

13.8: Downsizing and Morale

Learning Outcomes

- Describe how to downsize without downsizing morale

As we discussed in the last section, downsizing often leads to frustration and insecurities. So if a company finds downsizing to be the most logical next step for their organization, how can the company minimize the damage layoffs can have on company morale? Unfortunately, there is no one-size-fits-all answer to this question. However, there are certain strategies and techniques companies can use to reduce backlash and salvage morale. The Human Resources Department is an essential part of a well-managed downsizing process. From start to finish, the HR team can help to properly communicate key messages, help former employees navigate the termination process, retrain and reallocate the remaining workforce, and fill many other important support roles. Check out the strategies below to learn more about ways to effectively handle downsizing and layoffs.



Communication is Key

Professional, informative, and clear communication is essential for ensuring a smooth downsizing process. Communication is extremely important in day-to-day interactions at work and it is especially important during confusing and trying times, like when a company is downsizing. Downsizing is a big challenge, for employers and employees alike. How a message is communicated and delivered can have either a positive or negative effect on the organization's morale.

For example, if a company announces layoffs the day they begin terminations, they are going to get more backlash. Catching employees off guard with something that will greatly impact their livelihood will result in anger, fear, confusion, frustration, and other intense emotions and thoughts. Even employees who get to keep their jobs may feel caught off guard and lose any sense of security they have in their job. Too little communication can make it appear as though management is trying to hide something or that the plan is not well thought out and executed.

When there is clear communication around the downsizing plan and the reasons for downsizing, employees are more likely to be receptive to the message. There is no real way to sugarcoat a downsize or a termination; however, clear communication throughout the process is a respectful way for organizations to handle the situation.

A focus on communication should continue after layoffs occur. It is important to keep open lines of communication with the remaining employees and share the company's vision for the future. It is also a good idea to address the elephant in the room, the layoffs. While it is important to move past the layoffs, it is equally as important to address them and not pretend as if they did not happen. Acknowledging change is necessary to move past the downsize and forward into the next chapter for the company. When management acts like nothing happened, it can create additional distrust and uneasiness among the remaining employees.



Provide Support

When companies layoff a large number of employees, it creates a gap between the workload and the workforce. Therefore, the remaining employees are needed to step up to fill the void and oftentimes are expected to take on greater responsibilities in addition to their current workload. This can be overwhelming for many employees. Providing support through resources, assistance, training, etc. can help to alleviate some of the frustrations and ensure that work is completed in a timely and high-quality manner.

Create a Fun and Engaged Work Environment

When employees see their coworkers getting laid off, it can spark insecurity and loneliness. People that employees were used to seeing on a daily basis will no longer be there, and some employees may be wondering if they will be the next to go. Hosting team building activities and events is a great way to promote teamwork and introduce employees to other coworkers they may not have worked with previously. When employees have a support team among their coworkers, they are more likely to be engaged and motivated. Creating fun events to foster mingling and team building, is a great way to help build healthy work relationships. A fun work environment can also help to show employee appreciation and demonstrate that the company is invested in their remaining employees.

It is important, however, that fun events are genuine, and not contrived. The motivation should be to build a strong team with the remaining employees, not simply a distraction from recent layoffs. Ensure there is a purpose behind fun activities and events (team building, networking, employee appreciation, etc.). Employees will be able to identify a work environment that is genuine versus one that is overcompensating to distract from recent events.

Respect and Understanding

Change impacts everyone differently. It is important to be understanding of the way individuals will handle the impacts of downsizing. Being respectful of the feelings of others, while still maintaining behavioral expectations, is important to rebuilding company morale. Managers should try to understand the root of employee frustrations and provide support and guidance when needed.

? Practice Question

<https://assessments.lumenlearning.co...essments/18200>

Once again, there is no “correct” way to handle downsizing and terminations. However, managers who use the strategies discussed in this section will be better equipped to maintain company morale during a difficult and trying time.

Contributors and Attributions

- Downsizing and Morale. **Authored by:** Freedom Learning Group. **Provided by:** Lumen Learning. **License:** [CC BY: Attribution](#)
- **Authored by:** josemiguel. **Provided by:** Pixabay. **Located at:** pixabay.com/illustrations/conversation-dialogue-interview-1262311/. **License:** [CC0: No Rights Reserved](#). **License Terms:** Pixabay License
- **Authored by:** WOCinTech Chat. **Provided by:** Flickr. **Located at:** <https://www.flickr.com/photos/wocintechchat/25900843762/>. **License:** [CC BY: Attribution](#)

This page titled [13.8: Downsizing and Morale](#) is shared under a [CC BY 4.0](#) license and was authored, remixed, and/or curated by [Nina Burokas](#) via [source content](#) that was edited to the style and standards of the LibreTexts platform.