

Five Strategies for Managing After Layoffs

There were two million jobs lost in 2008. How should we treat the survivors?

By Douglas Klein

With the combined national unemployment/underemployment rate topping 12 percent and a tumultuous economic landscape, employers need to prepare themselves for the after-effects of all these layoffs on their remaining employees.

Since December 1974, only the period following 9/11 has seen similar levels of job losses, according to U.S. Bureau of Labor Statistics.

By studying periods of past mass layoffs, much can be learned about the challenges management will face today. Sirota Survey Intelligence's surveys show that employees are, of course, more insecure after a layoff, but also have heavier workloads, experience higher levels of stress, see less teamwork, and feel "generally less valued."

For example, we surveyed the attitudes of 500,000 employees in 2000 (before the layoffs that followed 9/11) and in 2002 (post-layoffs), and found that 67 percent felt valued in 2000 versus just 44 percent in 2002. Survivors will also miss lost co-workers/friends, potential income gains and, often, abhor the change in culture – to one typically more top-down or hierarchical.

There is much evidence that the morale of employees is a major determinant of organization performance. The attitudes of the survivors are, therefore, critical for the organization surviving and, when business conditions improve, prospering.

Central to employee morale is trust in management. This is a result of how management acts prior to the layoffs – whether layoffs are used as a last resort or the first thing that management does to cut costs.

Another factor is the care and generosity with which layoffs are handled, such as the size of severance packages and outplacement assistance. But the morale of the layoff survivors is also greatly affected by how they are treated once the reductions-in-force have taken place.

Workers are not stupid – they understand that companies at times need to take drastic action. The real issue is whether they see the company balancing its immediate business interests against how those decisions will affect employees and the long-term business sustainability. Or, is it all just this quarter's earnings and stock price and everything else be damned?

Sirota Survey Intelligence research shows these issues are even more complex in unionized environments (or within cultures with adversarial characteristics).

Our research shows that when cutbacks are unavoidable, best-in-class companies still – through their policies and practices – demonstrate that employees are indeed their most important asset. However, much of that groundwork occurs before difficult times emerge. They often establish partnership cultures; relations grounded in mutual performance obligations, trust, transparency, and shared pain/rewards.

However, there are five actions managers can take to immediately help mitigate the after-effects of layoffs on employees who remain.

1. Communicate – quickly, openly, honestly. Answer the most pressing questions right away. Most survivors want to know whether the company will downsize further – and the likelihood that they will survive. Do not delay in confirming whether there will be job cuts, and only offer genuine reassurances. Secrecy or vague statements will just add to employees' sense of powerlessness and anxiety.

It is important to state why the steps that were taken were necessary and how they will contribute to short- and long-term business success. Show them how it is – or will be – working.

2. Allow for their emotional response. Anger, concern, insecurity, guilt and depression are perfectly natural survivor emotions. It is crucial for managers to spend time reassuring employees that it is OK to feel this way or their feelings

may release in non-productive ways, e.g., lower morale, reduced leadership trust, lowered productivity, and other examples of "withdrawal" – even destructive behavior.

Companies should create resources for managers – especially new ones – to help them support their employees.

Managers will also benefit from some level of emotional support. Senior leaders and HR professionals should be ready to help them manage the stress and guilt normally associated with their laying off their own employees, and the concern and even anger among those who remain.

3. Address work frustrations due to the cutbacks. Employees will rightly wonder whether work will be tougher now than before (more work, fewer resources, less training, etc.). Increased workloads for employees who survive are almost inevitable.

Often, this has the added effect of damaging teamwork at a time when all have to work together to rethink how tasks are done. It is important to explain how work will be done differently, rather than allowing employees to slowly realize that it will be business as usual – just accomplished with fewer resources.

In order to help lessen feelings of employee powerlessness, managers should involve their employees in the search for work-related solutions. Gain-sharing and other employee involvement efforts offer opportunities for workers to help improve operations while generating financial gains for both the company and employees.

4. Demonstrate continuing long-term interest in the careers of the survivors. With all the cutbacks and layoffs, survivors may begin to question their own developmental prospects within the company. Further, treating people like disposable commodities – the message that many layoffs convey – precipitates in them a disengagement from the firm.

The period following layoffs is a good time to introduce "stretch assignments" – those that expand the skills of survivors and demonstrate confidence and continued interest in them. It is also a good time to increase the frequency of discussions about career-related topics. Skip-level meetings (where employees meet one-on-one with senior leaders within their hierarchies) are a good demonstration of managerial interest and raise employee-engagement levels.

5. Assess whether it's working – don't guess. Management-by-fact is the best way to gauge how employees are performing and reacting after layoffs. Periodic, systematic, employee-attitude assessments enable management to ascertain the impact of their actions on the day-to-day operations of the company and workforce morale. Employee surveys and other similar tools, such as focus groups, also demonstrate to workers that they are still important assets whose views it is critical for management to know.

Douglas Klein is president of [Sirota Survey Intelligence](#), specialists in employee attitude research, headquartered in Purchase, N.Y.

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