

LOSS: LayOff Survivor Sickness

Layoff Survivor Sickness (LOSS) is the set of attitudes, feelings and perceptions of those who survive *not* being laidoff.

It shows itself though the coping behaviours used to manage the stress associated with surviving being 'cut'.

"It begins with a deep sense of violation. It often ends with angry, sad and depressed employees, consumed with their attempt to hold on to jobs that have become devoid of joy, spontaneity and personal relevancy."

The root cause of layoff survivor sickness is a profound shift' in the psychological relations between the individual and their organisation:

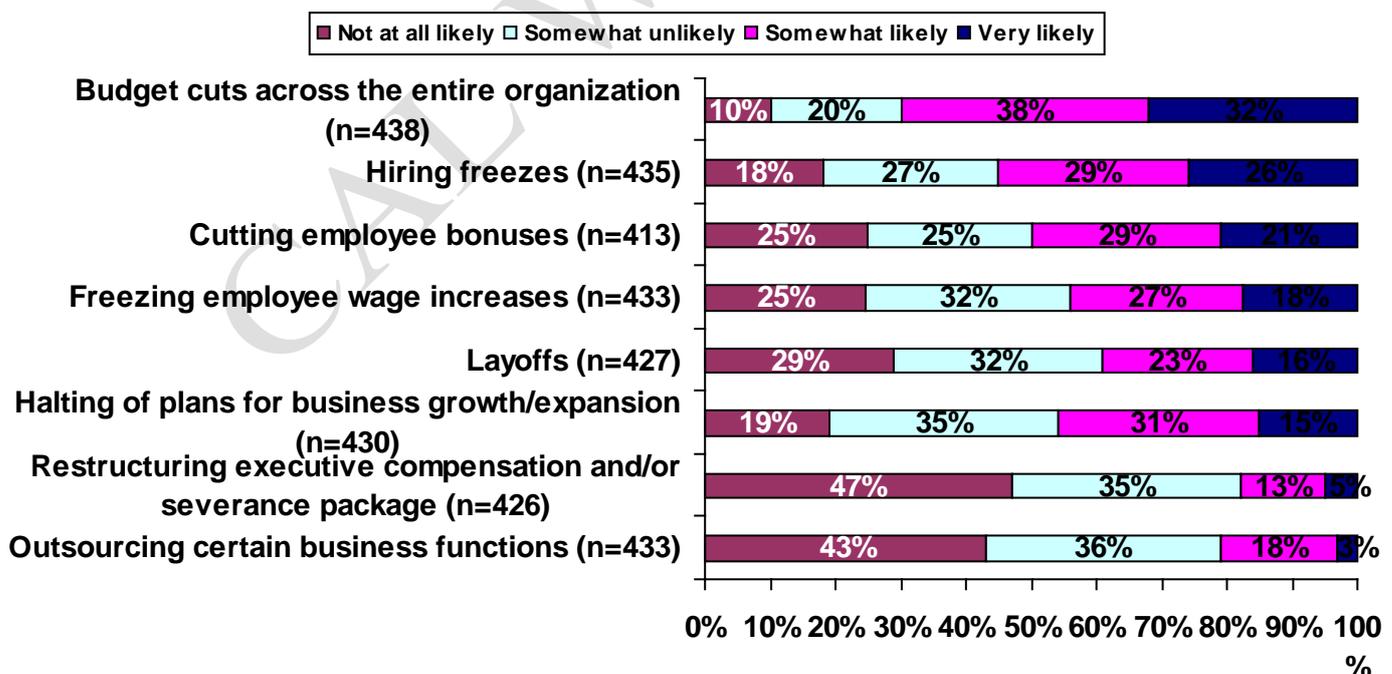
"Symptoms of layoff survivor sickness are found in pockets in most (downsizing) organisations and is breaking out in epidemic proportions in many."

Noer (1993) wrote this insightful work after the 1991 recession. His words are more than appropriate today. Compared with today's Global Financial crisis 1991 was just a dump.

Managing the Global Financial Crisis

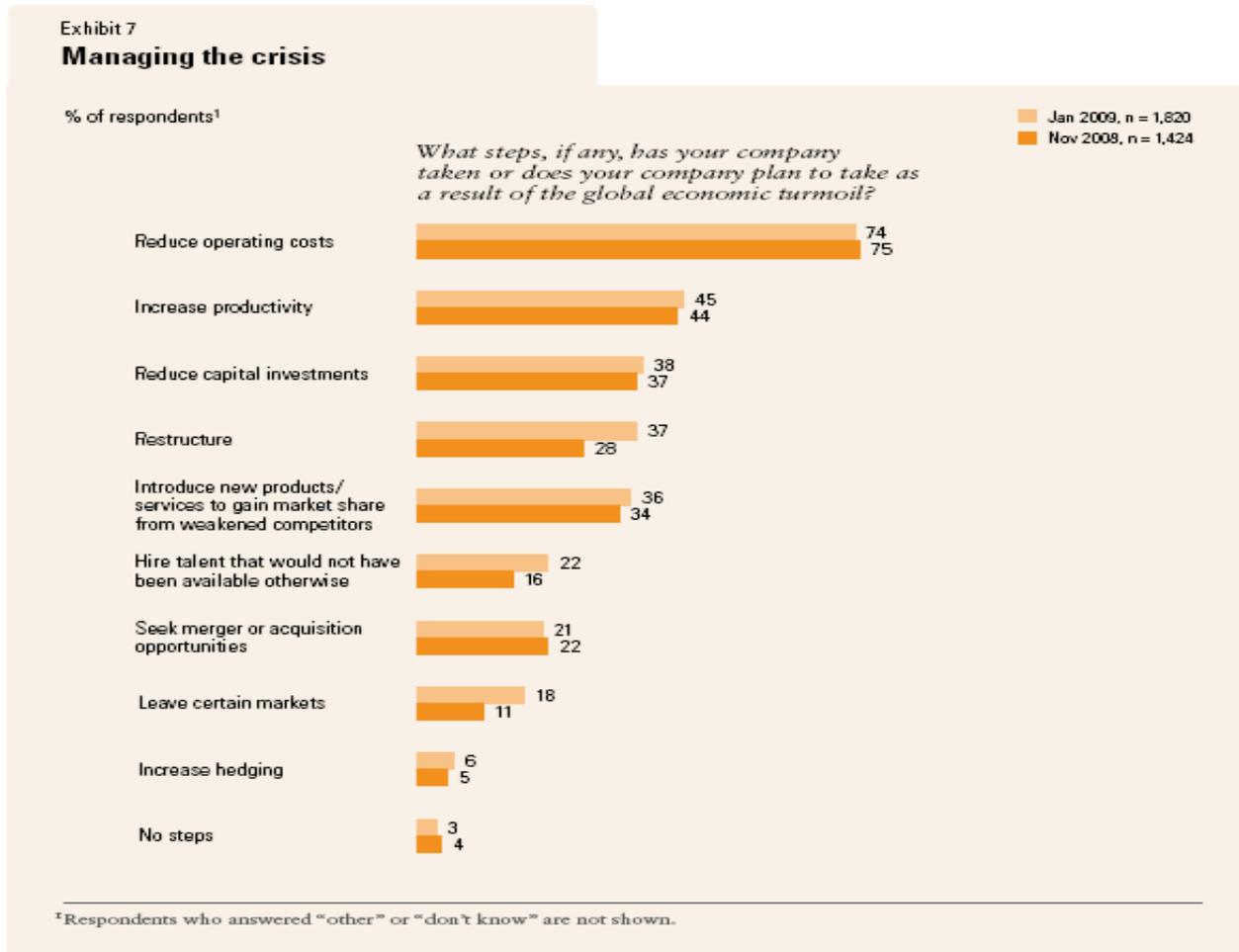
On October 1st 2008 The Society of Human Resource Management (SHRM) released the findings of its SHRM Poll - looking at any changes organisations have made in light of 2008 financial challenges to the U.S. economy.

The graph below sets out respondent answers on eight common strategies to the question 'Assuming the current financial challenges to the U.S. economy continue, what is the likelihood of each of the following for your organisation?'



Society of Human Resource Management

McKinsey's conducted a global field survey of executives in November 2008 and again in January 2009. The following table sets out the strategies respondents were using to manage the current crisis.



McKinsey Quarterly McKinsey Global Survey Results. Economic conditions snapshot, February 2009

As with the SHRM survey reducing costs was a major strategy – this would have included reducing labour costs though downsizing.

Job Loss Predictions Realised

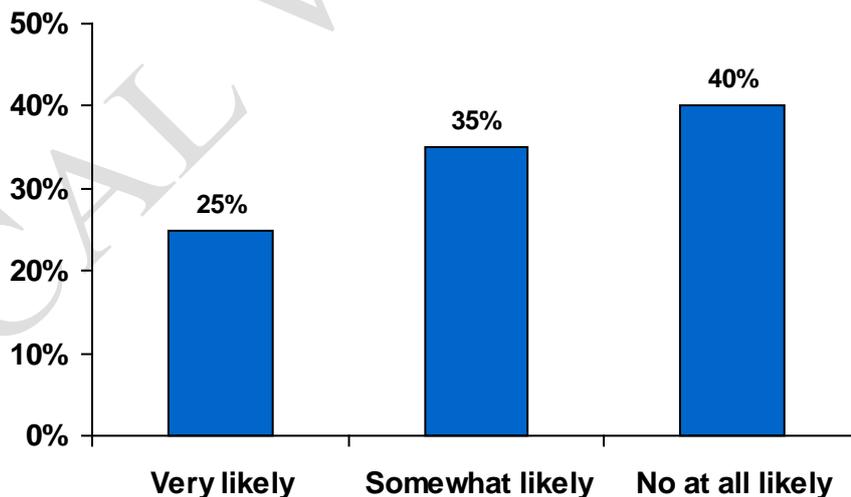
On October 30th 2008 the SHRM released the findings of another of its SHRM Poll – Layoffs in light of 2008 challenges to the U.S. economy. This poll particularly dealt with how organisations were reducing their staff costs.

Results of 3 of the questions contained in the survey are shown in the following pages.

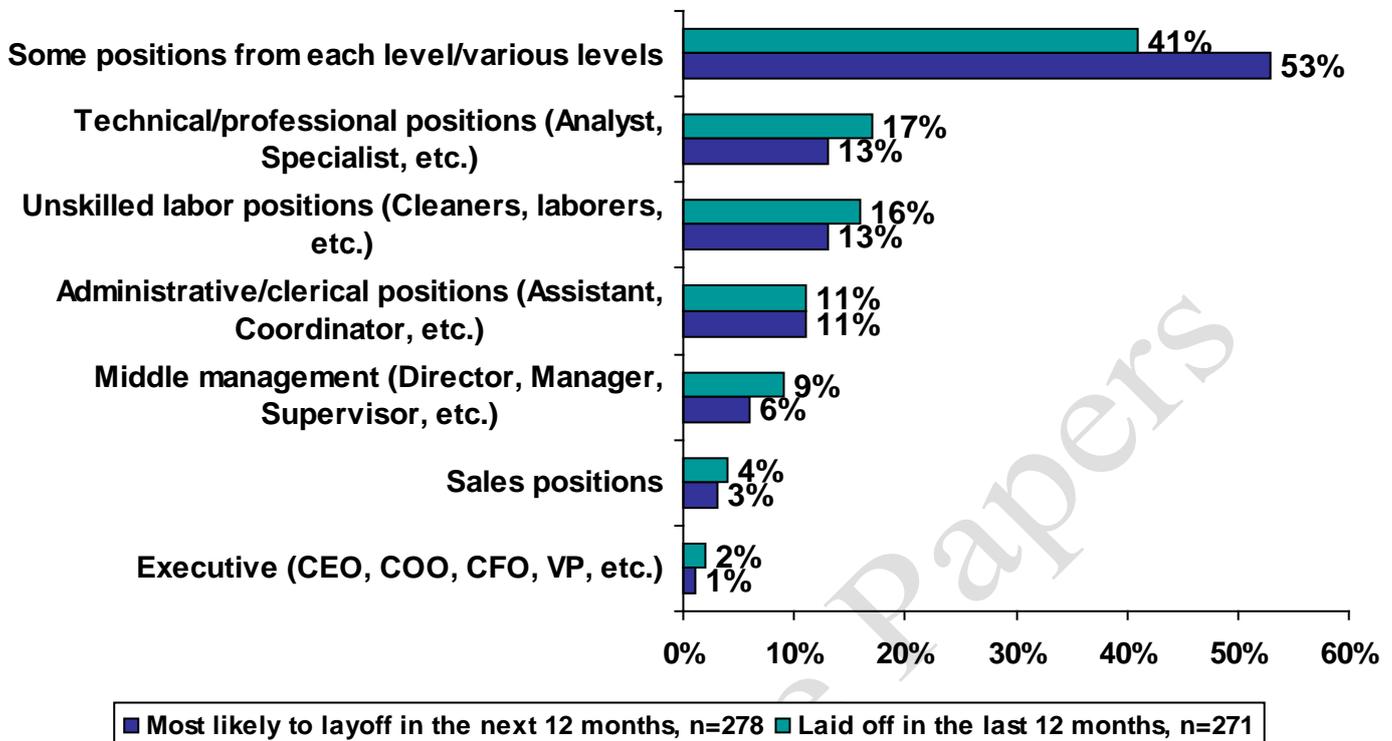
1. Within the past 12 months, what steps, if any, has your organisation taken to cut costs related to staffing?

Attrition	72%
Hiring freeze	48%
Did not renew contracts with existing contract/temporary/contingent workers	21%
Encouraged employees to use vacation time	18%
Reduced employee work hours	17%
Hired more contract/temporary/contingent workers	12%
Retraining of employees for new positions in organisation	10%
Reduction in employee benefits offerings	10%
Organisation wide workweek reductions	9%
Shut down business for short periods at a time	7%
Offered early retirement to employees	6%
Offered job sharing	5%
Salary reductions	5%
Salary freeze	3%
Reduced/eliminated overtime	3%
Other	4%

2. How likely is it that your organisation will lay off employees within the next 12 months?



3. At what job level did most of the layoffs occur or will they be most likely to occur?



Not So Hidden Traps of Restructuring

Prof. Wayne Cascio (*Cascio Responsible Restructuring* 2002) has made a particular study of organisational restructuring – which in the current climate means downsizing. *Chapter 3 – Bakers Dozen Myths versus Facts About Downsizing* he sets out very timely cautions (as myths) about restructuring/downsizing:

- Myth 1. Jobs are secure at firms that are doing well financially.
- Myth 2. Companies that are laying off workers are not hiring new ones.
- Myth 3. Downsizing employees boosts profits.
- Myth 4. Downsizing employees boots productivity.
- Myth 5. Downsizing employees has no effect on the quality of products or services.
- Myth 6. Downsizing employees is a one-time event for most companies.
- Myth 7. Since companies are just “cutting fat” by downsizing employees, there are no adverse effects on those who remain.
- Myth 8. Most employees are surprised to learn they’ve been laid off. They ask “Why me”?
- Myth 9. At outplacement centres, laid off employees tend to keep to themselves as they pursue jobs.
- Myth 10. The number of employees let go, including their associated costs, is the total cost of downsizing.
- Myth 11. Violence, sabotage or other vengeful acts from laid-off employees are remote possibilities.

- Myth 12. Training survivors during and following layoffs is not necessary.
- Myth 13. Stress-related medical disorders are more likely for those who are laid off than for those who remain.

Cascio’s carefully researched findings prove deep cause for reflection and careful risk management before ‘wheedling the axe’. The following words (McDonald & Mansour-Cole 2000) contain a crystal clear message: “It is imperative that leaders at all levels of the organisation understand the human issues surrounding change”.

LOSS LayOff Survivor Sickness

Some of ‘human issues’ surrounding the traumatic changes involved in layoffs manifest themselves in the attitudes, feelings and perceptions of those who survive *not* being laidoff and remain within the organisation.

The following is a list of some of the positive and negative attitudes, perceptions and feelings held and felt by survivors. Note the disparity in number between the positives and negatives

LOSS Layoff Survivor Sickness Attitudes, Perceptions and Feelings

Positive	
Communication	“Management is keeping us informed. We know where we stand. Not knowing causes fear & uncertainty.”
Continuing commitment	"Because I have been retained/I'm still here I feel more committed to the organisation"
Co-operation	To make sure the work gets done we have to co-operate & assist each other. It’s a much better feeling”.
Euphoria	“At last they have got rid of the deadwood”. Now we can get on with it without the dead-weights holding us back
Optimism	"Because the 'hard yards/tough decisions have been made things will get better"
Relief	"Thank God that's over and now we can just get on with it."

Negative	
Anger over the layoff processes	Anger at the way terminations were done and the treatment of those who were laid-off
Blaming (particularly upwards)	Blaming superiors for getting you into this uncomfortable position
Communication (lack of)	Lack of communication contributes to fear and uncertainty. Incomplete communication contributes to scepticism, mistrust and disrespect.
Depression, stress, fatigue	Feeling distressed and/or depressed and subsequent tiredness
Diminished truth& incomplete reporting (Being “spun”)	Tendency to report only the good news and to hide or suppress any bad news for fear of repercussions of the bad news
Dissatisfaction with planning and communication	Resentment at getting perceived or real 'mushroom treatment'
Mistrust, betrayal and paranoia	Diminished trust and organisational loyalty. “I worked hard and was loyal but that doesn’t count anymore”. You can’t trust people and people will backstab to keep their job”.
Extra workload resentment	Anger/resentment at the extra workload but fear of speaking up in case you to get the sack
Inequity of different severance packages	Resentment and/or at perceived or real inequity between managerial and line worker severance packages
Irrationality	Lack of apparent logic or reason in who stay and who is culled. Survivors question management competency and integrity.
Job insecurity	Feeling of job security being under threat
Lack of Management credibility	Distrust/questioning of managerial competence
Lack of reciprocal commitment	Diminished loyalty to the organisation because of perceived/actual disloyalty to staff
Lack of strategic direction	Loss of faith/confidence in management for real/perceived lack of ability to manage the situation strategically
Loyalty to job but not the organisation	Shift towards a more transactional relationship with the organisation. I will do my job well but blow the organisation
Managerial inconsistency	Managers telling you one thing but doing another – nor “walking the talk”
Minimum work only/ Strict compliance with position description	Working strictly in accordance with position description duties/ doing minimum required work (so I can't get into trouble) because of feeling of real/perceived ill-treatment of self or peers

Layoff Survivor Symptoms continue next page

Layoff Survivor Symptoms continued

Presentism/ Not taking holidays	Presentism (spending more time at work just to be seen to be keen and/or fear of taking holidays in case you get fired whilst you are away)
Reduced risk taking and motivation	If I get something wrong I increase my chances of getting fired so I won't take any risks. I'll just play safe within the rules/system
Resentment at feeling guilty	I resent the organisation making me feel guilty because I survived
Resignation and numbness	"What's the point the axe is going to fall anyway"
Sense of permanent change	"Boy, it's not like it was the good old days anymore".
Short-term profit orientation	Resentment at the permanent costs to those laid off management's drive for short term survival
Increased need for information	Because uncertainty creates fear a major increase in the need to be kept informed and giving greater credence to the grapevine
Unfairness	Resentment and perceived/real unfairness in who was/wasn't laid-off
Wanting it to be over	Being sick of the whole thing and just getting back to certainty and security

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(NB: an assessment tool for measuring LOSS is also available from the College website at www.collegeforadultlearning.com.au)

LOSS and Employee Engagement

The benefits of employee engagement have been well documented and extolled over the last 5 years.

However, LOSS has a shattering impact on the psychological contract that underpins employee's levels of engagement with their organisation. Highly engaged employees can become highly disengaged survivors as 'pink slips' are handed out and when they perceive inequities in who is 'cut'.

An Australian example quoted in Cascio (2002) demonstrates the adverse effects on its surviving managers when a Bank (identified as Onebank) implemented a restructuring improvement program (acronym RIP) program between 1993-1995. 'One bank closed 350 branches, laid-off 10,000. This involved a "spill and fill" process. During that time 4500 new staff were engaged mainly in central processing sites.

A survey of Onebank's surviving managers "revealed an almost complete turnaround in attitudes in their careers. found a decline in the manager's commitment at all levels i.e. to their job, to their branch or department, and most of all, to Onebank and its goals"

Of these surviving managers:

- 77% worked longer hours
- 83% experienced increased stress
- 85% had a larger workload
- 49% felt a decreased lack of commitment to their employer, and
- 64% experienced decreased job satisfaction.

Rationalists may argue that these findings were acceptable 'collateral damage' to achieve RIP's goals. I wonder if those managers would agree?

There are strategies and interventions to remediate and/or prevent LOSS downsides. The College for Adult Learning provides a suite of Human Resource Management and Leadership courses including short courses which can help Managers and Supervisors enhance their people management skills and how they manage or prevent the downsides of loss.

Contact CAL for more information.

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About **Michael Meere**

Michael is a professional & academic in the field of human resources management (HRM). He is the CEO and founder of *Human Resources Business Partners HRBP* a worldwide business and HRM consultancy focusing on global human resources challenges and solutions. Michael is also a part-time prac-academic (as he likes to refer to think of himself) supporting post graduate HR Masters students in their studies and research projects.

He is known in the field as a speaker and writer on global HR trends and issues and more recently has developed a comprehensive set of HR metrics and measures designed for ease of use by busy HR practitioners. He is the author of over 50 articles and columns and has developed a large range of tools for HR professionals.

Michael is working in partnership with the College for Adult Learning to provide a range of consultancy services and specialised training development options for HRM Practitioners.

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