



Book Healing the Wounds

Overcoming the Trauma of Layoffs and Revitalizing Downsized Organizations

David M. Noer
Jossey-Bass, 2009
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Recommendation

Most books dealing with human resource issues are predictably detached and devoid of emotional consideration for employees. Leadership consultant David M. Noer’s refreshing study takes the opposite approach. He boldly issues a warning that the current global wave of downsizing has created a traumatic “layoff survivor sickness,” which employees can cure only by forging a new relationship with their employers. Although large corporations and top executives may have caused the 2008–2009 recession, lower-level employees shouldered much of the burden. That makes this report particularly timely. Looking ahead, Noer advocates a new employer–employee relationship that will empower employees and break their unhealthy codependency with their employers. This unsettling idea is a byproduct of the global, on-demand economy. *BooksInShort* finds Noer’s book refreshingly insightful and clearly written, and recommends it to aware, forward-thinking employees, ex-employees, executives and human resource professionals.

Take-Aways

- Between 1987 and 1991, some 85% of *Fortune* 1000 firms cut their workforces. This trend has resurfaced as a result of the 2008 recession.
- Layoffs break the psychological contract between employers and employees.
- Remaining workers often suffer “layoff survivor sickness.” They feel demoralized, sad, angry, abandoned, violated, guilty and detached.
- Recovery may require a long process of grieving during which productivity suffers, although companies often carry out layoffs to cut costs and boost productivity.
- Managers must learn to encourage survivors to express their repressed emotions and turn their energies to self-development.
- As in personal relationships, employees and companies can become codependent.
- Workers who break away from organizational codependency respect themselves more.
- To take control of their own careers, they need empowerment and a sense of identity.
- Situational work is replacing long-range employment. Never assume that a job will last.
- Tomorrow’s workers must be self-reliant and pursue self-development; employers must support and enable this transition.

Summary

Psychological Contracts

Downsizing is a global epidemic. Layoffs disrupt the psychological contract between workers and employers, making everyone demoralized, depressed and angry. Those who remain on the job after their co-workers are dismissed often experience “layoff survivor sickness,” which leaves them feeling violated and detached. They become afraid to take chances, thus undermining productivity and competitiveness.

“If you are a manager or leader in an organization that has been, or is about to be, downsized, you have a tremendously important role and a difficult...task.”

This downward spiral, which affects workers, managers and entire companies, partially results from relying on an outdated employer-employee relationship that predates World War II. While waves of layoffs occurred in the 1980s and early-1990s, the 2008 recession made downsizing common and turned layoff survivor sickness into a pandemic. To recover and move ahead, workers must become more independent and secure in their professional and personal abilities. For that to work, employers must rethink the concepts of “loyalty, motivation and commitment.”

“If you are a layoff victim, you must make your transition a learning experience.”

Corporate managers usually cut employees to reduce expenses and improve efficiency. Layoffs usually achieve the former but not the latter. The surviving workers and their managers are in a very negative emotional state. Interestingly, remaining staffers have many of the same emotions as their laid-off colleagues. They feel that their companies do not appreciate their work. They think their employer treated the dismissed workers as commodities. Survivors try to numb and repress these feelings. Often, the higher a person’s management level is, the more he or she tries to deny such emotions. Companies treat dismissed workers and survivors differently. They commonly give job counseling and other support to laid-off workers, but they expect survivors to work harder in gratitude for not being fired. Companies rarely offer any assistance to those who remain on the job, although these survivors’ guilt will not dissipate without help.

The New Workplace

Corporate leaders’ attitude toward the employer-employee relationship is changing in four areas:

1. **“Assumptions about people”** – Executives used to see employees as assets who could become more valuable over time. Now, they tend to see workers as costs they can cut to improve the bottom line.
2. **“Language patterns”** – Violent new phrasing, such as “take out,” “shoot,” and “terminate,” reflects the new “hire and cut” strategy.
3. **“Time orientation”** – Firms are recalculating employment duration, so workers now have jobs instead of careers.
4. **“Size orientation”** – Instead of developing employees and building a workforce, companies hire contract workers so they can cut their number of employees at will. This has led to the rise of “human resource accounting,” a relative of cost accounting, which seeks to amortize assets over time. The difference is that the assets are human beings.

“Many layoffs are planned and executed by isolated and desperate executives and their number crunchers who erroneously conclude that a layoff on a Friday afternoon will lead to a productivity gain on a Monday morning.”

The downsizing trend has been evident since the late-1980s. From 1987 to 1991, 85% of *Fortune* 1000 firms cut the ranks of their “white collar” staffs. In the 1980s, America lost two million jobs, half from the ranks of midlevel managers. At the time, pundits lauded the CEOs who fired thousands of workers as “transformational leaders.” More recently, layoffs have become global, cutting across all managerial and staff levels, affecting nonprofit as well as for-profit organizations. Younger workers who missed the 1980s wave of layoffs are having an especially difficult time because they have a sense of entitlement and expect immediate success.

Persistent Depression

Workers who survive layoffs suffer long-term, persistent depression. Any road to recovery must begin with an emotional release, a catharsis that starts when survivors talk about how the dismissals made them feel. That conversation is impossible in most workplaces where the culture discourages the expression of real emotions and survivors are afraid of offending their managers.

“Mergers, downsizing and the resultant layoffs are not as neat, tidy and sterile as accountants and security analysts make them out to be.”

However, the right support can break this cycle. In one instance, author David M. Noer led a group of employees who had not been fired through an exercise in which they each recounted a traumatic event, like a natural disaster, that they could relate to, but had not experienced first hand. They compared the emotions they felt after their firm’s massive layoffs to how they felt after the traumas they had recounted but had not undergone. The emotional impact of the layoffs – fear, anger and depression – was the same. This group exercise created an emotional release that stood in stark contrast to the cold, rational discussions that commonly happen in workplaces.

“Managers communicating layoffs are presiding at a funeral, not an M.B.A. class on financial analysis or analytical decision making.”

People who survive traumatic events often suffer images of destruction and death. Workers who survive layoffs similarly “have recurring images of destruction, although these are obviously significantly more diminutive in tragic consequences.” They may experience images of being abandoned and mentally abused. Sometimes, surviving staffers suffer a condition called “marasmus,” or wasting away – “mental withdrawal and loss of affect.” Babies who receive no love or attention can fall into this state. Victims and survivors both endure this sealed-off emotional suspension, which eventually can destroy an organization. One study says organizational units also experience marasmus, which results in a general lack of motivation and direction. Their people don’t share the same goals; their energy drops and the company atrophies.

“People need a more personal, more secure and less organizationally dependent sense of purpose or spirit.”

Psychiatrist Robert Lifton, who studied Hiroshima survivors, found that some common – though less intense – themes apply to workers who survive layoffs. After the downsizing, they feel a sense of abandonment, resentment and mistrust, particularly if they believe that a former boss could have prevented the dismissals. A 2008 study of 4,172 layoff survivors found that 74% reported lower productivity. Empty cubicles and vacant parking spaces exacerbated their suppressed survivor guilt, anger and anxiety.

“The cure for layoff survivor sickness requires that survivors accept the new reality and let go of the old paradigm.”

Layoff survivors have reported being listless, risk averse, unemotional and unable to form serious relationships because they felt suspicious and could not let go of identifying themselves as victims. Frequently, they chose to have limited contact with former co-workers. In formal interviews, survivors indicated that downsizing changed their perception of the employee-employer relationship. Long-term (median tenure 16 years) workers who survived layoffs said that time did not diminish their survivor guilt. If anything, it bred stronger fatigue and resignation. The survivors felt insecure in their jobs, and ashamed and indignant that their former executives' received golden parachutes after they betrayed the company's shareholders and retirees.

Four Steps to Recovery: "Interventions for Healthy Survival"

To achieve any long-term business gains from downsizing, executives must focus on their remaining staffers. Studies find that, particularly if executed poorly, downsizing can decrease work quality and productivity. That's what happens when managers show no regard for the surviving employees who must keep working with fewer co-workers and more stress. To alleviate survivor guilt, workers and corporate leaders must adopt a new employer-employee relationship model. Coping with layoff survivor sickness and moving ahead involves a four-step process:

Step 1: "Manage the Layoff Process"

After layoffs, survivors crave information about their new workplace environment and their dismissed co-workers. Since people feel so much uncertainty, managers should make all types of information about the layoff process readily available. Executives should ensure that this process is "clean" and transparent so it does not "demotivate" their remaining staff or instill panic. Leaders must be visible and must communicate in an empathetic, honest, personal way to avoid any hint that they are manipulating the downsizing. This may mean defying lawyers and other experts who advocate conducting business normally and being unemotional and detached. Telling the truth takes courage and the message is often the opposite of what job survivors want to hear, but that is part of this painful process.

Step 2: "Facilitate the Necessary Grieving"

After mass layoffs, surviving employees grieve for their departed co-workers. When their depression, anxiety and anger become too great, some survivors may release their emotions by erupting in disproportionate ways at inappropriate times. An inside manager who knows the company's culture should work with an outside trained professional to lead therapeutic processes or interventions to help survivors through their emotions. The new employer-employee paradigm includes teaching managers to assist survivors by coaching them and listening to them so they can express and release their feelings. This enables remaining staffers to redirect their energy into recovery. Elisabeth Kübler-Ross [an expert on grief and mourning] developed a model for the grieving process. She said survivors pass through "denial, anger, bargaining, depression" and "acceptance, which is not equated with happiness." Traversing these stages helps remaining staffers cope with poisonous, exhausting survivor emotions, including resentment and confusion. It brings them closer to becoming empowered and independent, but it is not the end of the recovery process.

Step 3: "Break the Codependency Chain and Empower People"

Companies must help workers rebuild their self-esteem and take control of their careers. Effective interventions help survivors develop independent identities that are not directly tied to their work. Just as people sometimes come to rely on each other in unhealthy codependent relationships, codependent connections can evolve at work when staffers see their jobs as their only source of identity, pride and worthiness. Just as their jobs shape their identities, they struggle to control the corporate systems that rule their lives. People in such unhealthy employer-employee relationships cannot be empowered, free, creative or spontaneous, because they are not independent. Workers who break away from organizational codependency and find autonomous identities learn to respect themselves and their own power. They focus on the quality of their work instead of seeking corporate approval to confirm their self-esteem and sense of worth.

"Those of us who must revitalize ourselves or our organizations must understand the true depth and staying power of survivor symptoms."

Breaking this codependency is a three-step process: detaching from the controlling entity or person, releasing control over others, and finding a "core purpose" or meaning outside of work. This spiritual adventure can help survivors find new meaning and creativity. They need courage to realize that they can earn their livelihoods outside of their relationship with their familiar employers. This knowledge is very empowering. Survivors can release their constant worry about being the next layoff victims once they know they control their own professional development.

Step 4: "Build a New Employment Relationship"

Following World War II, the implicit agreement between employers and employees was based on mutually valuable long-term relationships. The new global economy has changed the game. To limit layoff survivor sickness in the future, acknowledge that a new employer-employee contract exists. Situational hiring has replaced long-term employment. The spreading worldwide economy is based on contract jobs, so employees will need to – or will be free to – find new work as current projects end. Empowered employees will work in self-directed teams. They will be responsible for quality work and totally in charge of their individual destinies.

"The feelings of those who stay and those who leave are mirror images of each other."

In turn, under this new paradigm, organizations would not penalize employees for leaving or returning, nor would they encourage employees to depend on them for their livelihoods. Organizationally inspired long-term career planning would become obsolete. The end goal would be to produce independent, self-assured employees who follow their own maps. To bring this about, leaders must empower their workers, and relinquish control and authority. This also calls for employment contracts that redefine ideas about loyalty, motivation and commitment. Such a shift will strain old structures and force leaders to guide their organizations through additional change as they become more globally competitive.

About the Author

David M. Noer is an honorary senior fellow at the Center for Creative Leadership and professor emeritus of business leadership at Elon University. He consults on downsizing, coaching and leadership development. His books include *Breaking Free*.

