling services and stress management workshops, as demonstrated at the Rourkela Steel Plant, significantly reduced anxiety among employees. Adhering to labour laws is also essential, as evidenced by the compliance demonstrated during the closure of Australia's passenger vehicle manufacturing industry, which ensured fair treatment of affected workers (Irving et al., 2022). Community engagement, another key aspect, helps mitigate broader social impacts and demonstrates corporate social responsibility. For example, the Rourkela Steel Plant's collaboration with local authorities supported displaced workers, earning the company goodwill.

Conversely, unsuccessful HR interventions often involve a lack of transparency, inadequate severance, neglect of support services, and failure to comply with legal obligations. The Mitsubishi Adelaide plant closure in 2005 highlighted the consequences of inadequate communication, which led to employee mistrust and confusion (Irving et al., 2022). Similarly, insufficient severance packages have caused financial hardships, as seen in several manufacturing plant closures. Neglecting to offer outplacement services or emotional support during closures has prolonged unemployment and decreased well-being, as observed in the Australian automotive industry (Irving et al., 2022). Abrupt closures, such as those implemented without adequate notice, exacerbate employee unrest and harm the company's reputation (Brewster 2022).

Additionally, disregarding employee dignity, such as using security personnel to escort workers off the premises, leaves a lasting negative impression. Such actions, combined with

the failure to engage with unions and local authorities, escalate conflicts and damage organizational reputation. As demonstrated across various manufacturing plant closures, including Australia's automotive sector, the absence of effective HR interventions can lead to prolonged negative outcomes for both employees and organizations (Irving et al., 2022). By emphasizing empathy, fairness, and proactive engagement, HR can navigate the challenges of manufacturing plant closures more effectively, minimizing harm to all parties involved.

As in Malaysia, some Japanese multinational companies operating in Malaysia have faced challenges related to labor practices and operational restructuring. For instance, in 2023, Panasonic Manufacturing Malaysia Berhad (PMMA) announced the closure of two product manufacturing departments at its Shah Alam 1 plant as part of a rationalization and business restructuring exercise aimed at enhancing operational efficiency and aligning with global strategies. Similarly, in 2020, Sony Corporation decided to close its factory in Penang by September 2021, consolidating operations into its Selangor plant to improve operational efficiency. These closures underscore the trend of global companies streamlining their operations in Malaysia to remain competitive.

However, some Japanese firms have also faced scrutiny regarding labor practices. In 2024, Kawaguchi Manufacturing Sdn Bhd, a Malaysian supplier for Japanese electronics companies such as Panasonic, Sony, and Daikin, came under investigation by the Malaysian Labour Department for alleged forced labour practices. Accusations included withholding employees' passports and delaying wage payments for months. In response, the Japanese firms involved pledged to conduct thorough audits of their supply chains to address these violations and ensure compliance with ethical labor standards. These cases highlight the complexities and challenges faced by Japanese multinational corporations in Malaysia, particularly in balancing operational efficiency with adherence to local labour laws and ethical practices.

Communication Strategies during Transitions

Effective communication during a factory closure is crucial for managing the transition and maintaining trust among employees and stakeholders. Clear and timely communication helps convey the rationale behind the closure, outlines the process, and addresses concerns, thereby reducing uncertainty and fostering a sense of transparency. According to releasing a factual statement to both press and customers can help control the flow of information and mitigate rumours.

Key principles of effective communication during such transitions include transparency, empathy, consistency, and inclusivity. Transparency involves sharing accurate information about the closure's reasons, timeline, and implications. Empathy requires acknowledging and addressing the emotional impact on employees. Consistency ensures unified messaging to prevent misinformation, and inclusivity engages all stakeholders, ensuring their concerns are addressed. As noted by (Williams 2024), internal communication should precede external announcements to ensure all internal stakeholders are informed and prepared.

Developing a comprehensive communication plan is essential. This plan should outline objectives, identify target audiences, craft key messages, select appropriate

communication channels, and establish a timeline for dissemination. Early and transparent communication builds trust, while empathy-driven messaging reassures employees of the organization's support. Leaders must be visible and personally deliver key messages to foster credibility. Regular meetings and open discussions can facilitate this process, as suggested by Lee (2023).

Utilizing multiple communication channels, including face-to-face meetings, digital platforms, and written communications, ensures messages reach all stakeholders effectively. Two-way communication allows employees to ask questions and provide feedback, fostering a sense of involvement and addressing concerns promptly. With them seeing the employers while delivering the key points of the Company closure will give employees more confidence and faith that it is not just a rumour. Tailoring messages to different stakeholder groups addresses their concerns, whether they pertain to severance packages for employees or economic impacts for the other stakeholders. Regular updates maintain transparency, providing progress reports and details on support programs. As highlighted by Grossman (2024), clear communication of safety protocols and operational changes is vital for maintaining a safe work and the preparedness of mental health well-being for the environment during transitions.

Recognizing employees' contributions through gestures like farewell events or personalized messages preserves goodwill. Good communications, harmonize teamwork among all employees and top management towards the end, ethical communication, emphasizing truthfulness and respect, is essential to maintaining trust and the organization's reputation. A people-first approach demonstrates compassion and responsibility, ensuring that the closure process is handled with the necessary sensitivity and care. As noted by Lotich (2023), being sensitive to the life-altering impact of a business closure on employees is crucial for effective communication.

HR Interventions during Organizational Transitions

HR intervention practices play a vital role in improving organizational performance, particularly in Malaysia's manufacturing sector. These practices include training and development, compensation systems, information sharing, supervisory support, green human resource management (GHRM) practices, employee retention strategies, performance monitoring, target setting, and talent management. Training and development are key to enhancing employees' skills and creativity, leading to improved innovation and organizational outcomes (Sabri and Saraih, 2021). Similarly, a fair and competitive compensation system motivates employees and reduces turnover, contributing to organizational stability. Effective information sharing fosters collaboration and the exchange of ideas, which are crucial for driving innovation within manufacturing companies. Supervisory support is equally important, as leadership significantly influences employees' innovative behaviours and their overall engagement at work.

GHRM practices have also gained traction in Malaysia's manufacturing industry, with companies increasingly integrating sustainable HR strategies to improve environmental performance (Barkat et al., 2024). This reflects a growing commitment to balancing operational efficiency with environmental sustainability. Moreover, employee retention strategies have proven critical for maintaining a stable workforce, particularly in small and

medium-sized enterprises (SMEs), where skilled talent is often scarce (Kelana and Mansor, 2018). Effective performance monitoring systems and clear target setting are also essential for enhancing productivity and efficiency. While performance monitoring is generally well-implemented in Malaysia's manufacturing sector, the noted that improvements in target setting are necessary to establish precise and actionable goals.

Additionally, talent management practices, including recruitment, development, and retention of skilled employees, are critical for sustaining competitiveness in the dynamic manufacturing landscape. The highlighted the need for Malaysian firms to strengthen their talent management efforts to improve management quality and organizational performance. In summary, HR intervention practices such as training, compensation, supervisory support, GHRM, and talent management are essential for fostering innovation, enhancing productivity, and ensuring organizational sustainability in Malaysia's manufacturing sector.

Announcing a company closure can significantly impact employees' emotional well-being and professional stability, making it essential for HR departments to implement comprehensive strategies to support the workforce. Transparent and compassionate communication is the foundation of such efforts. Providing clear, honest information about the closure timeline and rationale can reduce uncertainty and prevent misinformation (Williams et al., 2020). Regular updates, including town halls and Q&A sessions, foster trust and allow employees to voice concerns (Brewster et al., 2022). Personalized one-on-one discussions further help address individual fears and provide clarity.

Equally important is emotional and mental health support. Offering EAPs or exit support program and counselling services has been shown to alleviate stress and promote resilience (Kim et al., 2021). Providing workshops on stress management and facilitating peer support groups can foster a sense of community and reduce isolation during uncertain times. Such interventions ensure employees feel supported emotionally as they navigate the transition. HR departments must also focus on outplacement services to assist employees in transitioning to new opportunities. Services such as resume writing, interview coaching, and job placement support significantly enhance employability (Lindquist, 2022). Organizing job fairs and networking opportunities connects employees with prospective employers and reduces job search challenges. Additionally, offering workshops on optimizing LinkedIn profiles and professional branding can increase job market readiness (Smith and Brown, 2022).

Investing in training and development programs helps prepare employees for future employment. Upskilling and reskilling programs in areas like digital literacy, project management, and leadership development are critical to enhancing employees' market competitiveness (World Economic Forum, 2023). Funding professional certifications and providing soft skills training further strengthen employees' adaptability and employability (Johnson et al., 2020). Addressing financial support and planning is equally vital during a company closure. Providing fair severance packages and financial counseling services helps employees plan effectively and mitigate immediate financial strain (Lindquist, 2022). Workshops on financial literacy, including budgeting and debt management, can empower employees to make informed financial decisions (Bennett-Alexander, 2021).

Recognizing employees' contributions and ensuring proper closure fosters goodwill. Organizing farewell events, offering personalized letters of recommendation, and acknowledging years of service help employees feel valued (Gilley et al., 2022). This recognition can reduce resentment and positively shape employees' perceptions of the organization, even during closure. Where feasible, redeployment and internal opportunities should be explored. Identifying roles within other company units or providing relocation support demonstrates an ongoing commitment to employees (Park et al., 2020). Leaders play a crucial role in providing visibility and emotional support. Approachable, empathetic leadership and manager training for team support during transitions ensure that employees feel guided and reassured (Nelson et al., 2023). Implementing follow-up and feedback mechanisms allows HR to monitor employees' progress and adjust support interventions as needed. Continuous feedback ensures relevance and effectiveness. Furthermore, adhering to legal and ethical compliance, such as labor laws regarding severance and proper notice periods, builds trust and avoids potential legal issues (Bennett-Alexander and Hartman, 2021).

For this research, prioritizing transparent communication, emotional support, career transition services, and skill development ensures that employees are treated with dignity and are prepared for future opportunities. These interventions not only mitigate distress but also maintain the organization's integrity during a challenging period (Kim et al., 2021).

Roles of HR in Organizational Change

The HR department plays a critical role in managing organizational change during a factory closure, as it serves as the bridge between the organization's strategic decisions and the needs of its employees. HR professionals are responsible for implementing a structured change management process, focusing on transparent communication, legal compliance, and support for affected employees. These roles are pivotal to ensure a smooth transition and mitigate negative impacts on the workforce and organizational reputation.

One of HR's primary roles is to facilitate effective communication throughout the closure process. Transparent and timely communication is essential to maintaining trust and minimizing misinformation among employees. Communications and transparent are important to gain the trusts of the employees. HR professionals are responsible for ensuring that all stakeholders, including employees, unions, and other stakeholders, are kept informed about the closure's reasons, the timeline, and implications (Kotter, 2012). They must deliver consistent messages while addressing concerns empathetically to reduce uncertainty, pressure and fear among employees.

Another critical responsibility of HR is ensuring compliance with legal and ethical standards during the closure process. This includes adhering to the country's labor laws, providing appropriate notice to employees as per regulations such as the Employment Act (1955) in Malaysia as well as the Employment (Termination and Lay-Off Benefits) Regulations (1980), and offering severance packages when applicable. HR professionals must also manage negotiations with labor unions as per the Industrial Relations Act (1977), if applicable, to address collective agreements and minimize disputes (Dessler, 2020).

Supporting employees through outplacement services and career transition assistance is another vital role of HR. This may involve providing job search support, training

programs, and counselling services to help employees navigate the transition and reduce the emotional and financial stress of job loss. HR can also collaborate with government agencies or community resources to facilitate reemployment opportunities (Armstrong and Taylor, 2020). Lastly, HR plays a strategic role in preserving organizational reputation during and after the closure. By managing the closure process ethically and compassionately, HR ensures that the company is viewed as a responsible employer. This reputation management is crucial for maintaining relationships with stakeholders and protecting the organization's long-term interests (Ulrich et al., 2017). HR's roles in a factory closure extend beyond administrative duties to include strategic communication, legal compliance, employee support, and reputation management. These responsibilities underscore the department's integral role in managing organizational change effectively and empathetically.

Research Methods

The study adopted a quantitative research approach to examine employee perceptions regarding communication effectiveness and exit support during the factory closure process. A total of 200 employees were selected as respondents using a structured sampling method involving employees from various departments and employment levels within the manufacturing firm. Data were collected through a questionnaire survey based on a five-point Likert scale ranging from "strongly disagree" to "strongly agree," which is widely used in social science research to measure attitudes and perceptions. The questionnaire consisted of several measurement items related to communication transparency, management responsiveness, employee preparedness, and exit support initiatives implemented during the closure period. The collected data were analysed using descriptive statistical analysis to identify response patterns, determine the level of employee agreement, and evaluate the effectiveness of the communication and support strategies applied by the organisation during the factory closure process (Creswell & Creswell, 2018).

Result and Discussion

Analysis of Demographic

Table 1 presents the demographic profile of employees involved in the study, including age distribution, employment status, department, and years of service. The demographic analysis provides important insights into employee readiness and the potential impact of factory closure on different workforce groups.

Table 1

Summary of Demographic analysis

Demographic Aspect	Findings	Simplified Implications
Age Distribution	Employees aged 50–60 years represented 32.0% of respondents, while those aged 40–49 years accounted for 27.5%. Together, these groups comprised nearly 60% of the workforce. Employees aged 18–29 years represented 26.0%, while those below 39 years accounted for 14.5%.	The ageing workforce showed lower readiness for factory closure because older employees faced greater difficulty adapting to new jobs and career changes. Younger employees were generally more flexible and open to retraining opportunities. The findings highlighted the need for HR support such as reskilling, career planning, and counselling programmes.
Employment Status	Permanent local employees represented 87.0% of the workforce, while permanent foreign employees accounted for 12.0%. Expatriates constituted only 1.0% of employees.	The workforce was mainly supported by local employees, showing the company's strong focus on workforce localization. Factory closure would therefore have a significant impact on local workers and the surrounding community.
Department Distribution	The Plant/Manufacturing department represented 47.5% of employees, followed by QC/QA at 24.0%. Process Engineering and Product Engineering accounted for 9.5% and 8.5%, respectively. HR and Group Administration represented 8.0%, while Procurement accounted for 2.5%.	Most employees were involved in production-related activities. This indicated that factory closure would mainly affect operational and technical workers within the manufacturing process.
Years of Service	Employees with more than 20 years of service represented 46.5% (93 employees), while those with 11–19 years of service accounted for 12.0% (24 employees). The company had operated in Malaysia for 34 years since its establishment in 1991.	The workforce had strong experience and loyalty to the company. However, long-serving employees could face greater emotional and career transition challenges during the factory closure process.

Effective Communication

Effective communication was a critical factor in managing company closures, ensuring transparency, minimizing uncertainty, and maintaining trust among employees and stakeholders. Table 2 provided insights into the communication strategies employed during the closure process, highlighting key strengths and areas for improvement.

Table 2

Agreement on the effective communication for company closure

CODE	DESCRIPTIONS	MEAN
CMM1	To discuss with employees on their decision for the closure.	4.40
CMM2	To inform the Union before announce the closure to all employees	4.30
CMM3	To held a town hall meeting for the closure announcement to all employees	4.23
CMM4	To receive clear communication during this process.	4.25
CMM5	Employee understand the company's decision for the closure.	4.37
CMM6	The announcement was announced by the Business Director from headquarters	4.55
CMM7	The closure announcement was informed to all other stakeholder as well; for example, Government, Customers, Suppliers and Employees	4.25
CMM8	Management is able to communicate and shared the actual situation of the Company to all employees	4.21
CMM9	Information and knowledge on the closure are freely shared at the Company	4.15
CMM10	The closure announcement was announced publically to the media	4.17
CMM11	Employee know what is to be expected for the closure	4.17
CMM12	The HR department has communicated benefit updates and changes regularly and clearly.	4.21
CMM13	The company closure issues in our organization were communicate well without resorting to blame, anger, or retribution	4.09
CMM14	The announcement was made in a peaceful manner and well accepted by all employees	4.19
CMM15	The closure announcement was made with the presence of media and riot being done by employees	1.49
CMM16	After the announcement made, media came to the factory to get full coverage of the story and interviewed some of the employees	1.75
CMM17	The employees was given a chance to ask the top management of the closure during the announcement	3.36
CMM18	The Union committee had been given an opportunity negotiate on the benefits given to employees during the briefing with Union Committee	3.09

A significant level of agreement (Mean: 4.40) was observed regarding the importance of discussing the closure decision with employees. Engaging employees in discussions fostered trust and helps mitigate resistance to change. Similarly, informing the union before making a public announcement (Mean: 4.30) ensured fair representation of employee interests and minimized the risk of legal disputes. Conducting a town hall meeting for the

closure announcement (Mean: 4.23) provided employees with direct access to management, fostering clarity and reducing misinformation.

Clear and transparent communication emerged as a crucial element, as reflected in responses regarding the clarity of information received (Mean: 4.25) and employees' understanding of the company's decision (Mean: 4.37). Employees who received timely and comprehensive communication are more likely to accept and adapt to organizational changes. Furthermore, the presence of a senior executive, such as the Business Director, in delivering the announcement (Mean: 4.55) enhanced credibility and ensured that employees perceived the message as authoritative and sincere. Informing all relevant stakeholders, including government agencies, customers, suppliers, and employees (Mean: 4.25), also played a vital role in ensuring a smooth transition and preventing disruptions.

Transparency regarding the company's actual situation (Mean: 4.21) and freely sharing information about the closure (Mean: 4.15) contributed to maintaining trust and reducing speculation. Research indicated that withholding information could lead to rumors and uncertainty, negatively impacting employee morale. Publicly announcing the closure through media channels (Mean: 4.17) reinforced corporate responsibility and ensured that all external stakeholders were informed. Employees' understanding of what to expect after the closure (Mean: 4.17) was equally important, as it allowed them to plan for future employment opportunities and financial stability. Additionally, regular and clear communication from the HR department regarding benefits and severance packages (Mean: 4.21) helped reduce anxiety and fosters trust in the management's commitment to employee welfare.

A critical aspect of effective closure communication was ensuring that discussions are conducted professionally, without blame, anger, or retribution (Mean: 4.09). Research suggested that maintaining a respectful and constructive approach to difficult announcements prevented hostility and promoted a positive organizational culture. Similarly, a peaceful closure announcement that was well received by employees (Mean: 4.19) indicated that the communication strategy prioritized emotional intelligence and conflict resolution.

However, certain aspects of the closure process received lower ratings, indicating challenges in communication effectiveness. The presence of media and riots by employees during the announcement (Mean: 1.49) suggested that tensions escalated, possibly due to inadequate pre-emptive engagement with employees. Likewise, media coverage and employee interviews following the announcement (Mean: 1.75) might had resulted from ineffective stakeholder management, leading to heightened tensions and negative publicity.

Furthermore, the opportunity for employees to ask questions directly to top management during the announcement (Mean: 3.36) was rated moderately, suggesting that while some engagement occurred, there was room for improvement in fostering open dialogue. Providing employees with a platform to voice concerns helped address uncertainties and enhance trust in the process. Additionally, the union committee's ability to negotiate benefits for employees (Mean: 3.09) suggested that negotiations took place, but

there might have been dissatisfaction with the outcomes or perceived limitations in the negotiation process.

The findings highlighted the significance of a well-structured, transparent, and empathetic communication strategy during a company closure. While several aspects of the communication process were effective, areas such as pre-emptive employee engagement, union negotiations, and media management required improvement to ensure a smoother transition. Addressing these gaps helped organizations minimize disruptions, maintain employee morale, and uphold their corporate reputation during periods of significant change.

Effective communication was a critical factor in managing company closures, ensuring transparency, minimizing uncertainty, and maintaining trust among employees and stakeholders. A significant level of agreement regarding the importance of discussing closure decisions with employees reflected the need for participative communication, which has been widely supported in recent studies as a mechanism to reduce resistance and enhance employee acceptance during organizational change (Alsaawi, 2024). Engaging unions prior to public announcements and conducting town hall sessions further strengthened trust and reduced potential industrial disputes, consistent with findings by Rahman et al. (2024), who emphasized early stakeholder engagement in restructuring processes. Clear, transparent, and timely communication also contributed to employees' understanding of organizational decisions, which is crucial in safeguarding employee well-being and reducing uncertainty during transitions (Lim & Tan, 2022).

Furthermore, the presence of senior leadership in delivering closure messages enhanced credibility and reassured employees, aligning with the work, who highlighted leadership visibility as a key factor in crisis communication effectiveness. Transparency in sharing organizational conditions and future expectations helped mitigate misinformation and rumours, thereby maintaining morale and organizational trust. Regular communication from HR regarding severance, benefits, and post-closure support also played a vital role in reducing anxiety and promoting psychological readiness among employees. However, gaps in communication such as limited opportunities for employee dialogue and moderate satisfaction with union negotiations indicated the need for more inclusive and two-way communication approaches. Overall, these findings reinforced that structured, empathetic, and transparent communication strategies are essential in ensuring smoother transitions and protecting employee well-being during factory closures.

Exit Support

The company's exit support approach was evaluated across multiple dimensions to assess the extent and effectiveness of assistance provided to employees during the retrenchment process. Overall, the findings reflected a generally positive perception of organizational support, although certain areas indicated the need for further enhancement to strengthen employee satisfaction, perceived fairness, and trust in the organization's support mechanisms. This aligns with contemporary human resource management perspectives, which argue that exit management is not merely an administrative function but a strategic intervention that significantly shapes employees' psychological outcomes and post-employment trajectories (Armstrong & Taylor, 2023).

A key component of employee support was the provision of one-on-one counselling services by HR or management (Mean: 3.97), as illustrated in Table 3. Personalized counselling plays a critical role in addressing both the emotional and career-related uncertainties associated with job displacement. Such interventions enable employees to process job loss, rebuild confidence, and identify future career pathways. Prior studies have demonstrated that individualized counselling significantly reduces psychological distress and enhances coping mechanisms during organizational transitions (Vantilborgh et al., 2021). In parallel, the availability of prompt access to HR or management (Mean: 4.07) was highly valued, as it allowed employees to seek clarification and express concerns in a timely manner. This reinforces the importance of accessibility and responsiveness in HR practices, particularly during periods of uncertainty, where transparent and continuous communication serves to mitigate misinformation and reinforce organizational credibility (Gohar, 2024).

Beyond communication, motivational support from HR and top management (Mean: 4.00) emerged as a significant factor influencing employee morale during retrenchment. Leadership encouragement, empathetic engagement, and visible support have been empirically linked to higher levels of employee resilience and psychological adjustment in the face of job loss. Such findings underscore the importance of transformational and supportive leadership behaviours during crisis situations (Bennett et al., 2022). Furthermore, job placement assistance (Mean: 3.86) constituted an essential dimension of the company's exit strategy, facilitating employees' transition into new employment through referrals, career guidance, and external networking opportunities. Existing literature suggests that organizations that implement structured outplacement programmes not only enhance re-employment outcomes but also preserve organizational reputation and foster long-term goodwill among former employees (World Bank, 2023; Noe et al., 2023).

Table 3
Agreement on the exit support approach by company

CODE	DESCRIPTIONS	MEAN
ESP1	There are one-on-one counselling services provided by HR or the Management	3.97
ESP2	Employee is able to reach Management or HR quickly when they have questions on the closure or feels insecure on the closure	4.07
ESP3	HR and top Management motivates all employees for this retrenchment process	4.00
ESP4	Management assist employees on job placement or searching for new jobs	3.86
ESP5	Management and HR assist on technical training for upskilling program for all employee for future needs	4.04
ESP6	Employees feel secure with their future with the help and assistance from the Company	3.72
ESP7	The Company ensure that all employees understand the benefits that are available	3.88
ESP8	The retrenchment benefits help to ensure that employees feel valued equally to the years of service in the Company	3.42
ESP9	The benefits program meets my needs.	3.18
ESP10	The Company offers benefits exceed other industry standards	3.10

ESP11	The Company offers a comprehensive benefits package	3.18
ESP12	The Company is thinking about employee's future and try their best to give the best benefits for the closure	3.35
ESP13	The Company is committed to a healthy workforce	3.66
ESP14	The Company has adequate help for employees during after the closure announcement	3.58
ESP15	The Management and Human Resources treats all employees with courtesy and respect during the process	3.85

In addition to job placement, technical upskilling programs (Mean: 4.04) had been introduced to help employees develop new skills and remain competitive in the job market. Investing in workforce reskilling was essential for improving employability and long-term career security. Despite these efforts, employee perceptions of future security (Mean: 3.72) indicated moderate confidence in the company's support. While some employees felt reassured, others might still experience uncertainty, highlighting the need for comprehensive career transition planning.

Another key consideration was ensuring that employees fully understand their entitled benefits. Management's efforts to communicate available benefits (Mean: 3.88) are relatively well-received, as transparency regarding severance packages was linked to improved employee trust. However, alignment of retrenchment benefits with employees' years of service (Mean: 3.42) showed a lower level of satisfaction. Employees who perceived severance packages as fairer based on their tenure were more likely to maintain a positive view of the company, as perceived fairness in compensation significantly impacted organizational justice.

Similarly, employee satisfaction with the benefits program (Mean: 3.18) suggested that while it met some needs, it did not fully align with expectations. Moreover, the perception that the company's benefited exceeded industry standards (Mean: 3.10) remained relatively low, indicating that competitors might offer more attractive packages. Organizations that benchmark severance policies against industry standards tend to maintain a competitive edge and stronger employer branding. Additionally, the overall comprehensiveness of the benefits package (Mean: 3.18) was rated moderately, reinforcing the importance of designing holistic severance plans that addressed financial stability, healthcare, and career transition needs.

The company's commitment to employees' future well-being (Mean: 3.35) was another factor influencing perceptions of fairness. While some employees acknowledged the company's efforts, others believed more could be done. Employer goodwill during layoffs played a crucial role in maintaining a strong corporate reputation. In terms of employee health, the company's focus on a healthy workforce (Mean: 3.66) suggested a reasonable commitment to employee well-being. Providing mental health support was particularly important, as research shows that job loss increased the risk of stress-related illnesses.

Additionally, support provided after the closure announcement (Mean: 3.58) was viewed as moderately adequate. Employees benefit from continued assistance, such as financial planning and career coaching, to ease the transition process. Finally, the way

management and HR treat employees during the retrenchment process (Mean: 3.85) was a significant factor in employee satisfaction. Respectful treatment during layoffs was crucial, as perceived fairness and dignity in downsizing could positively impact employees' long-term perceptions of the organization.

Conclusion

This study highlights the critical role of effective communication and structured exit support in managing factory closure within a foreign-based manufacturing firm. The findings demonstrate that transparent, timely, and leadership-driven communication significantly enhances employee understanding, trust, and acceptance of closure decisions. While most communication elements were positively perceived, gaps in two-way engagement and media management indicate areas for improvement. Similarly, exit support initiatives such as counselling, job placement assistance, and upskilling programs contributed to employee readiness, although perceptions of benefit adequacy and long-term security remained moderate. Overall, the study underscores the importance of integrating empathy, fairness, and strategic HR interventions to minimize negative impacts on employees during organizational shutdowns. Future research should explore longitudinal outcomes of affected employees, compare practices across industries, and examine the effectiveness of digital communication tools and personalized career transition programs in improving post-closure employment and well-being.

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