



# Say Yes

*to doing career  
transitions right*



# Summary

## Layoffs

While sometimes unavoidable, layoffs harm the organization, employees, and those who lose their jobs.

## Transitions

How organizations handle career transitions today is more important than it was during the 2008 financial crisis.

## Support

All employees need career transition support, not just those at higher income levels.

## Furloughs

Keep this important group engaged to ensure a positive reintegration.

## People

The most effective career transitions are human-centric, providing access to real people.

## Helping

Helping displaced employees find their next job is an insufficient ambition.

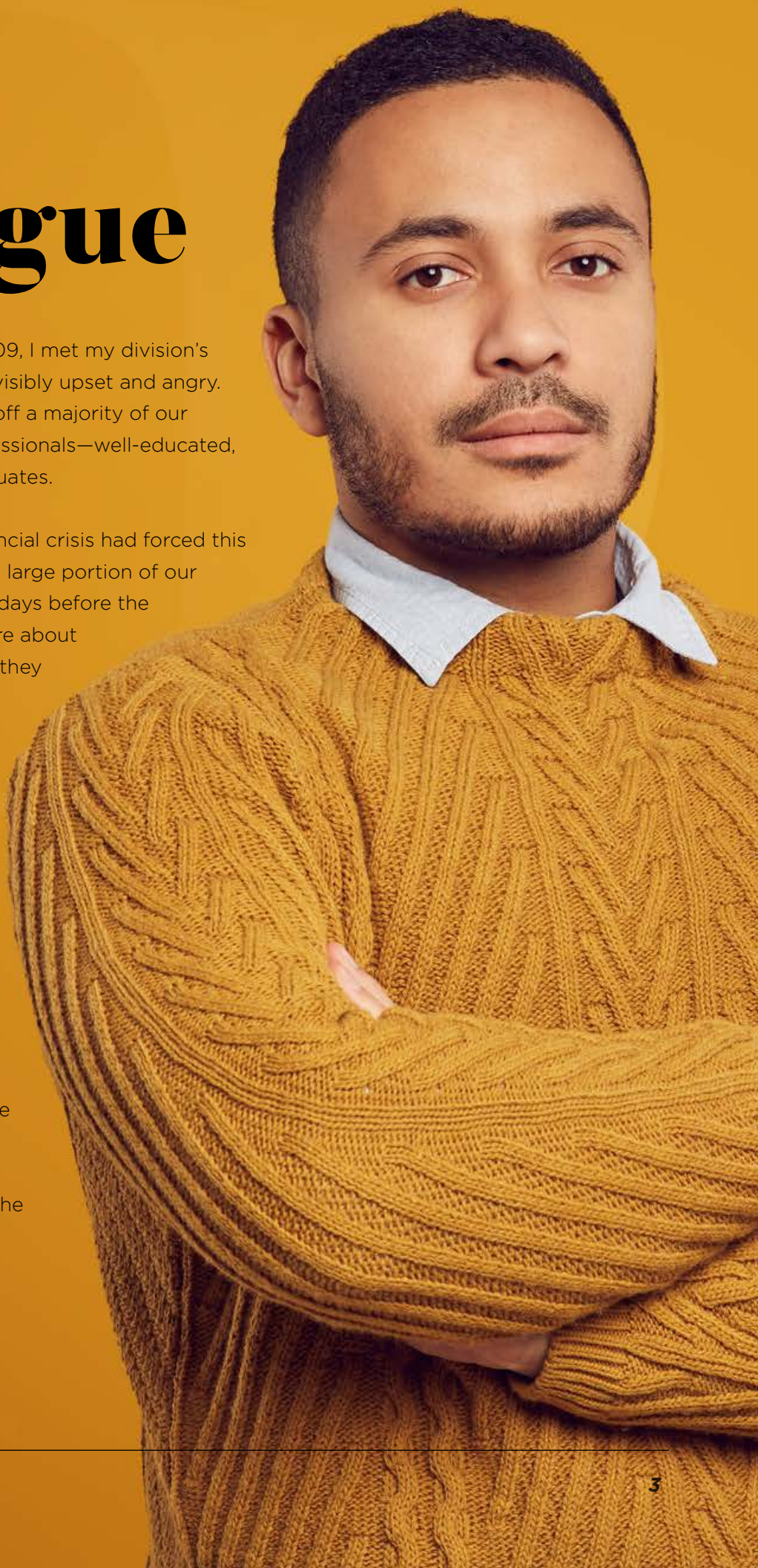


# Prologue

One day, in the early spring of 2009, I met my division's leadership team and found them visibly upset and angry. Another part of our firm had laid off a majority of our entry-level customer service professionals—well-educated, promising, recent university graduates.

Just a few months earlier, the financial crisis had forced this same leadership group to lay off a large portion of our own team. We'd all grieved in the days before the notifications, knowing that we were about to tell friends and colleagues that they were about to lose their jobs in one of the worst labor markets since the Great Depression.

When I asked why everyone seemed more disappointed and disheartened with this second round of layoffs—one not involving our own team—there was silence. Then Brian, the senior member of my team, said, "The people we let go have been working for a couple of decades. They understand how the world works. But at 22, you aren't supposed to learn that even if you work hard and do a great job for the company, you can still get fired."



# The negative impact

on individuals

# 45%

lower likelihood  
of getting a job  
interview for long-  
term unemployed  
workers

Many studies back up Brian's intuitive understanding of the emotional impact of layoffs and furloughs, although the picture they paint is an even bleaker one. Here's what academic research says about the negative impacts on displaced employees:

## *Near Term (1 year)*

- Year one financial and career disruptions: 26% finding jobs at lower pay, and 21% remain unemployed after one year<sup>1</sup>
- 45% lower likelihood of getting a job interview for those who don't find a job quickly<sup>2</sup>
- 83% greater chance of developing new health issues within a year<sup>1</sup>
- For men, a 50%-100% increase in mortality in year one<sup>3</sup>

## *Long Term*

- Persistently lower income (10%-20%) for 20+ years<sup>4</sup>
- Contraction of social and professional support networks<sup>5</sup>
- For men, a 10%-15% increase in mortality 20+ years later<sup>3</sup>
- A sixfold increase in the likelihood of committing a violent crime<sup>1</sup>
- Long-term physical health problems<sup>5</sup>
- A 1- to 1.5-year reduction in life expectancy for someone laid off at 40 years of age<sup>3</sup>
- For children of displaced workers, lower birth weight, lower test scores in schools, and lower earnings as adults<sup>4</sup>
- Substantially lower trust in organizations and society in general<sup>7</sup>

# The cost for organizations

In addition to the effects on employees, organizations often suffer, with lasting commercial impacts on their bottom line. These impacts can include:

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41%



decline in job satisfaction<sup>1</sup>

The 2020 economic downturn has exceeded the 2008 financial crisis in terms of its velocity, depth, and—in all probability—duration. While millions of workers in the United States alone face the prospect of sustained periods of unemployment or temporary layoffs,<sup>13</sup> outpacing anything seen since the 1930s, organizations making layoffs risk facing not only a highly volatile and challenged economy but a consumer backlash too.

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- Impaired reputation<sup>8</sup>
- Lower productivity<sup>9</sup>
- Lower employee trust in the organization<sup>9</sup>
- Decreased innovation<sup>1</sup>



36%

decline in organizational commitment<sup>1</sup>



20%

decline in job performance<sup>1</sup>



31%

increase in voluntary turnover per 1% workforce reduction<sup>1</sup>



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Opinions  
can make  
or break  
a brand.  
”



# Opinions

## *can make or break brands*

In today's era of social media—where trending news and opinions can make or break companies—layoffs risk a consumer and employee backlash if companies don't handle them in the correct way. There are good reasons why organizations should be concerned.

In 2008, Facebook had just introduced the Like button. There was no Instagram or Snapchat, and Glassdoor was only 1 year old. In 2020, the power of social media has grown to the extent where the layoffs that organizations make may play out in real time. Current and former employees share and vent their frustrations (usually about negative experiences) in ways that could impact a company commercially. Such a backlash could be magnified further if an organization is perceived to have benefited from government subsidies.

Many organizations have tried to retain employees by resorting to pay cuts and furloughs. However, if those tactics prove insufficient and instead turn into layoffs with large-scale, long-term unemployment, then companies may find the finger of blame being pointed in their direction—particularly if the layoffs disproportionately affect the most socially and financially vulnerable segments of society.

*Today's social media landscape has changed drastically since the Great Recession.*

# Human-centric layoffs

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Layoffs and furloughs are about people. Failing to take a **human-centric** approach exacerbates the harm to the organization.

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# Retained employees

The magnitude of the negative impact on retained employees depends on their:

**1** | Proximity to those laid off<sup>9</sup>

One of the best ways to engage your retained employees is to care for your displaced employees. Implementing a career transition program for displaced employees makes retained employees feel that their former colleagues were treated fairly, and that they would be too if they were in their shoes.

The boost in morale this can have for retained employees is incredibly important during challenging times, when business results are still critical to success.

**2** | Perception of the fairness toward, and treatment of, those laid off<sup>10</sup>

**3** | Strength of identification with the organization<sup>11</sup>

Providing tools and support for retained employees to better handle the transition is also advisable. If they worked closely with those who were laid off, provide them with high-quality coaching or training on areas of concern such as doing more with less, forging new work relationships, and managing stress. Meanwhile, your employees may find it both awkward and stressful to engage with their former colleagues, but not doing so can enhance their own guilt. Accordingly, it could be helpful to provide them with a guide ►

**4** | Level of self-esteem<sup>12</sup>

**5** | Sense of job security<sup>11</sup>

on how to empathetically communicate. What may feel like a small action can improve the personal attention your employees will sense they are receiving—and will tell them that as an organization, you care about your people.

So offer guidance to all employees, regardless of proximity to those who have been laid off, on adapting to personnel changes—and actively encourage employees who need counseling to seek it. Remaining employees routinely suffer from survivor's guilt or anxiety that they might be next, or simply struggle to adjust after layoffs and furloughs.

Even one counseling session can significantly improve remaining employees' ability to cope and recover.

Unfortunately, many employees won't take the proactive step to begin counseling. Requiring employees to meet with a counselor (in person or virtually) can frequently result in employees remaining in counseling and thereby realizing the benefit of it.

Finally, quickly follow layoffs with changes that give your people reason to believe that they won't find themselves facing the same negative circumstances and potential for layoffs in the near future. Plan to announce new initiatives, leadership responsibilities, and other opportunities in the weeks after layoffs happen. Paint a vision for where the organization, department, or team is headed—and help them create a mental picture of how it will look. Give your people some additional control over how to make that future materialize. Providing managers at all levels with the tools and strategies for navigating layoffs can have a lasting impact. Meanwhile, focusing on the future and giving your employees more control will help most of them recover emotionally, re-engage in their work, and improve how they feel about their identity and security within the organization.



# Furloughed employees

The numbers of individuals furloughed (taking an involuntary leave of absence) since early March is estimated to be in the millions.<sup>13</sup> Many organizations have had the difficult task of extending the time frame of these furloughs as well as expanding the number of employees affected. This group will be critical to your business when they return, and it's important to ensure that their performance has not been hindered by how they were treated when they were furloughed.

Engaging this group with an appropriate level of support will be key. Communications should be clear and easily available so individuals can access important information such as

guidelines, mental health resources, legal documents, and HR information. A good proportion of this group may be unfamiliar with furlough programs—and their experiences may have left them feeling overwhelmed.

Creating optional development opportunities can be a great way to show the value organizations place on those they furlough. Offering training, certifications, and resources that are fit for their careers demonstrates a true sense of care.

The actions you take during the furlough period are essential to transitioning furloughed staff back into employment—and can be an excellent way to make these employees feel both connected and valued.

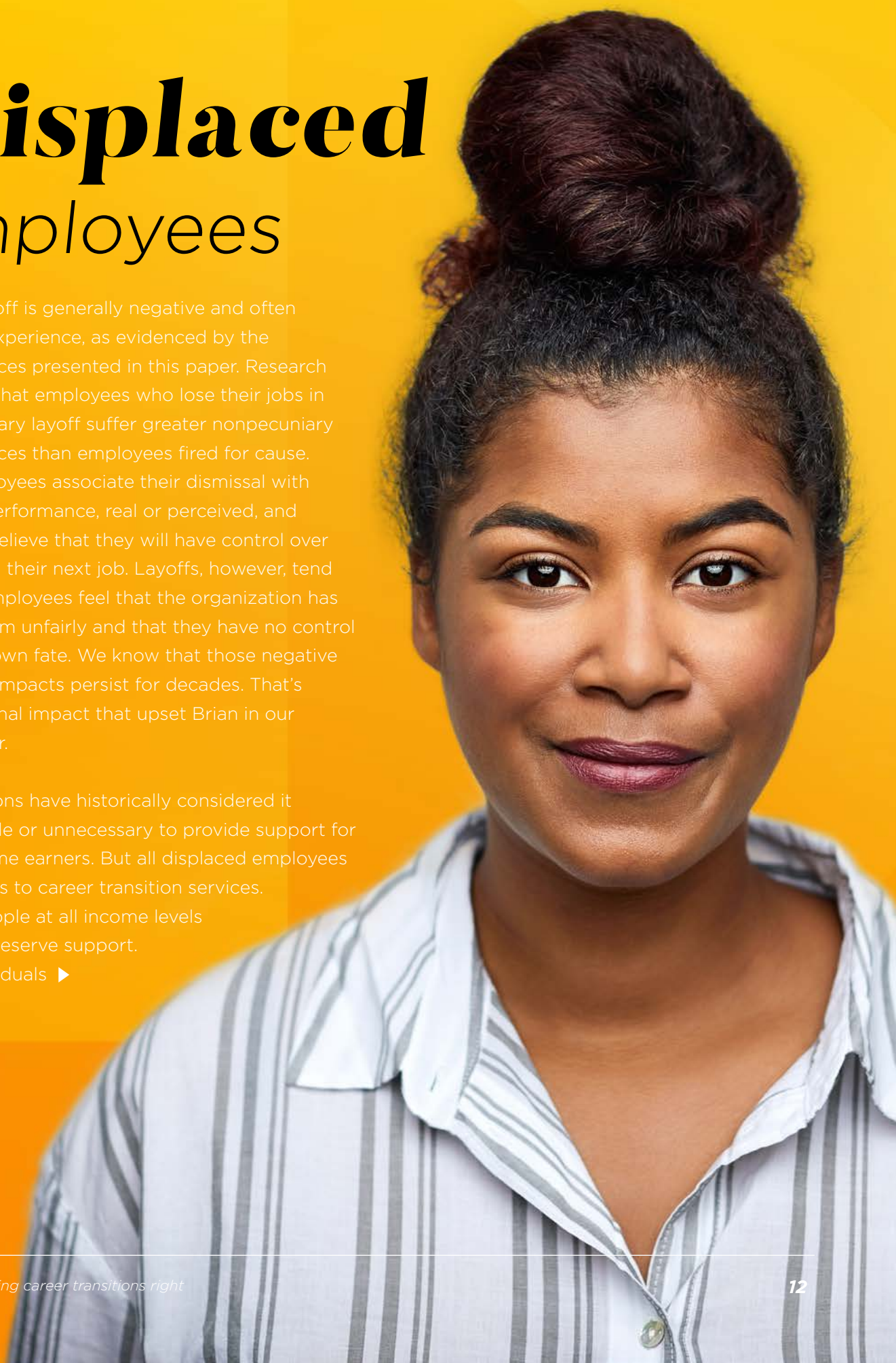
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# Displaced employees

Being laid off is generally negative and often a terrible experience, as evidenced by the consequences presented in this paper. Research has found that employees who lose their jobs in an involuntary layoff suffer greater nonpecuniary consequences than employees fired for cause. Fired employees associate their dismissal with negative performance, real or perceived, and generally believe that they will have control over their fate in their next job. Layoffs, however, tend to make employees feel that the organization has treated them unfairly and that they have no control over their own fate. We know that those negative emotional impacts persist for decades. That's the emotional impact that upset Brian in our story earlier.

Organizations have historically considered it unaffordable or unnecessary to provide support for lower income earners. But all displaced employees need access to career transition services. Yes, all. People at all income levels need and deserve support. Many individuals ►



usually don't know how to position themselves effectively in the market, and especially struggle to address the fact that they were laid off. Lower wage earners may particularly need career transition services because they tend to be faced with financial hurdles, and may not understand what types of jobs are available or what they need to do to qualify for them. The range of emotions during a layoff can hit these individuals hard, and the obstacles they face can derail career plans.

Historically, career transition services have focused on relatively high-income displaced employees. Indeed, Korn Ferry estimate that only 8% of career transition resources are devoted to the lower 80% of income earners, and most of this group receive none.

Higher wage earners need career transition support because there are far fewer roles available for which they are qualified, and reskilling for a new career may not be financially feasible. The length of time it can take to get another similar job can cause stress levels and financial burdens that are increasingly difficult to manage.

*The range of emotions during a layoff can hit these individuals hard.*

Living up to your values by treating displaced workers well can protect your organization's reputation. Sending the right signals to retained employees requires a career transition program that:



**1. Engages displaced employees at all levels**



**2. Gives displaced employees back a sense of control**



**3. Includes personal guidance from real people**



**4. Supports the displaced employees beyond finding their next job**

# Doing the right thing

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**Doing the right thing by employees can genuinely pay off.** Accordingly, Korn Ferry recommends that career transition services be considered not a series of steps, but rather an overarching human-centric process that can help exiting employees, retained talent, and furloughed staff—while also boosting your business at the same time.

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# Steps to manage layoffs and furloughs

If it is likely you will have to lay off (or furlough) employees, then act sooner rather than later, and make sure that you free up enough cash flow to properly invest in support for remaining and displaced employees. Acting one week earlier, or slightly increasing the number of displaced employees, can free up substantial investment to provide high-quality support to all the displaced employees. While it is natural to want to delay layoffs and protect that one extra job, it is also often easy to forget the negative impact on displaced and remaining employees that can arise if decisions that need to be taken around supporting them, are in any way delayed. In the United States, effective career transition programs can reduce future state unemployment-insurance payments, partially or fully subsidizing the program.

In the current crisis, be especially cognizant of the unique circumstances in which notification occurs. People have limited access to their professional and social networks for support. Notification

also most likely occurs while they are in their home, a location that historically provides safety and a retreat from such negative events.

Look for opportunities to provide displaced employees some choice. Voluntary layoffs can reduce the number of people who lose their jobs without any control. Where voluntary layoffs aren't possible (or sufficient), consider giving employees a choice among supplemental benefits, such as counseling or additional training, in addition to their standard career transition services.

*Ensure that everyone can obtain support from real people.*

Videos, articles, and AI tools can provide a lot of value, but the calm that comes from being able to access a real person who can answer a question, give direction, or simply provide reassurance can mitigate the negative effects of being laid off. ►

Indeed, the best career transition programs make people available around the clock, because the highest moments of stress often come in the middle of the night ahead of a big job interview.

Providing career transition support that goes beyond helping individuals draft resumes, prepare for interviews, and find job opportunities, can be invaluable. Barring hourly workers (who usually have limited expectations of career transition support), such assistance can genuinely help individuals transition into another role. Offering such services alone does little to mitigate reputational harm or provide assurance to your remaining employees. Assessment and skill development, however, can provide practical and emotional benefits. An assessment will help identify and highlight the individual's strengths, allowing them to identify jobs with a stronger fit—and, possibly more importantly, restoring any lost confidence. Guided skill development (as opposed to a large self-navigated library) increases the likelihood that they will find a new job quickly and succeed in it and, again, restore lost self-confidence.

*Most displaced employees feel tremendous pressure to find another job quickly.*

Don't end your engagement with displaced employees when they find another job. Most displaced employees feel tremendous pressure to find another job quickly to replace lost income and benefits. That pressure often forces them to take the first available job, even if it is a step back in terms of compensation, responsibility, career aspiration, job satisfaction, or other factors. That drives many of the long-term negative consequences for displaced employees and part of the negative perceptions from remaining employees. The second job a person takes after being displaced, whether by being promoted or moving to another role or organization, may be more important than the first one. The second job decision usually doesn't come with the same time pressure as the first, and it represents an opportunity to recover from any setbacks caused by the displacement. Offering support during this pursuit can really make a difference.

Similarly, don't end your engagement with displaced employees simply because their formal career services program ends. The longer someone is out of work, the more support they need. Longer-term unemployed workers are 45% less likely to receive interview invitations than other candidates.<sup>2</sup> Researchers have found that after six months of unemployment, the probability of finding a job falls to 12%, and that number gets worse over time.<sup>2</sup> ►

You can support employees long-term with little to no financial cost, empowering them to reverse the drivers of long-term negative impacts. Ensure that your career transition support connects them to displaced employees from other companies who can provide ongoing support in identifying future opportunities as well as emotional support thanks to their common experience. Also, ensure that your displaced employees have ongoing support to help them succeed in their next job, even though the work is for another organization.

These program features can focus on just your displaced employees, or you can broaden them to a more general alumni program.

Finally, consider engaging the local communities where your employees work on an ongoing basis. At a minimum, local business organizations, community centers, local government officials, and others can help support people who lose

their jobs, especially if you engage them prior to layoffs. In many cases, you can build your community engagement to go further, helping you foster a reputation as a job creator, even when your organization itself may be unable to provide them.

Korn Ferry has found that technology can be leveraged to make effective career transition services affordable to every employee. Critically, technology makes it possible to provide person-to-person career guidance and job search support to everyone, humanizing the experience.

*These program features can focus on just your displaced employees, or you can broaden them to a more general alumni program.*





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## Learn more about Korn Ferry Career Transition Services.

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We work with organizations to design their organizational structures, roles, and responsibilities. We help them hire the right people and advise them on how to reward, develop, and motivate their workforce. And, we help professionals navigate and advance their careers.