



# Righting Downsizing in Asia: How to Keep Layoff Survivors Engaged

By Kyle Lundby, Ph.D., Kenexa, Brenda Kowske, Ph.D., Kenexa® Research Institute and Siddartha Partha, Kenexa

Although the global economic meltdown has its roots in the United States, virtually every economy across the globe is now caught up in this unprecedented crisis. While nauseated watchers of the NASDAQ, Hang Seng, BSE and other indexes experience the highs and lows of the daily tumult, the stakes are higher and more painful for laid off employees, or those who fear for their future. For the Asian economies that have enjoyed rapid growth in recent years, particularly China and India, the crisis has been hard-felt. Today, nearly every industry has been affected in some way. In India, the fear of a global slowdown is worrying. People have not been exposed to an environment of global repercussions. Although specific details can be hard to come by, reasonable estimates indicate that literally thousands of Chinese factories have been closed, scattering displaced workers throughout the country. For many factories that remain open, layoffs are inevitable.

What does this mean to the employees who remain behind? If engaged workers are the key to a variety of important business outcomes, what toll does downsizing take on the morale of the survivors? In this edition of our Eye on Asia Pacific series, we examine the opinions of layoff survivors in Asia. What can organizations do to re-engage layoff survivors and strengthen their workforces for the eventual, but inevitable, economic revival?

## The Walking Wounded

Whether we use the term layoff, downsizing or rightsizing, the outcome and the pain for workers is the same. Although still employed, layoff survivors could be described as the walking wounded. Survivors carry a heavy burden—covering for lost friends and colleagues, wondering about their own security

and possibly losing trust in senior leaders. Employees in mid-level leadership positions must deal with similar issues, while showing a strong face and sense of pride in the organization.

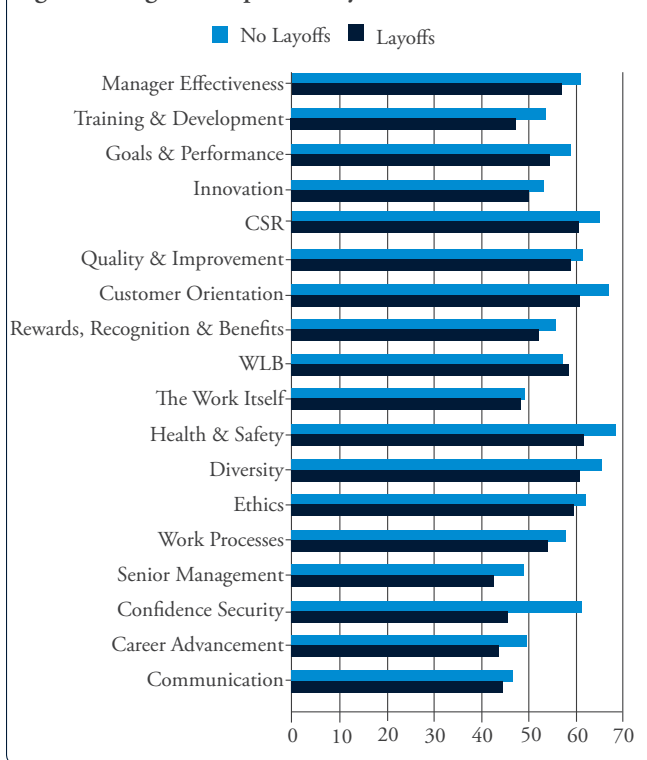
The Kenexa Research Institute (KRI) utilized WorkTrends™ data to explore employee opinions and engagement drivers in Australia, China and India. The results examined the effects of layoffs on employee engagement and turnover intent. They also identified the work characteristics most important to maintaining engagement and effectively emerging from the downsizing unscathed. We combined all data, though we acknowledge there are differences between countries in terms of the engagement drivers and absolute magnitude of favorability scores (see “Eye on Asia” article in *Evolve<sup>HR</sup>* 2.2).

## The Negative Impact of Downsizing

As Figure 1 clearly shows, members of organizations that have undergone layoffs in the past 12 months are less positive on every WorkTrends dimension, most notably with regard to confidence and security (i.e., confidence in the organization’s future) by a difference of 16 percentage points. Perhaps this explains Trevor and Nyberg’s (2008) finding that voluntary turnover rates increase within the calendar year of, and 24 months following, the downsizing event.

## Maintaining Engagement

Conventional wisdom maintains that initial layoffs target employees with poor performance and employees in redundant positions, while subsequent layoffs target employees with higher performance in more critical positions. Regardless of whether your organization is experiencing the first or second round of layoffs, the data provide insight into the key factors that promote

**Figure 1: Negative Impact of Layoffs**

engagement among layoff survivors. By focusing on these areas, organizations should be better positioned to rebound with the economy, but perhaps, more importantly, are able to retain key employees who are critical to the organization's future.

A key driver analysis conducted on layoff survivors reveals the following items as the key drivers of employee engagement:

- Confidence in the future of my company
- A promising future for me at my company
- All employees have equal opportunities for advancement regardless of gender, ethnicity, religion, sexual orientation and culture
- Satisfaction with recognition for the work I do
- Excitement about my work

These five items are drivers of engagement for any organization; however, they make up a larger portion, roughly 40 percent, of engagement for organizations that have recently undergone layoffs—and scores are significantly lower for layoff survivors. This suggests that leaders of organizations that have recently

experienced layoffs need to put more focus on responding specifically to these five items.

In addition, the order of importance of the drivers is different for layoff survivors. For example, feeling that there is a promising future is much more important. This suggests that organizational efforts to improve confidence and the sense of security would be time well spent in a post-layoff environment—a finding substantiated by the 15-point difference on the confidence and security dimension between the groups.

The top drivers for layoff survivors show a greater preponderance for layoff survivors of employee-centric questions. In other words, items that have to do with “my experience” and “how I feel” move up in rank compared with employees in non-layoff organizations. Drivers of engagement in non-layoff organizations include items that ask about innovation, ethics and social responsibility. For layoff survivors, these issues are further down the list of engagement drivers and take a back seat to the more personal matters.

### Turning Survive into Thrive

If your organization has undergone trauma in the form of layoffs because of economic conditions or other reasons (e.g., M&A-induced redundancies), what should HR practitioners and organizational managers and leaders do? The results suggest a number of important steps that can be taken to enhance future levels of engagement and mitigate the potential of regrettable turnover.

#### *Confidence is Key*

Perhaps one of the most important first steps in any post-layoff environment is to regain employees' confidence in the organization and particularly the future roles they play. Confidence can be instilled in a variety of ways, but leaders should communicate the strategy going forward, translate the strategy into what it means for workgroups, listen to employee concerns and clearly define a brighter future for individual employees.

#### *Recognition and Opportunity*

In the midst of crises, individuals still make their way the best they can. Life goes on, despite the turmoil. Managers need to consider this while the organization struggles; employees need to know they are doing their job well and opportunities at the organization still exist.

### *Turn “Me” Into “We”*

In a post-layoff environment, employees may turn inward and worry more about matters that are personally relevant or that give them a sense of security. Naturally, in times of uncertainty, employees and managers will be more concerned with their own work and livelihood. This tendency toward protectionism can threaten to break down the social ties that bind an organization together. Reinforcing messages such as “we are all in this together,” and reiterating that “the group is stronger than the individual” will encourage employees to band together and increase organizational loyalty.

### *Prepare for the Rebound*

While there are things that can and should be done for your layoff survivors, it is important to take a long-term perspective. The economy will eventually rebound, customers will return and the path to prosperity will continue. How your layoff survivors are treated will become part of the organization’s history. If done well, this will help attract and retain new employees. If done poorly, it will have the opposite effect.

### **Summary**

Downsizing is tough on employees, managers and leaders. When cuts are deep, no one emerges unscathed. In previous years, layoffs were a once or twice in a lifetime event; now, seemingly, they are becoming business as usual. To emerge from these events ready for an economic recovery, organizational leaders and HR practitioners need to avoid a despondent, disassociated workforce. ■

#### **About Kenexa**

Kenexa provides business solutions for human resources. We help global organizations multiply business success by identifying the best individuals for every job and fostering optimal work environments for every organization. For more than 20 years, Kenexa has studied human behavior and team dynamics in the workplace, and has developed the software solutions, business processes and expert consulting that help organizations impact positive business outcomes through HR. Kenexa is the only company that offers a comprehensive suite of unified products and services that support the entire employee lifecycle from pre-hire to exit.

#### **Media Contact**

Jennifer Meyer, Kenexa  
1.800.391.9557  
jennifer.meyer@kenexa.com

**Kenexa**<sup>®</sup>