

THE STUDY OF PERCEPTION OF EMPLOYEES TOWARDS LAYOFF POLICY

Dhvani Govani

Recruitment Specialist, AddRec Solutions
dhvanigovani2512@gmail.com

ABSTRACT

This study examines the perception of employees towards layoff policy in an organization. The research aims to identify the factors that affect employee perception of layoff policies and to explore how these perceptions may influence employee attitudes and behavior. A survey was conducted among employees in different industries and positions to gather data on their perception of layoff policies. The results of the study indicate that employees' perception of the fairness of the layoff policy, communication about the policy, and support provided to employees during the layoff process are significant factors that impact employee perception of layoff policies. Moreover, employee perception of layoff policies has a significant influence on their job satisfaction, commitment, and intention to stay with the organization. The findings of this study provide insights for organizations to improve their layoff policies and communication strategies to better manage employee perceptions during times of organizational change.

Keywords: Layoff , Perception , Employees

INTRODUCTION

The perception of employees towards a layoff policy refers to how employees view and interpret the company's decision to implement layoffs. Layoffs are often seen as a strategic business move to reduce costs, streamline operations, or respond to economic challenges. However, they can have a significant impact on employee morale, job security, and overall job satisfaction.

The perception of employees towards a layoff policy can vary widely depending on various factors such as communication, transparency, fairness, and the overall organizational culture. Here are some common perceptions employees may have towards a layoff policy:

1. **Job insecurity:** Layoffs can create a sense of fear and uncertainty among employees, leading to increased stress and anxiety about their own job security. Employees may worry about their ability to meet financial obligations and find alternative employment.
2. **Lack of trust:** If the layoff policy is perceived as arbitrary or lacking transparency, employees may feel a sense of betrayal and distrust towards the management. Communication that is unclear or insufficient can exacerbate this perception.
3. **Impact on morale:** Layoffs can have a negative impact on the morale and motivation of remaining employees. Witnessing colleagues being let go can create a somber atmosphere, reduce team cohesion, and diminish productivity.
4. **Perception of fairness:** Employees are likely to evaluate the fairness of the layoff policy. If the selection criteria for layoffs are not clear or perceived as biased, it can lead to a sense of injustice and resentment among employees.

5. Organizational loyalty: Layoffs can erode employees' loyalty and commitment to the organization. Employees may feel less connected to the company and become more inclined to seek alternative employment opportunities.

6. Trust in leadership: The way layoffs are handled can affect employees' trust in the leadership. If employees perceive that their leaders genuinely care about their well-being, have considered alternatives to layoffs, and are open about the reasons behind the decision, it can mitigate negative perceptions to some extent.

It is important for organizations to consider these employee perceptions and proactively address them through effective communication, providing support, and implementing fair and transparent layoff policies. By doing so, organizations can minimize the negative impact on employee morale and maintain a positive work environment even during challenging times.

LITERATURE REVIEW

After the fall: Layoff victims' trust and cynicism in re-employment

Pugh, S. Douglas, Daniel P. Skarlicki, and Brian S. Passell. "After the fall: Layoff victims' trust and cynicism in re-employment." *Journal of Occupational and Organizational Psychology* 76.2 (2003): 201-212,

An analysis of 141 layoff victims' attitudes towards new employers looked at the connection between a person's psychological contract violation by a previous employer and those attitudes. The degree of employee skepticism and the degree of employee violation were inversely correlated. The degree to which participants worried about being handled unfairly by their new boss was a mediating factor in the association between violation and both trust and cynicism.

The Effects of Procedures, Social Accounts, and Benefits Level on Victims' Layoff Reactions Konovsky, Mary A., and Robert Folger. "The effects of procedures, social accounts, and benefits level on victims' layoff reactions." *Journal of Applied social psychology* 21.8 (1991): 630-650. In response to inquiries about how being laid off affected them, 352 layoff recipients provided responses. Additionally, victims detailed management layoff procedures. Benefits level was one of one measure of layoff outcomes and two measures of procedural fairness in layoff practices (decision-making traits and social accounts). Only decision-making traits predicted executive employees' readiness to seek employment with a former employer and desire for layoff regulation. The significance of procedural justice in organisational decision-making is further supported by these findings.

Perceived Control as an Antidote to the Negative Effects of Layoffs on Survivors' Organizational Commitment and Job Performance

Brockner, Joel, et al. "Perceived control as an antidote to the negative effects of layoffs on survivors' organizational commitment and job performance." *Administrative Science Quarterly* 49.1 (2004): 76-100. The idea that high perceived control may act as a buffer against the detrimental impacts of layoffs on the employees who are not laid off was put to the test in two field studies. (survivors). In Study 1, some subjects saw their co-workers get fired, while others did not. All study 2 participants encountered a layoff, but there were differences in how much they felt threatened by the post-layoff environment. Comparable findings between the two investigations emerged conceptually. According to Study 1, when perceived control was relatively strong, the detrimental effects of layoffs on survivors' organisational commitment were lessened. Study 2 revealed that when perceived control was present, there was less of a propensity for survivors' work performance to be negatively impacted by high well-being threat.

Individual differences in successful job searches following lay off

Kanfer, Ruth, and Charles L. Hulin. "Individual differences in successful job searches following lay-off."

Personnel psychology 38.4 (1985): 835-847.

Behavioral and attitude factors connected to reemployment after job termination were investigated in a field research. In the two days following termination, 35 workers were polled. 23 of the respondents to the survey had their job status checked a month later. The results of the analyses showed that people who had found new employment were significantly more confident in their job search abilities and had engaged in a greater variety of search behaviours than people who had stayed unemployed. In terms of affective reactions to termination or nonwork-related variables, there were no discernible variations between the groups who had found employment and those who had not. According to the results, individual differences in expectations of a fruitful job search are related to reemployment success. On the topic of job loss and reemployment, implications for future study are discussed.

Evaluating Layoff Techniques: A Policy-Capturing Study of Voluntary Versus Involuntary Layoffs

Chhinzer, Nita Navpreet. Evaluating layoff techniques: a policy-capturing study of voluntary versus involuntary layoffs. Diss. 2007.

One of two execution strategies can be used by an organisation to carry out layoffs. Management has the unilateral authority to decide which workers to terminate through involuntary layoffs. Employees can also choose to be laid off themselves by asking for one through voluntary layoffs. For both implementation methods, a model from the field of turnover was modified and used to evaluate the factors that led to the decision to lay people off. There were both work-related and non-work-related antecedents. A policy-capturing method contrasted layoffs that were discretionary and those that were not. Employee profiles were evaluated, and management and employee dyads determined the best course of action for each profile. Due to the exploratory character of this study, 388 profiles were evaluated by subject matter experts to validate the model. SME semi-structured interviews produced changes that were used in the field research.

RESEARCH METHODOLOGY

Research Design: For this study, Descriptive Method is used for analyzing the different types of practices followed by different organizations.

Data Collection Sources: Primary Data is collected through a survey among the people of Gujarat State using a Questionnaire method with the questions framed according to the objectives of this study. Secondary Data is collected from different books, journals, research papers and websites over internet.

Sampling Area: The research is based on the respondents of Gujarat State.

Sample Size: The sample size is 102 respondents.

Data Analysis tools: Descriptive Statistics with Normality Test, Non- Parametric Test (Mann- Whitney, Kruskal Wallis and Chi-square Test)

SCOPE OF THE STUDY

- a. Employee attitudes towards the layoff policy
- b. Perception of job security
- c. Communication and implementation of the policy
- d. Impact on employee morale
- e. Retention and turnover rates

OBJECTIVES OF THE STUDY

1. To Make understand employees about the policy.
2. To identify the factors that affect employees due to layoff and to provide support to all those who are laid off.
3. To study Layoffs can be a difficult and emotional process for both the employees being laid off and the employees

who remain.

4. The perception of the layoff policy should aim to protect the company's reputation by being transparent and honest about the reasons for the layoff and how it will be conducted.
5. To gather feedback of employees on the support provided to those who are laid off.

LIMITATIONS OF THE STUDY

1. The Survey is limited only to Ahmedabad.
2. Some employees were not ready to respond.
3. Some employees were not providing adequate data to the questions.

DATA ANALYSIS

To check the data collected is relevant to the topic of study:

- **RELIABILITY TEST:**

Reliability Statistics

Cronbach's Alpha	N of Items
.934	8

In reliability test we can see that Cronbach alpha is greater than 0.7 which shows that the data we have collected is relevant and reliable.

1. To check the if the data is normally distributed among the variables:

- **NORMALITY TEST:**

Tests of Normality

	Kolmogorov-Smirnov ^a			Shapiro-Wilk		
	Statistic	df	Sig.	Statistic	df	Sig.
Layoff process	.201	102	.000	.903	102	.000
Level communication	.201	102	.000	.907	102	.000
Support	.204	102	.000	.910	102	.000
Overall approach	.224	102	.000	.905	102	.000
Cost-saving	.216	102	.000	.909	102	.000
Retain	.201	102	.000	.909	102	.000
Communicated clearly	.185	102	.000	.913	102	.000
Contributions	.211	102	.000	.911	102	.000

a. Lilliefors Significance Correction

Interpretation:

H0: Data follows normal distribution

H1: Data doesn't follow normal distribution

From the above table of normality test, we can observe that P value for all the variables is less than 0.05 which indicates the rejection of null hypothesis which means that they are not normally distributed among each other and thus we have to go with the Non-parametric test for further analysis.

2. To know the significant difference between the employees satisfaction level:

• MANN- WHITNEY TEST: Test Statistics

	Layoff process	communication	support
Mann-Whitney U	928.500	947.500	1004.000
Wilcoxon W	2698.500	2717.500	2774.000
Z	-2.398	-2.254	-1.878
Asymp. Sig. (2-tailed)	.017	.024	.060

Overall approach	cost-saving	retain	Communicated clearly	contributions
973.000	837.000	835.000	833.000	845.000
2743.000	2607.000	2605.000	2603.000	2615.000
-2.097	-3.071	-3.070	-3.070	-3.003
.036	.002	.002	.002	.003

Ranks

	Gender	N	Mean Rank	Sum of Ranks
Layoff process	Male	43	59.41	2554.50
	Female	59	45.74	2698.50
	Total	102		
Communication	Male	43	58.97	2535.50
	Female	59	46.06	2717.50
	Total	102		
Support	Male	43	57.65	2479.00
	Female	59	47.02	2774.00
	Total	102		
Overall approach	Male	43	58.37	2510.00
	Female	59	46.49	2743.00
	Total	102		
Cost-saving	Male	43	61.53	2646.00
	Female	59	44.19	2607.00
	Total	102		
Retain	Male	43	61.58	2648.00
	Female	59	44.15	2605.00
	Total	102		
Communicated clearly	Male	43	61.63	2650.00
	Female	59	44.12	2603.00
	Total	102		
Contributions	Male	43	61.35	2638.00
	Female	59	44.32	2615.00
	Total	102		

Interpretation:

Mann-Whitney U Test is conducted for the data having two variables. In the table of test statistics, the column of Asymp. Significance is checked to know if there is significant difference in satisfaction level of employees. If the Asymp. Sig. is observed to be lower than 0.05, then it is said that there exists significant difference among the variables. As per the above table, it is observed that all the factors shows

significant difference as the value of Asymp Significance stands lower than 0.05.

3. To know the significant difference of the Income and the adequate support provided to employees who are laid off:

• **KRUSKAL WALLIS TEST:**

Test Statistics

	Providesadequate support
Chi-Square	4.469
Df	4
Asymp. Sig.	.346

a. Kruskal Wallis Test

b. Grouping Variable:Income

Ranks

	Income	N	Mean Rank
Provides adequatesupport	Below 2,50,000	31	58.27
	2,50,000-5,00,000	34	48.91
	5,00,000-7,50,000	26	49.58
	7,50,000-10,00,000	7	36.93
	10,00,00 and above	4	59.00
	Total	102	

Interpretation:

Kruskal-Wallis test is conducted for the data having more than two variables. In the table of Ranks, the column of Asymp. Significance is checked to know if there is significant difference in the Income and Provide adequate support. If the asymp. Sig. is observed to be lower than 0.05, then it is said that there exists significant difference among the variables. As per the above table, it is observed that there is no significant difference as the value of p in all variables is >0.05 between the Income and the adequate support provided to employees who are laid off.

To analyse the effect of Age and adequate support and resources to employees who are laid off.

• **CHI-SQUARE TEST:**

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	10.408 ^a	6	.108
Likelihood Ratio	11.749	6	.068
Linear-by-Linear	3.934	1	.047

Association			
N of Valid Cases	102		

a. 6 cells (50.0%) have expected count less than 5. The minimum expected count is .27.

Age * Provides adequate support Crosstabulation

		Provides adequate support			Total
		No	Yes	Maybe	
15-25 Age	Count	19	19	30	68
	% within Age	27.9%	27.9%	44.1%	100.0%
	% within Provides adequate support	52.8%	67.9%	78.9%	66.7%
	% of Total	18.6%	18.6%	29.4%	66.7%
25-35	Count	14	8	6	28
	% within Age	50.0%	28.6%	21.4%	100.0%
	% within Provides adequate support	38.9%	28.6%	15.8%	27.5%
	% of Total	13.7%	7.8%	5.9%	27.5%
25-45	Count	3	0	2	5
	% within Age	60.0%	0.0%	40.0%	100.0%
	% within Provides adequate support	8.3%	0.0%	5.3%	4.9%
	% of Total	2.9%	0.0%	2.0%	4.9%
45-55	Count	0	1	0	1
	% within Age	0.0%	100.0%	0.0%	100.0%
	% within Provides adequate support	0.0%	3.6%	0.0%	1.0%
	% of Total	0.0%	1.0%	0.0%	1.0%
Total	Count	36	28	38	102
	% within Age	35.3%	27.5%	37.3%	100.0%
	% within Provides adequate support	100.0%	100.0%	100.0%	100.0%
	% of Total	35.3%	27.5%	37.3%	100.0%

H0: There is no significant association between the Age and adequate support and resources to employees who are laid off.

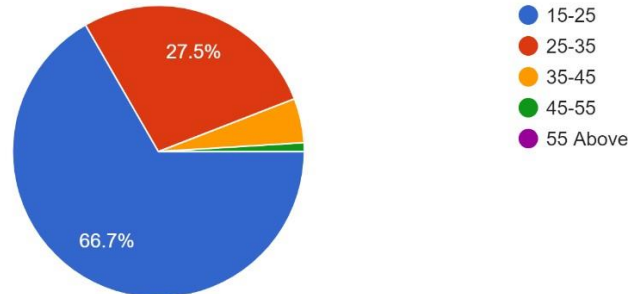
H0: There is significance association between the Age and adequate support and resources to employees who are laid off.

Here, the chi square P value is 0.108, which is more than the value of alpha (0.05). So H0 is accepted. Hence, we can conclude that Age is dependent on adequate support and resources to employees who are laid off.

DATA ANALYSIS – DECSRIPTIVE STATISTICS

Age

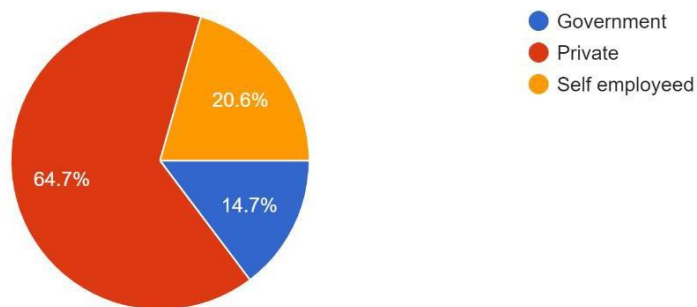
102 responses



From the above diagram, we can see that more than half of the respondents i.e. 66.7% of consumer belongs to the age group of 15-25, 13.4% of the respondents fall under the age group of 25-35, 4.5% of the respondents fall under the age category of 35-45, in the age category of 45-55 there 1.3% and no respondent fall under the age category of above 55.

Occupation

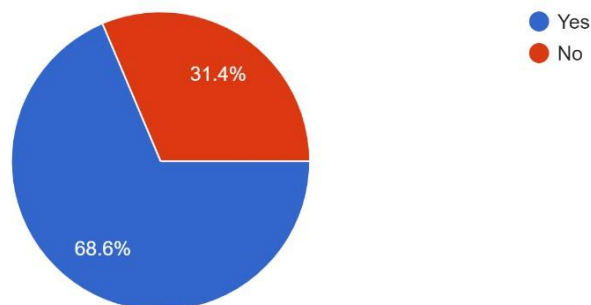
102 responses



The above chart depicts that almost 64.7% of the respondents are Private employees. It is followed by the self employed who are nearly 20.6% of the total respondents and there are 14.7% who are from government sector.

Are you aware About Layoff Policy ?

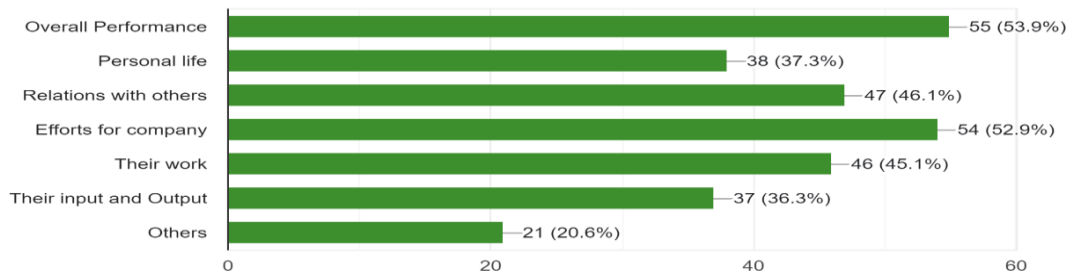
102 responses



The Above chart Describes that almost More than Half of the employees are aware about Layoff Policy which is 68.6% and there are 31.4% of employees who are not aware about the Layoff.

Before layoff what company should observe in employees ?

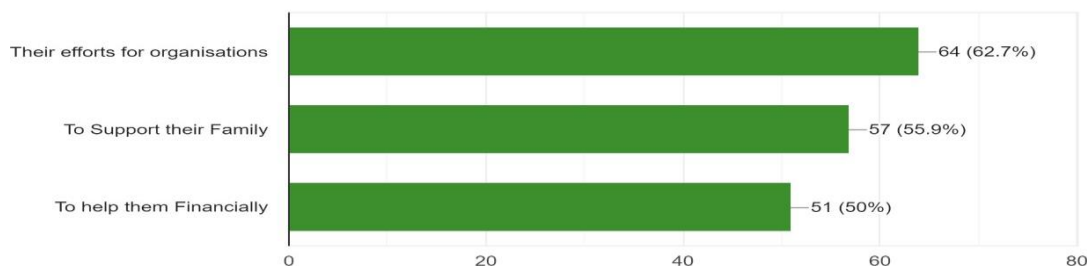
102 responses



According to the respondent it can be interpreted that almost 55% of respondents believe that overall Performance of employees should be taken as the priority, 38% believe that Personal life of employees should also be considered, 47% say about the relation with employees, 54% say that their efforts should be considered, Almost 46% describes that their work should be considered, 37% say that their input and output should be observed and there are 21% of employees who describe other reasons as well.

Reasons Why Organisation should help employees who are laid off

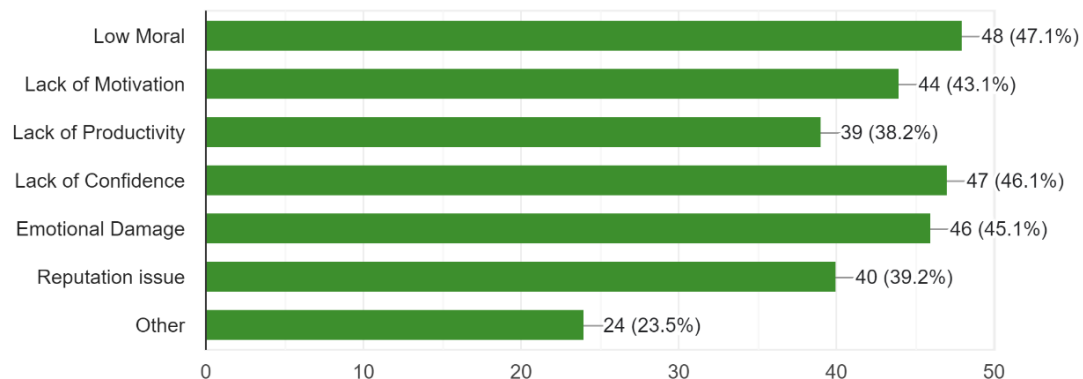
102 responses



From the above chart it can be said that almost 64% say that efforts of employees should be considered whereas 57% believe that organization should support their family, whereas 51% believe that they should get financial support from organization.

According to you what problems are faced by layoff employees

102 responses



There are many problems that employees face during layoff where every individual has their own views. They are Low Moral, Lack of Motivation, Lack of Productivity, Lack of confidence, Emotional Damage, Reputation issues and many more among which according to every employee Low Moral is the highest factor which affects employees more.

FINDINGS

1. From the study, it is observed that most of the respondents fall under the category of age group of 15-25 years. By which a researcher can conclude that young consumers are more than mid-age or senior consumers.
2. On the basis of occupational classification, we can conclude that majority of the respondents are from Private sector which states that today's Generation prefer Private jobs as it is more than half of the population than that of total respondent.
3. According to the Income it can be concluded that every individual falls under different category where most of population belongs to 0 to 7,50,000 as there are rare people who falls above this category of Income.
4. If we talk about the awareness of layoff policy it can be said that 68.6% Which is almost more than half of the population are aware about this policy, whereas 31.4% of population are still not aware about the same
5. Many organisation have their layoff policy which should be disclosed at the time of onboarding employees, according to the survey it is observed that only ¼ of the employees population are aware about this types of policy others are not aware about this type of policy or may be not sure about thistypes of policy.
6. According to the response there are 42.2 % of employees who have faced layoff in their organizational journey.
7. According to the data it is observed that more than half population states that employees should be layoff on the basis of overall performance and on the basis of efforts for the company.
8. It is also observed that around 45% of populations says that Layoff should be on the basis of Relations with others and their work in organization.
9. Many other also believes that employees should also layoff on the basis of their inputs and outputs for the organization.
10. It can be stated that there is different ratio of response in terms of biasness and the pattern is being followed at the time of layoff where 41.2% believe they have not observed biasness and 33.3% believethere is biasness in layoff.
11. The support provided by the company is where 37.7 % of employees are not aware about the adequate support weather provided by the organization or not.
12. 35.3% of employees says that adequate support is not provided by the company at the time of layoff whereas, 27.5% Believes that company provides support at the time of layoff.
13. As the ratio of the support provided differs with the organization as all the organization has their own policy that are being followed.
14. There are also different reasons why company should help there employees at the time of layoff where 64% believe that because of there efforts for the organization, 57% of employees says that to help their family and 51% of them says they should be financially helped by the organization.
15. There are also different problems that individual face at the time of layoff they are Low moral, Lack of motivation, Lack of Productivity, Lack of confidence, Emotional damage, Reputation issues and many other.
16. On the basis of the satisfaction level every employees have there own view on the different views as it differs because of different organisation as well as due to different mindset of every individual.
17. On the bases of overall fairness of the layoff policy is the organization is neutral where highest number of respondent falls under the same category.

CONCLUSIONS

Layoff refers to the temporary or permanent termination of employment of an employee by an organization due to various reasons such as downsizing, restructuring, financial difficulties, technological changes, or mergers and acquisitions.

Layoff typically involves the termination of multiple employees at once and can have a significant impact on the affected employees, their families, and the broader community.

In some cases, companies may offer severance packages, outplacement services, and support to the affected employees to ease the transition and mitigate the negative impact on their lives. However, the process of layoff can still be emotionally and financially challenging for the affected employees.

Layoff is a difficult decision for organizations, and it is essential to handle the process with care and compassion towards the affected employees while also considering the long-term impact on the organization's sustainability and growth.

However, in general, the conclusion of such a study may vary depending on various factors such as the industry, organizational culture, economic conditions, and the communication strategy of the company during the layoff process.

If the layoff policy is perceived negatively by employees, it may lead to decreased morale, productivity, and increased turnover rates. On the other hand, if employees perceive the layoff policy as necessary for the survival and growth of the organization, it may lead to increased trust and commitment towards the company. Therefore, it is important for companies to communicate the reasons behind the layoff policy and provide support to affected employees during and after the layoff process. This can help minimize the negative impact on employees and maintain a positive organizational culture.

REFERENCES

- [1] Pugh, S. Douglas, Daniel P. Skarlicki, and Brian S. Passell. "After the fall: Layoff victims' trust and cynicism in re-employment." *Journal of Occupational and Organizational Psychology* 76.2(2003): 201-212.
- [2] Slothuus, Rune. "Framing deservingness to win support for welfare state retrenchment." *Scandinavian Political Studies* 30.3 (2007): 323-344.
- [3] Hacker, Jacob S. "Privatizing risk without privatizing the welfare state: The hidden politics of social policy retrenchment in the United States." *American Political Science Review* 98.2 (2004):243-260.
- [4] Davy, Jeanette A., Angelo J. Kinicki, and Christine L. Scheck. "Developing and testing a model of survivor responses to layoffs." *Journal of vocational behavior* 38.3 (1991): 302-317.
- [5] Bergh, Andreas, and Gissur Ó. Erlingsson. "Liberalization without retrenchment: Understanding the consensus on Swedish welfare state reforms." *Scandinavian political studies* 32.1 (2009): 71-93.
- [6] Brockner, Joel. "Scope of justice in the workplace: How survivors react to co-worker layoffs." *Journal of social issues* 46.1 (1990): 95-106.
- [7] Benson, George S. "Employee development, commitment and intention to turnover: a test of 'employability' policies in action." *Human Resource Management Journal* 16.2 (2006): 173-192.
- [8] Konovsky, Mary A., and Robert Folger. "The effects of procedures, social accounts, and benefits level on victims' layoff reactions." *Journal of Applied social psychology* 21.8 (1991): 630-65.
- [9] Carroll, John S., ed. *Applied social psychology and organizational settings*. Psychology Press, 2015.
- [10] Brockner, Joel, et al. "Perceived control as an antidote to the negative effects of layoffs on survivors' organizational commitment and job performance." *Administrative Science Quarterly* 49.1 (2004): 76-100.
- [11] Skarlicki, Daniel P., and Carol T. Kulik. "Third-party reactions to employee (mis) treatment: A justice perspective." *Research in organizational behavior* 26 (2004): 183-229.
- [12] Skarlicki, Daniel P., Laurie J. Barclay, and Douglas S. Pugh. "When explanations for layoffs are not enough: Employer's integrity as a moderator of the relationship between informational justice and retaliation." *Journal of occupational and organizational psychology* 81.1 (2008): 123-146.
- [13] Worrell, Dan L., Wallace N. Davidson III, and Varinder M. Sharma. "Layoff announcements and stockholder wealth." *Academy of management Journal* 34.3 (1991): 662-678.
- [14] Kanfer, Ruth, and Charles L. Hulin. "Individual differences in successful job searches following lay-off." *Personnel psychology* 38.4 (1985): 835-847.
- [15] Green-Pedersen, Christoffer. "The dependent variable problem within the study of welfare state retrenchment: Defining the problem and looking for solutions." *Journal of Comparative Policy Analysis*:

Research and Practice 6.1 (2004): 3-14.

- [16] Chhinzer, Nita Navpreet. Evaluating layoff techniques: a policy-capturing study of voluntary versus involuntary layoffs. Diss. 2007.
- [17] Milesi-Ferretti, Gian-Maria, and Cédric Tille. "The great retrenchment: international capital flows during the global financial crisis." *Economic policy* 26.66 (2011): 289-346.
- [18] Edwards, John C., et al. "Business ideologies and perceived breach of contract during downsizing: the role of the ideology of employee self-reliance." *Journal of Organizational Behavior: The International Journal of Industrial, Occupational and Organizational Psychology and Behavior* 24.1 (2003): 1-23.
- [20] Arnold, Edwin. "Managing human resources to improve employee retention." *The health care manager* 24.2 (2005): 132-140.
- [21] Topolnytsky, Laryssa. Perceptions of justice in layoff decisions: the influence of managerial explanations. University of Western Ontario, 1999.
- [22] Mahmood, Aneth M. Layoff Survivors' Work Engagement. Diss. Azusa Pacific University, 2021.
- [23] Lee, Sanghyun, Sounman Hong, and Bong Gyou Lee. "Is There a Right Way to Lay Off Employees in Times of Crisis?: The Role of Organizational Justice in the Case of Airbnb." *Sustainability* 15.5 (2023): 4690.
- [24] Konovsky, Mary A., and Russell Cropanzano. "Perceived fairness of employee drug testing as a predictor of employee attitudes and job performance." *Journal of applied psychology* 76.5 (1991): 698.
- [25] Beugre, Constant D., and Robert A. Baron. "Perceptions of systemic justice: The effects of distributive, procedural, and interactional justice." *Journal of Applied Social Psychology* 31.2 (2001): 324-339.
- [26] Porter, Lyman W., et al. "Differential perceptions of employers' inducements: Implications for psychological contracts." *Journal of Organizational Behavior: The International Journal of Industrial, Occupational and Organizational Psychology and Behavior* 19.S1 (1998): 769-782.
- [27] Andersson, Lynne M., and Thomas S. Bateman. "Cynicism in the workplace: Some causes and effects." *Journal of Organizational Behavior: The International Journal of Industrial, Occupational and Organizational Psychology and Behavior* 18.5 (1997): 449-469