

## Dismissal of Employees

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### Dismissal of Employees

Employees face the threat of being dismissed when companies downsize. A layoff can be a difficult and traumatic moment for victims and their dependents. The experience can be taxing for the parties involved in its implementation, including workers who endure layoffs and the manager who oversees it (Richter et al., 2014). It is hence important that a manager copes with the negative feelings and reactions associated with dismissals. There should also be an excellent step-by-step procedure for a layoff meeting. Compensation for the fired staff is also essential. It is vital to understand how dismissing employees may affect the company. The concerns related to layoffs are discussed below.

#### **Ways Managers may Cope with Layoff Emotions**

The manager tasked with dismissing workers can just be as emotionally affected by the layoffs as the victims and survivors. The emotional toll on the manager arises from the knowledge that he or she is responsible for the outcome since such dismissal might negatively impact the fired. Employing measures that alleviate negative emotions in dismissed staff is an avenue for managers to cope with undesirable effects that come with layoffs. In this regard, three ways in which managers may handle the adverse feelings include ensuring employees being laid off feel respected, engaging the direct supervisor in the dismissal process, and communicating with the layoff survivors on the release.

First, the manager responsible for employee dismissal should treat those dismissed with respect while ensuring they feel valued. Reverence helps lessen the feelings of anger and helps shelve complaints from the victim (Richter et al., 2018). This serves to make the firing agent's task emotionally controllable. Adequately explaining the rationale for the dismissal is also imperative, and it is only effective if done with esteem. According to Richter et al. (2018),

showing respect orally improves the layoff meeting procedure, heightens the positive perception of interactive equality as well as reduces fury. Acknowledging the employee being dismissed is a coping mechanism for both the victim and the manager.

Second, the choice of the layoff agent is also an important factor. While a human resource (HR) manager would normally be involved, the person who works most closely with the layoff victims must play the major role, and that would be the direct supervisor. A personal discussion between the layoff victim and the supervisor improves the victims' discernment of procedural impartiality of the layoff meeting (Richter et al., 2018). This does not mean that the HR manager should completely avoid being part of the process. His or her presence reassures the discharge victim that the layoff is a decision of the company and not a personal vendetta. Some managers may assume that bringing in an external agent to help with layoff would help them cope. On the contrary, the introduction of an external layoff agent increases the insight of bureaucratic unfairness, breaches the psychological contract, arouses disapproval toward the employer, and contradicts employee principles on what good employment entails (Richter et al., 2018). Hence, managers taking part in the layoff procedure should help direct supervisors alleviate expressive responses as a coping mechanism.

Third, the manager should communicate with employees on why laying off is necessary, as well as the procedures involved. Even after dismissed employees have left the company, the layoff survivors might harbor negative feelings about the organization (Lieber, 2009). Such damaging feelings may kill employee morale resulting in inferior organizational performance, and in turn harm the emotional wellbeing of the manager. Therefore, the administrator should set an optimistic tone, communicate regularly to counter rumors, listen to employees' opinions, and formulate avenues for rejuvenating them and improving their morale. One such avenue is to

involve the layoff survivors in devising resolutions to economic and budgetary trials facing the organization (Lieber, 2009). Addressing the potential concerns of survivor employees will ensure the emotional stability of the manager and the layoff agent after the dismissed employees have left.

### **Layoff Meeting Step-by-Step Procedure**

In light of the discussion in the preceding section, there is a need for a properly thought-out and structured dismissal meeting. Before the actual meeting, the manager should contact employee/human resource relations, schedule the layoff meeting at least a month in advance if possible, create a transition plan in the meantime, prepare for information to be delivered in the meeting in a sensitive and logical manner, and then conduct the meeting on the day and time it is scheduled to take place. The direct supervisor should be present. The following step-by-step procedure, informed by the discussion in the preceding section, should be followed while conducting the meeting.

The first step is to ensure that the meeting takes place privately and that it does not take long hours. Privacy is important as it conveys respect. In this case, privacy means that only the relevant organization personnel should be present. That includes the layoff victim(s), the direct supervisor, the human resource manager, and the general manager if necessary. The meeting should be focused on its purpose to save time. Emotions might flare up and worsen if the meeting is held for too long, especially if the employee gets the impression that he is being disrespected. Once the first step is done, a move to the second step is inevitable.

The second step would be to clarify to the layoff victim, the rationale for the layoff, and hear what he or she has to say. The manager briefly and cautiously conveys the message that he or she had prepared before the meeting. The info deliverer must take it into account the



importance of verbal reverence. Consequently, the direct supervisor should be ready to answer the employee's questions. The idea is to make the staff understand that the dismissal is not a personal decision but the company's and is necessary for its survival. The layoff agents need to justify to the worker why he or she is among those being dismissed, if necessary. Once everyone is content, the meeting then proceeds to the third step.

The third step is to promise compensation while discussing the transition plan that had prepared before the meeting. The management must not make reimbursement promises the company cannot deliver, considering what has necessitated the layoff. In the case of losses, there may be very little to promise. In the case of a merger or an acquisition, employees may be generously compensated. After promises, the manager and the direct supervisor should specify activities and timeframe for projects that the layoff victim needs to complete before vacating to ensure a smooth transition. They should ask for the employee's comment or a response regarding the same.

### **Recommended Compensation for Dismissed Employees**

The compensation of layoff victims is necessary to cater to the loss of financial security; the resultant emotional toll; and the need to sustain loyalty, commitment, morale in the survivor employees. Moreover, laid-off employees will only be motivated to complete tasks and projects to streamline transition when promised compensation. An organization may compensate layoff victims in the following two main ways: retraining and outplacement assistance, and payment of severance.

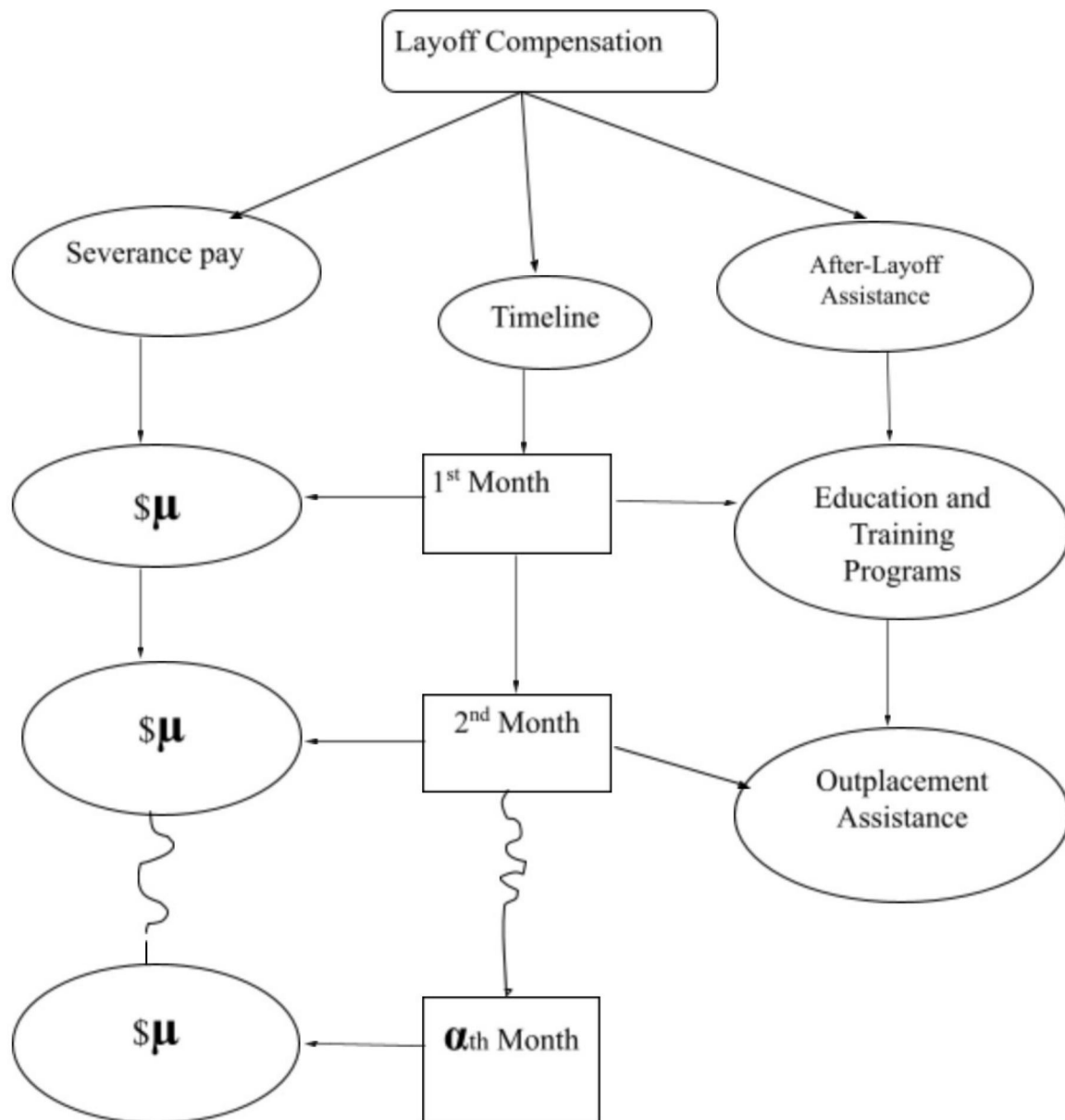
The company implementing layoffs should offer educational and training programs to victims as well as help them with outplacement. The program enables them to acquire new skills that may be helpful in terms of securing jobs in other industries. Such training may be costly, and

should only be conducted if their expenses are significantly less than the cost of retaining employees (Feldman & Leana, 1994). If the redundancy is necessitated by a merger or acquisition rather than cost-cutting, then these training are affordable (Kim, 2014). In cases where there are companies that use the same skills, it may not be necessary to conduct training. Either way, the company should help its dismissed employees identify new job opportunities. This may involve collaborating with the public and private sector organizations. This form of compensation will not just benefit layoff victims, but also reassure layoff survivors.

Another form of compensation is severance pay. This pay is defined as “the payment of a specific sum, in addition to any back wages or salary, made by an employer to an employee for permanently terminating the employment relationship primarily for reasons beyond the control of the employee” (Kim, 2014, p. 204). The pay may be disbursed in wholesome or in installments. The amount depends on the corporation and may be calculated in various ways. Typically, the amount is determined by the last salary of the layoff victim and is calculated in terms of a week’s pay for employment year (Kim, 2014). It is recommended that the downsizing company compensates its workers as such.

#### **Chart for Compensation Disbursement**

Suppose a layoff victim has worked for the company for  $\alpha$  years and currently earns  $\$ \beta$  monthly. If the organization pays a week’s pay, that is,  $\$ \mu = \frac{\beta}{4}$  for every year, and that it disburses it monthly, then the amount  $\$ \mu$  will be disbursed monthly for  $\alpha$  months. A possible disbursement chart is in Figure 1 below.



**Figure 1: Chart for compensation disbursement.**

### Three Ways a Layoff may Affect A Company

The first way employee dismissal may affect a company is by diminishing loyalty and the morale of employees who survive the layoff. This follows from the psychological contract theory. The theory posits that confidence- and the predictability-based mutual relationship grows between employees and employers and as a result, employees are expected to work and receive

pay for it in turn (De Meuse, & Dai, 2013, p. 325). A layoff, whatever necessitates is, violates this trust. Such violation can result in adverse effects to the company as employees may react unfavorably. Reactions may include reducing their devotion, impetus, and engagement; avoiding tasks that will help the organization achieve its goals; or even engaging in counter-productive behavior, life sabotage, and theft (De Meuse, & Dai, 2013). If the concerns of layoff survivors are not addressed, the company is vulnerable to collapse.

The second effect is that the financial outcome of the company improves if the psychological contract theory is addressed. The positive financial outcome is based on Economic Theory which posits that companies trim to reduce costs, enhance efficiency, intensify competitiveness, and advance fiscal performance (De Meuse, & Dai, 2013). Layoffs will not only help the organization cut labor costs but will also get rid of redundancies and streamline operations because it is usually the least productive or most disruptive employees that tend to be targeted for discharge. In the case where layoffs are necessitated by mergers and acquisitions, operational synergies are realized. Overall, layoffs will improve performance and ultimately yield significant financial returns.

The third effect of layoffs is that in the long term, it may harm the performance of the company. The layoff is one of the downsizing strategies commonly employed by organizations (Sheaffer et al., 2009). It only improves performance in the short term. Sheaffer et al. (2009) conducted a study in which they compared the performance of companies that implemented downsizing and those that did not. They found that while the performance of companies that downsized improved in the short term, they performed poorly in the long term. Thus, the performance of a company that lays employees off will be poor in the long run.

## **Conclusion**



Employee layoff can lead to an emotional toll on a manager, dismissal victims, and surviving employees. There is a need for a coping mechanism for all three parties. Managers can cope by ensuring that employees being laid off feel respected, making the direct supervisor part of the dismissal process, and communication or talking with layoff survivors about the dismissal. Dismissed employees can be consoled through compensation, which may include pay, training, and help with outplacement. Surviving employees also need to be reassured of the security of their jobs and involved in decision-making. All the aforementioned are necessary to ensure the survival and positive performance of the company.

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