

EXAMINING THE EFFECTS OF LAYOFFS ON THE SURVIVING EMPLOYEES

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Abstract

The study aims to examine the effects of layoffs on the surviving employees in the organization. It is a descriptive study. The data has been collected with the help of a structured questionnaire. The questionnaire was designed on the parameters: stress, health problems, emotional impact, leisure impact, impact on their children and interpersonal relations. The sample size of the study was 70. The study concludes that the layoffs create adverse effects on the psychological well being of the employee, which leads to stress, health problems, reduction in entertainment level. It is seen that due to layoffs the interpersonal relations also get effected to some extent. It is also seen that stress is the main factor which is correlated with almost all the parameters and the major outcome of the layoffs is the stress which is responsible for the further problems that an employee faces during this period of time.

Keywords: emotional, health, interpersonal, leisure, layoffs, psychological, stress, termination

Introduction

Layoff is the temporary suspension or permanent termination of employment of an employee or (more commonly) a group of employees for business reasons, such as the decision that certain positions are no longer necessary or a business slow-down or interruption in work. Layoffs can be perceived as a violation of the psychological contract between an organization and its employees, resulting in decreased trust and greater stress in the workplace. The negative effects on the survivors of a layoff — decreased commitment and productivity — are more costly for high-involvement workplaces, as these workplaces rely expressly on employee involvement and motivation. Not only are top-performing employees more likely to leave, but the employees that remain may exhibit less effort and involvement. Fortunately, these workplaces can mitigate the negative aftereffects of downsizing, the study found, by continuing their employee-friendly practices.

Many organizations resort to layoffs during periods of financial strain in obvious attempts to reduce personnel costs. In recent years, we have seen extensive layoffs in various industrial sectors. These layoffs have had an economic impact and a psychological impact on the individuals who were laid-off as well as their families. Several psychological perspectives offer some insight into the effects of layoffs on survivors. For example, layoffs may elicit anxiety produced by job insecurity that may in turn influence the performance of survivors. Indeed, the relationship between anxiety and performance has long been a topic of interest to experimental psychologists.

If the factors that influence survivors' reactions can be identified, then managers would be able to make more informed decisions about how to handle layoffs. Many of the determinants of survivors' reactions are factors that managers can influence. If the layoffs are mismanaged, thereby hampering survivors' productivity and morale, then the organization stands to lose a sizeable portion of the savings it hoped to achieve by introducing layoffs. Consequently, it is incumbent upon executives of a downsizing organization to plan and implement layoffs with special attention devoted to their impact on those who remain.

Introduction to Parameters

Stress: Stress is one effect that is seen in any of the jobs and even in the people who are not working. Stress has become a part of life now. But when the layoffs occur and the existing employees see their peers being laid off and have lost their earning. The surviving employees also feel tensed seeing this and it keeps on coming in their mind that they may be the next one to be laid off in the next round of layoffs. Stress includes the situations like not getting sound sleeps, doing things in a hurry etc.

Health problems: The employees seeing the layoff scenario and seeing their coworkers and peers tensed and in bad situation may get prone to health problems like severe headaches, blood pressure. They may indulge in consuming alcohol. Emotional Impact: Emotions are a part of any human being. They express the current feeling of a person. The person feel abandoned and rejected. The mixed emotions that surface after layoffs typically range from losing self control to jealousy to guilt to anger – much the same as what is experienced at the time of job loss. The emotional consequences can be significant and difficult to address if not taken seriously and proactively.

Leisure Impact: As a person is in the situation worrying about his/her job security. His mind does not see anything at this time other than performance and work. His/her main focus remains on how to save his job. Usually at this time of situation a person forgets that life is not merely about just doing work but it needs to have the leisure otherwise the life becomes dull. Impact on their children: Seeing their parents going through the hard face of life and depressed. The children also are affected in the same way. The work stress and the problems they face, they transmit on their children in the form of scolding etc. They are not able to give proper attention to their children as they used to give before. Also sometimes as they have fear of job loss in the future they compromise on reducing their children's activities so as to save money at this time. Interpersonal Relations: When one has got fear in his mind, the interpersonal relations start getting affecting. One gets into conflicting situations very often and also gets frustrated. He keeps worrying about his work and no relations are taken care of; be it relatives or friends. He doesn't show any kind of responsibility in maintaining these relationships.

Literature Review

Ost et al. (2018) layoff prompts a significant decrease in the likelihood of work while in school, however it has little effect on enlistment choices at the broad edge. On the escalated edge, layoff prompts an expansion in enlisted credits, steady with the way that the open door cost of school has diminished. Handwerker & Mason (2018) Long-term examples of work, normal wages, and conclusion probabilities when mass layoffs change by the purpose behind layoffs, the industry of managers, business age, and the period in which the layoff occurred. Managers with mass layoffs amid the colossal subsidence and the recuperation that has taken after have milder examples of work levels and conclusion probabilities than businesses with layoffs in past periods.

Eppel et al. (2017) Transitory layoffs negatively affect coordination into work past the separate work environment. This is the situation for both genders and an extensive number of businesses. The specialists concerned are not accepting any higher wages keeping in mind the end goal to adjust for the wage misfortune amid the layoff and to give a budgetary motivating force to sit tight for a review. Edler & Hense (2015) Workers lose salary because of joblessness and never recuperate the wage they could have picked up on the off chance that they had not have been expelled. By the by, workers likewise gain focal points through reviews, since they get higher post-reemployment compensation than representatives who moved to another business. This is on account of previous bosses give higher profits for residency and accreditations for individuals who sit tight for a review. Interestingly, representatives who were rejected and reemployed in another firm endure higher here and now wage misfortunes than reviewed representatives, however can increase long haul wage benefits by expanding comes back to work involvement.

Reissman et al. (1999) Wretchedness, in spite of the fact that a critical wellbeing result variable in its own particular right, is dealt with here as a type of mental misery which may encourage or worsen different wellbeing conditions. Feuerstein et al. (1999) in like manner noticed that forecasts of prosperity are upgraded by including both business related and singular level psychosocial status factors. Various specialists have perceived the significance of misery in foreseeing self-detailed physical wellbeing. Grunberg (1998) Expanded liquor utilization as a reaction to work trouble has been sensibly upheld in the writing, in any event as it shows itself among those specialists who buy in to a dreamer model of drinking. Worrall & Cooper (1997) The center examination was led in a power supply organization yet these discoveries have been supplemented by a progression of related investigations directed in both open and private segment associations and, specifically, by a multi year inquire about program being led in the UK to evaluate the effect of hierarchical change on directors' recognitions and work encounters.

Noer (1993) depicted what he calls 'survivor ailment', embodying sentiments of dread, nervousness, wretchedness, coerce, a feeling of misfortune and outrage. As far as practices, he perceived a propensity to evade dangers and preventiveness among survivors. Similarly as with past investigations, he trusted that these responses are affected by the level of foul play they see all the while and the degree to which the business/mental contract is evolving. Sutton & D'Aunno (1989) suggest that stress can be a significant outcome of layoffs combined with feelings of threat and worry and that survivors can become 'frozen' by stress and uncertainty

Objectives of the Study

- To study the psychological impact of layoffs on the surviving employees.
- To study the relationship between stress, health problems, emotional impact, leisure impact, impact on children and interpersonal relations.
- To give recommendations to how this adverse impact on employees can be reduced.

Research Methodology

Research design: It is a descriptive study involving survey conducted on employees. The data has been collected with the help of a designed questionnaire. The questionnaire was designed on the parameters: stress, health problems, emotional impact, leisure impact, impact on their children and interpersonal relations. The sample size of the study is 70 comprising of low and the middle level employees. Each of the above parameters contains subscales consisting of 4-8 questions that are rated on a five pointer likert scale. Respondents were asked to rate their responses on each question by checking that they Strongly Agree -1, Agree -2, No opinion -3, Disagree -4, Strongly Disagree -5.

Data Analysis ad Interpretations

Table-1: Mean and standard deviation for six parameters studied

	Total Str	Total Hp	Total Ei	Total Li	Total IC	Total IR
Mean	1.90	1.79	1.90	2.71	3.20	2.08
Standard Deviation	.690	.653	.748	1.047	1.151	.806

Interpretations: The mean of the parameter; Totals tr is 1.90 which means most of the employees agree that layoffs result in stress in their lives. The mean of the parameter; Total Hp is 1.79 which means that most of the employees agree that layoffs produce a great amount of health problems. The mean for the parameter; Total Ei is 1.90 which means most of the responses given were between 1 and 2 which shows that most of the employees agree that layoffs have an emotional impact. The mean for the parameter; Total Li is 2.71 which mean that most of the employees' responses are between 2 and 3 and very less employees agree that layoffs have a strong impact on their leisure activities. The mean for the parameter; Total IC is 3.20. Most of the employees have different views on this factor and that the responses of the employees lie between 3 and 4. The mean for the parameter; Total IR is 2.08 that mean most of the employees agree to it that layoffs are creating a great impact on their interpersonal relations. They agree that they often land up in conflicting situations and get frustrated very easily and are not able to give time to their relationships.

Total stress (totalstr)

Table-2: Descriptive statistics for total stress

		Valid Percent	Cumulative Percent
Valid	Strongly agree	28	28
	Agree	55	83
	No opinion	16.1	99.1
	Disagree	0.7	99.8
	Strongly disagree	0.2	100
	Total	100.00	

Interpretations: About 55% of the employees agree to it that layoffs result in the stressful situations and 28% of the employees strongly agree to it. They experience fatigue in their body.

Total health problems (totalhp)

Table-3: Descriptive statistics for total health problems

		Valid Percent	Cumulative Percent
Valid	Strongly agree	33.4	33.4
	Agree	55.4	88.9
	No opinion	10.3	99.1
	Disagree	0.9	
	Strongly disagree		
	Total	100	100

Interpretations: About 55.4% of the people agree to that layoffs produce a great amount of health problems and about 33% strongly agree to it. The employees feel that they usually get headaches, cold very often as the pressure on the work has increased due to layoffs. They have started consuming alcohol on a routine basis to relieve from the stressful situations. Due to the tensions they sweat a lot.

Total emotional impact (totalei)

Table-4: Descriptive statistics for total emotional impact

		Valid Percent	Cumulative Percent
Valid	Strongly agree	31.4	31.4
	Agree	49.1	80.6
	No opinion	17.4	98
	Disagree	2	
	Strongly disagree		
	Total	100	

Interpretations: About 31% of the employees are in strong agreement that layoffs have an emotional impact in their lives. The employees feel that they have become short tempered; they have started feeling jealous of others. They usually lose their self control. Some of them even feel lonely as their friends who were their coworkers have been laid off.

Total leisure impact (totalli)

Table-5: Descriptive statistics for total leisure impact

		Valid Percent	Cumulative Percent
Valid	Strongly agree	9.6	9.6
	Agree	39.6	49.3
	No opinion	25.4	74.6
	Disagree	20.7	95.4
	Strongly disagree	4.6	
	Total	100	

Interpretations: Around 10% of the employees strongly agree to the fact that layoffs have a strong impact on their leisure activities but around 40% of the employees agree to it that it has created an impact and have affected their leisure activities. Around 5% of the employees even feel that it has not created an impact and in the stressful situations also they have not reduced their travelling or visiting to their relatives.

Total impact on their children (totalic)

Table-6: Descriptive statistics for total impact on employees' children

		Valid Percent	Cumulative Percent
Valid	Strongly agree	7.9	7.9
	Agree	22.5	30.4
	No opinion	22.9	53.2
	Disagree	35	88.2
	Strongly disagree	11.8	
	Total	100	

Interpretations: Around 35% of the employees disagree to the fact that layoffs create a negative impact on their children. Most of them think that they give the same amount of childcare as they used to give before. They think that they would not compromise on their extra curricular activities and would not scold them as they are not responsible for this condition. They think that the condition has not so worsened that they should shift their children to the government school.

Total interpersonal relations (totalir)

Table-7: Descriptive statistics for total interpersonal relations

		Valid Percent	Cumulative Percent
Valid	Strongly agree	22.1	22.1
	Agree	53.9	76.1
	No opinion	19.3	95.4
	Disagree	3.6	98.9
	Strongly disagree	1.1	
	Total	100	

Interpretations: Around 53% of the employees agree that layoffs have an impact on their interpersonal relations and around 22% of the employees strongly agree to this.

Findings

From the analysis, it can be seen that the layoffs cause a great amount of stress on the existing employees and it is also seen that stress and emotions & stress and interpersonal relations are interlinked. So in line the exchange theory which is based on the principle of reciprocity, it says that people will give back in the same way with what they perceive they have received, or failed to have received, from the other party in the relationship (here the organization).

Thus, the more that employees experience stress in the workplace, the more likely they may be to conclude that the organization is not treating them well, by contributing to their experience of stress. As a result, people have reciprocated by exhibiting negative attitudes like jealousy, anger, not getting along with their coworkers. And all these factors would affect the performance of the employees. We see that when employees see their coworkers which may have been their close friends are laid off, they feel lonely and this also arouse negative feeling amongst them against the organizations and they feel stressed and would not like to come to the workplace. They have fear in their mind that if their friend or peer can be laid off, he can also get laid off in the next round which arouses negative feeling in the employee. But if the organization is able to convince the employees that they are there for them and they would not do anything that would cause adverse effect in the employees, then this situation can be controlled. Organization needs to make sure that employees are the assets of the organization and not the burdens on them. The increased pressure has also increased negative feelings of the employees towards the organization.

It is also analyzed that the layoffs impact Interpersonal relations to a great extent which means that the employees are forced to do the layoffs and they don't have any other option and they can't change their behavior by changing the employer and they don't think in a positive way that how the organization would benefit from this but rather they get negativity towards the organization. And this problem lies because the organizations are not valuing their employees and are not involving employees in the layoff process so that they could get to know that why organization is following this practice of layoffs.

Conclusions

It is concluded that the layoffs create adverse effects on the psychological well being of the employee, which leads to stress, health problems, reduction in entertainment level. It is seen that due to layoffs the interpersonal relations also get effected to some extent. It is also seen that stress is the main factor which is correlated with almost all the parameters and the major outcome of the layoffs is the stress which is responsible for the further problems that an employee faces during this period of time. It is also concluded that the layoffs have less impact on the employees' children as the employees don't want to make their children lives difficult.

Suggestions and Recommendations

HR can play a very important role in today's scenario and can help the employees fight the impact that the layoffs have on employees and increase their morale level. HR needs to make the employees understand that employees are an asset to the organization and not the burden on them

Following steps would be helpful in reducing the negative impact of layoffs on existing employees

- Making the communication system open, tell the truth and seek advice from the employees.
- Involve the survivors in decision making
- Make the top management understand the consequences of layoffs
- Facilitate sharing of emotions at workplace
- Adopting a helping relationship with the employees
- Transparency should be there
- Consider employees' family
- Ensure a perception of fairness in restructuring decisions
- The news should be given in a planned way

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