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Companies must handle layoffs with care – especially in a pandemic

Job cuts are an unfortunate part of life in business, and not only during recessions. It's important that companies and managers are always prepared to handle layoffs appropriately



The threat of having to lay off large proportions of the workforce looms particularly large in the midst of the COVID-19 crisis

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The COVID-19 pandemic has wreaked havoc on businesses all over the world. With revenue streams suddenly drying up, plans have been put on hold.

Even with the amount of government support being offered, many organisations will be forced to make redundancies, and even this may not be enough to ensure some businesses survive. But it should be remembered that layoffs are part and parcel of running a business – they can occur at any moment, not just during times of crisis.

As a result, business leaders should always be prepared to let people go – and one of the important things to remember is that every employee is an individual with career aspirations, outgoings and a lifestyle that depends on them remaining in employment. So whether redundancies are taking place en masse or to a single member of staff, it is important that managers handle them appropriately.

Before businesses look into the best way to deliver the bad news, they should explore whether there are other routes available to them

Tough times

The threat of having to lay off large proportions of the workforce looms particularly large at the moment. In May, **Ryanair** announced 3,000 job cuts – equivalent to 15 percent of its workforce – and **British Airways** is set to let 12,000 members of staff go. The losses are not confined to the travel industry: **according to the European Trade Union Confederation**, at least one million people lost their jobs in Europe in the final two weeks in March.

For businesses, this presents an unwelcome challenge: how best to inform employees that their contract is about to be terminated. The language that managers use will be critical, and should be compassionate but also honest. Sugar-coating the situation will only make matters worse in the long term.

“Managers and HR teams must be straight with people,” Kevin Green, former CEO of the Recruitment and Employment Confederation, explained. “Don’t beat around the bush: explain the situation the business finds itself in and the decision that’s been made. If it’s redundancy, don’t forget to remind employees that this is not their fault, the environment has changed and the business has to respond. Explain how you can help them and what the terms are. Also, follow up the next day. Sometimes people are in shock and they need to reflect. Let them talk. They may be upset or angry; these are normal emotions. Often just listening and being empathetic is all people want. Remember, it’s how you do these things that matter.”

As Green mentions, offering support can soften the blow when delivering bad news. Separation packages can offer short-term financial aid, while an employment assistance programme can provide services like free and confidential assessments, counselling, referrals and follow-up services to help them manage the layoff as best as possible.

But even as they offer this support, managers should stay formal. “It’s important that managers remain objective,” Geoff Hudson-Searle, business advisor and author of *Purposeful Discussions* told *European CEO*. “It can be easy to personalise a layoff, but it’s

not productive. Managers should remain objective when selecting positions to eliminate. They need to be mindful of their words when speaking about the reduction. People are not being cut – positions are cut, and people are affected.”

Job losses

as a result of

COVID-19:

3,000

Ryanair

12,000

British Airways

1m

Across Europe

in the last two

weeks of March

Other tips that managers would do well to follow when dealing with layoffs include being open with other members of the team so they know about any redundancies at the earliest opportunity. This allows those in leadership positions to be united. Focusing on the future can also provide reassurance to the remaining members of staff.

Exploring other options

Before businesses look into the best way to deliver the bad news, they should explore whether there are other routes available to them. When experiencing financial distress, for whatever reason, reducing employment numbers is often the easiest option – staff are, after all, often an organisation’s biggest expense. That doesn’t mean it is the right option, though.

Businesses that pursue redundancies without making other changes to their operations are unlikely to find success in the long term. Employers that do their best to retain staff may find their outlook is more stable. A report published by the SHRM Foundation in the aftermath of the 2008 financial crisis explained why shrinking the workforce is not always the best course of action: “More than three million Americans lost their jobs in 2008. However, 81 percent of the top 100 companies in *Fortune’s* 2009 list of [the] best employers

to work for had no layoffs that year. Employment downsizing is often implemented during economic downturns as a reactive, tactical action.”

Employment downsizing is not a cost-cutting cure-all, nor does it guarantee that short-term savings will exceed long-term costs. At the same time, cash flow is the lifeblood of any organisation, and so an alternative solution must be found in difficult times. Short-term financial relief from investors or government loans might mean companies suffer fewer layoffs than initially planned. Wage cuts or finding efficiencies elsewhere might also be preferable to letting an employee go.

Business leaders must always be mindful of the short and long-term costs of layoffs. Before deciding to downsize, managers should consider the variety of effective alternatives available. When downsizing is the best solution, organisations should treat employees humanely and be proactive in addressing the reactions and needs of those who remain.

In it together

Layoffs are never ideal and it’s a gruelling process for both management and staff. But history demonstrates that there are some specific things leadership can do to ease the emotional turmoil and stress. A mix of common sense, empathy and business etiquette goes a long way.

One thing that business leaders often forget to pay consideration to during difficult moments is their own wellbeing. As the coronavirus pandemic is showing, self-care is essential, so managers should try not to feel personally responsible for redundancies that they have to make. At moments of widespread business crisis, it is important to maintain a sense of perspective – your business is not the only one facing challenges.

“This is an unprecedented time for businesses and there’s no one-size-fits-all solution,” Hudson-Searle added. “No one can control the changes in the economy or market, just like no one can control the weather. An industry can change with the lightning strike of a brand new idea or product. We are likely entering a time in which people change consumption patterns. Fitness solutions for home, home entertainment, people-tracking and data security, new healthcare equipment and online education solutions, to name just a few, will be in higher demand. All of these developments create many new opportunities for businesses. It’s not about beating the weather – it’s about learning how to survive it.”

In an ideal world, layoffs would always be avoided, but as the current crisis shows, businesses do not operate in an ideal world. Whether a result of internal failings or circumstances beyond a company’s control, job cuts are an unfortunate fact of life, so businesses need to be as prepared as possible to manage them.

Source: <https://www.europeanceo.com/business-and-management/companies-must-handle-layoffs-with-care-especially-in-a-pandemic/>