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Dear Reader,

As I was sitting down with my notes to begin writing the article for this month, I had a sudden problem. Only a few paragraphs into the subject, which was about On-boarding, I felt that I was writing about the wrong topic. With news of layoffs numbering in the thousands daily on the radio and on TV, I wondered what meaning were we collectively making of this unprecedented situation.

I hesitated to start a totally new topic from scratch as it requires research time, reflection time, drafting and writing time – which I didn't have. But I couldn't **not** do it. So I decided to have a conversation on the topic with a colleague and record it, and share the transcript with you. The other article will be written, but for now this is something to share with you, readers, today. Food for reflection.

I welcome you to listen in on the conversation!

Isabel Rimanoczy
Editor

Quote of the Month

*"If I had known what it would be like to have it all...
I might have been willing to settle for less. "*

"Lyn"

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February 2009

Layoffs and Corporate Social Responsibility A conversation

by Isabel Rimanoczy

IR: Thanks, Carl, for agreeing to be my sounding board as I share my thoughts with you.

CW: Not a problem. What is the topic?

IR: It's about layoffs...We are witnessing a disconcertingly turbulent start to 2009 as corporations undergo restructuring and seek to reduce operating costs by creating greater efficiency. Through downsizing and mergers, this corporate redesign movement results in layoffs and in employees moving to new functions or new responsibilities.

CW: Well, reorganizations, right-sizing and downsizing are nothing new.

IR: I agree, organizations are not stable or static, and have to adapt constantly because the context is always changing. However this particular moment in history poses a challenge that is more complex.

CW: What do you mean?

IR: I mean that this time the purpose is to rapidly adapt to a recessive economic trend. Consumption is decreasing, so everyone is seeking to reduce the operating budgets and at the same time be more efficient.

CW: It also requires creativity to devise new solutions to the problems.

IR: Certainly, since the survival of the organizations is at risk. The keywords to focus on are speed, adaptation, and as you well said, also innovation and creativity. People need to move: either out, or into new roles, and to help in redesigning the processes.

CW: So what we are seeing is that leaders are crafting a concrete vision of what the new landscape has to look like.

IR: True. I would like to call this the 'intellectual landscape'. But as with all strategies, the challenge is going from the drawing board to the real world. When we open the door of the boardroom where strategies are conceived and begin walking the hallways we encounter another landscape, let me call it the 'living landscape'.

CW: This reminds me of the difference between the map and the road...

IR: Yeah! On the map we may lay out our itinerary, selecting the shortest way to go from here to there. But once we get going we find some roadwork closing off traffic, or we pass a cute small town which seems more interesting than the highway and so we take a detour to explore it; we may even give a lift to a hitchhiker and change our route once more. So we have this intellectual landscape of what needs to happen, and then the living landscape of the organization where we see the employees, each one a walking story...

CW: A walking story? Related to the strategy? I am not sure I follow you here.

IR: A story, their individual story. I was reading a book called *Occupational Stress*, [\[1\]](#) and the authors observe the stress caused by certain working environments. In addition we have connected

our personal identity to our occupation, defining ourselves by what we do. Someone asks you what you do, and you respond what you are: I'm a coach, I'm a lawyer, I'm a doctor, I'm the valet!

CW: Ha ha, it's true. Do you recall the book by Harvard professors about having difficult conversations? They talked about self-esteem and our identity in terms of three questions: Am I competent? Am I a good person? Am I worthy of love?^[2]

IR: Well, to my point, the workplace is the setting where we try to confirm our competence! We spend half our waking hours at work; we make personal connections and naturally seek to prove we are a good person. Through what we do at work we nurture our self-esteem and it permeates into the other parts of our life. So if we feel proud, happy, satisfied with what we do, if we are respected and acknowledged we can show it to others, to family and friends.

CW: What if we don't feel happy and fulfilled?

IR: If we don't, then maybe at least we are earning a living to support ourselves. But there is a larger point. It is in times of uncertainty and job instability that work takes on even greater meaning for ourselves. A threat to our employment status becomes a threat to our very feeling of competence. In periods of economic uncertainty, we often translate our employment status into an indicator of our competence compared to that of others, of how likeable we are. If we have a job we feel validated, competent, whereas if we are let go, we feel increasingly vulnerable and tend to scrutinize our sense of self-worth.

CW: I see...and don't forget the money; the possibility of no longer earning sufficient money to pay the bills puts an additional weight on a person's shoulders. I have seen friends who have been devastated by the reaction of spouses and children to their being laid off. They have been hurt by how their children responded by negatively comparing them to the parents of their friends. I suppose that the fact that these hard times are threatening almost everybody helps a little, and gives some small measure of consolation.

IR: Yet it doesn't fully save face, because the question remains, "Why me and not them?" I just think that times of uncertainty are stress generators in so many dimensions.

CW: And then the assumptions people start to make. When we don't know what will happen, it's easy to fill the blanks with assumptions that rapidly become our new reality.

IR: Then, as people share their beliefs and opinions with each other, shared assumptions take even stronger root. I once heard a person in a team say to me, "Look, if we all believe it, it must be true!" We hear a lot about hope these days, but fear is contagious, since we don't want to be caught unprepared. And then, we have our personal bonds in an organization, the emotional context.

CW: What do you mean?

IR: People know each other, count on each other, discuss, interact, get things done, talk, plan, socialize, and make decisions. Uncertainty puts a toll on the social network of the workplace as well. For example relationships that were strong to begin with, can become a caldron for anxiety, since people identify with similar feelings in their friends at work. And I've observed that interactions with others that were less close before the turmoil become even more distanced. I am

observing team members who see their peers increasingly as a potential competitor for their job.

CW: That is true. Decisions to reduce the headcount are painful, and create a very stressful climate. Employees feel their job security at risk, yet don't have many possibilities to influence a decision. Managers feel the same way, yet may be additionally involved in making tough choices about their staff.

IR: Think of that term for a moment: 'Headcount'. Isn't it a bizarre word? Are heads all we count, all that counts? I see it as an attempt to distance ourselves from the more holistic experience of the other. It is an attempt to diminish the emotional impact of the situation by literally leaving out the person, and counting the heads. But we know it doesn't work!

This is the point I was trying to make. We talked about the focus of the intellectual landscape, which is speed, adaptation, innovation and creativity to redesign processes and gain efficiency. All this requires passion, risk taking, enthusiasm, and courage to try out new ideas, team work and dialogue to collectively find solutions.

But now the keywords describing the living landscape are more like fear, anxiety, low profile, rivalry, competition, loss of trust, threatened self-esteem, vulnerability, depression, sadness. Something doesn't match here!

CW: I can see the disconnect.

IR: It's a myopic disconnect between the intellectual and the living landscape! Driven by the turmoil and the need to act fast we are failing to notice this significant gap. But not seeing it just makes the gap even larger, since it further alienates the employees. They try to act mechanically; however, the unacknowledged emotions make it difficult to perform well.

CW: So what do you suggest can be done to address this disconnect?

IR: Before addressing what can help in this challenge, I want to share with you another part of the picture.

CW: Go ahead.

IR: Every day we learn about new layoffs, not only in the US but worldwide.

CW: Yes, we have already discussed that the job cuts are part of the cost reduction strategy which is imperative for the survival of business. Some jobs are cut — so that not everybody will lose their job if the business falters.

IR: Sure. Now listen to a comment I heard a few days ago from an executive in a low-budget retailer. The person commented on the closing of stores by a competitor and said it was bad news for the people, but good news for their own business, since it expanded their market share. I left thinking who is the buyer? Aren't the buyers employees who are just working somewhere else!?

CW: Sort of a second myopia?

IR: I definitely think so! Imagine employees by the thousands are laid off, what comes next? Searching for jobs that are scarce? How long will the lay-off compensation package pay the bills? And then? What comes next? Digging into savings? In a culture of overextended credit card debt, what comes next? Default and bankruptcy? And then? Don't tell me the government will be able to cover the bills of all the unemployed!

CW: By the way, I heard that the International Labor Organization is projecting, for 2009, over 50 million newly unemployed people.

IR: Yes, China anticipates 35-40 million job cuts for 2009. Of course they have a large population – but at the end of the day a family without income is still a family. Here is where I think something has to change: in the area of CSR, corporate social responsibility.

CW: Do you mean that corporations shouldn't lay people off? That doesn't make sense.

IR: I don't say that corporations shouldn't lay them off, if this is what needs to be done. But think for a moment; corporations historically have had to abide by regulations, pay their employees, give required notice to employees they let go, and let the market take care of the people who were laid off. The latter became job seekers and future employees of other companies, or became entrepreneurs. But the markets today are not in a position to absorb the huge number of unemployed, nor is credit available for a horde of entrepreneurs. We need to realize that we are experiencing an unprecedented time in history! Like rain on an already soaked terrain, there is just not a market waiting to absorb workers as it used to in times of economic stability. This is just not business as usual.

CW: So what are you saying?

IR: I am saying that a million unemployed means a million fewer consumers, and since most are part of a family, it becomes three or four times fewer consumers. This depresses the economic downturn even further, and just in pure economic terms is not a promising scenario. Now from a social perspective, the loss of means to make a living just swells the poverty line, and we know how poverty can be a breeding ground for crime, riots, illness and insecurity. It's much harder to abide by your moral principles if you're struggling just to survive. This is the second myopia.

CW: Hmm

IR: You know, I noticed how the media have begun to pay attention to the trauma of layoffs. I saw the cover of a magazine yesterday, offering tips on how to become an entrepreneur in 2009; psychologists are invited to TV shows to talk about ways to combat depression; recruiters give advice on how to seek a new job; researchers who studied the years of economic depression talk about resilience and survival techniques. But you know, this may not be enough this time. It may not be a personal challenge, a problem that each individual has to solve. Or at least, not exclusively. We have got collectively into this situation, and it's not by acting individually that we will get over it. We need to address it collectively. The challenge has crossed borders and it is getting reinforced from different places. This is the other part of the picture I wanted to share with you, which demands new thinking.

CW: So do you have any suggestions? What is already being done? Are there some benchmark cases of best practices?

IR: To address the gap between the efficiency-dream and the workforce that is emotionally challenged to implement it, maybe we should think of the best practices in merger integration. I am struck by the fact that merger integration in corporations face similar demands — facing high uncertainty and anxiety, combined with the need for fast action.

CW: Something like acknowledging the trauma, communicating extensively, opening dialogue opportunities, creating a Hotline to address concerns?

IR: For example, also offering in-house counseling and coaching support, etc. As in a merger transition, these actions won't change the facts, but they will impact the perceptions of the people, they will offer a holding environment that respects and values each employee, their feelings and concerns. They at least won't be left on their own to address their fears.

CW: And for the second myopia?

IR: For the second myopia, it may be time for more revolutionary thinking. What does CSR mean, after all? If corporations are slowly accepting their responsibility for their products from "cradle to cradle", why not consider certain responsibility in helping their future ex-employees in their transition? Building on the social consciousness and values of the corporation, what initiatives can be explored to re-skill, train, support the laid off employees? What can be done in joint collaboration with other corporations undergoing similar situations?

CW: It might be worthwhile to do some research into what socially sensitive cultures like the Japanese and the Swedish are doing, capture some best practices as inspiration.

IR: I will do it. Yet the point is not what can be done, but the paradigm shift. If until relatively recently it was not considered that industrial waste dumped into soil or rivers was a responsibility of the corporation and today it is clear that it is not only immoral but unacceptable, it doesn't sound too far-fetched that corporations can become equally responsible for supporting their laid-off employees. In a scale of priorities, waste is lower than people, right?

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This is what is on my mind right now. What about you? 

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[1] Occupational Stress and Organizational Effectiveness; Anne W. Riley, Stephen J. Zaccaro, Praeger Publisher, 1987

[2] Difficult Conversations: How to Discuss what Matters Most; Douglas Stone, Bruce Patton, Sheila Heen, and Roger Fisher

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