

13.12: Layoffs vs. Firing

Learning Outcomes

- Discuss the reasoning behind laying off an employee or firing them

As we discussed earlier in this module, there is a difference between laying off and firing an employee. Each of these is a form of termination, but with differing intent. When an employee is laid off, it is usually through no fault of their own, but rather a business decision made by the company to cut costs. When an employee is fired, however, it is a repercussion for their poor decisions or performance. Let's first discuss the advantages and disadvantages for terminating an employee by laying them off.

Laying Off an Employee



Advantages

Cutting costs is the primary advantage of laying off employees. When mass layoffs occur, companies are able to drastically reduce the amount of money spent on employee compensation, benefits packages, etc. Layoffs can help a company regain a better economic standing and gain better control of their finances.

Disadvantages

As we discussed in the previous sections, there are a number of disadvantages associated with downsizing and layoffs. For example, mass layoffs can create an unstable work environment with uneasy and overworked employees. When layoffs occur, the remaining employees are often expected to fill in the gaps created when former coworkers were terminated. Layoffs can negatively affect company morale and motivation. In addition, client relationships and sales may suffer, as changes to job assignments are made and the number of employees to complete the workload has decreased.

Firing an Employee



Advantages

The main benefit of firing an employee is that the undesirable behavior or performance has been eliminated from the company. Firing an underperformer opens up a position which can then be filled with an employee better suited to meet the job requirements and expectations. In some cases, when a toxic employee is fired, it can shift the workplace environment from a negative one to a positive one. Although firing someone is never a fun task, when done for the right reasons, it can have a positive impact on morale and profitability.

Disadvantages

One possible disadvantage to firing an employee is possible legal consequences. However, if a company follows legal guidelines and their predetermined termination policies and procedures, lawsuits are less likely. Another disadvantage of firing an employee is the need to fill their position. Any form of termination or turnover creates a staffing gap. In order to fill this gap, the company needs to spend a lot of time and resources to interview, hire, onboard, and train the new employee. It will also take time to get the new employee up to speed and performing at the levels required of the position.

? Practice Question

<https://assessments.lumenlearning.co...essments/18204>

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