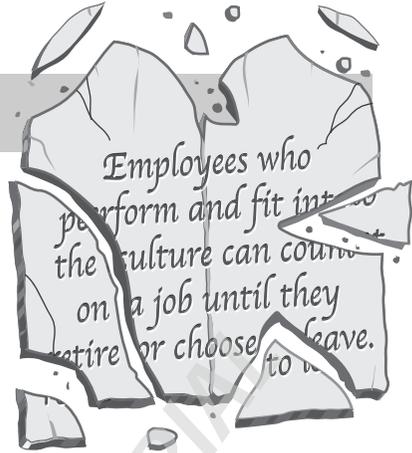


## CHAPTER 1

# Forgotten Survivors



## What Happens to Those Who Are Left Behind

*"No one is happy anymore. I think a lot of people are under stress, and it tends to balloon out, and everybody is absorbed by it. You don't have anybody coming in in the morning, going, 'God, it's a great day!'"*

Layoff survivor sickness begins with a deep sense of violation. It often ends with angry, sad, and depressed employees, consumed with their attempt to hold on to jobs that have become devoid of joy, spontaneity, and personal relevancy, and with the organization attempting to survive in a competitive global environment with a risk-averse, depressed workforce. This is no way to lead a life, no way to run an organization, and no way to perpetuate an economy.

The root cause is a historically based, but no longer valid, dependency relationship between employee and employer—a type of cultural lag from the post-World War II days when employees were considered long-term assets to be retained, nurtured, and developed over a career as opposed to short-term costs to be managed and, if possible, reduced. The first act of the harsh reality of this new psychological employment contract became painfully evident in the late 1980s and early 1990s. Then there was an intermission when both employees and employers were seduced back

into complacency by the liquidity and economic boom of the early years of the new millennium. The curtain abruptly rose for act two with the financial meltdown of 2008, and we are now facing the jolting reality of a worldwide wake-up call. The second act is much more somber and represents the final shattering of the old psychological employment contract. We are caught up in an unprecedented global epidemic of layoffs, and the toxic effects of layoff survivor sickness on both individuals and organizations are approaching a pandemic tipping point.

The battle to ward off and eventually develop immunity to these survivor symptoms must be waged simultaneously by individuals and organizations. This battle is among the most important struggles that we and our organizations will ever face. Individuals must break the chains of their unhealthy, outdated organizational codependency and recapture their self-esteem; organizations must reconceptualize their paradigms of loyalty, motivation, and commitment in order to compete in the new global economy.

The old psychological employment contract began to unravel about twenty years ago, and some people are still feeling the effects. Although we are well into act two, the dynamics haven't changed, and we can learn much from the past. For the organization, managing according to outdated values will no longer work. For individuals, struggling to hold on to a meaningless, deflated job can be a Faustian bargain that is hazardous to their mental health, as the following examples illustrate.

### **Lessons from Act One: Juanita and Charles—Victim and Survivor**

When the layoffs hit, Juanita and Charles were both department directors, the lower end of the upper-management spectrum in the high-technology firm where they worked. Juanita was in her late forties, Charles in his early fifties. Although they had traversed very different paths to their management jobs, they were equally devastated when their organization started “taking out” managers to reduce costs. They experienced similar feelings of personal violation when the implicit psychological contract between each of them and their organization went up in smoke. Although this contract was only implied, Juanita and Charles had assumed that the organization shared their belief in the importance of this contract.

It wasn't long before both were experiencing survivor symptoms of fear, anxiety, and mistrust.

Juanita had achieved her management role. She had returned to school in midcareer, earned an M.B.A, and—through talent, determination, and the efforts of a good mentor—moved quickly through Anglo-male management ranks that were lonely and uncharted for a woman. When Juanita lost her job, the official explanation was that her department was “eliminated” and no other “suitable” positions were available. In reality, she was done in by the existing old-boy network, which at least in the early stages of the layoffs looked after its own. (In a form of layoff poetic justice, the network fell apart as the “rightsizing” continued.) Juanita was a “layoff victim.”

Charles evolved into his management role. He was a classic organization man, joining the company right out of college and following the traditional career path of working his way up the system by punching the right tickets, knowing the right people, wearing the right clothes, and generally walking the walk and talking the talk. This career path was a hallmark of the large hierarchical public and private organizations that dominated the post-World War II era in North America, Western Europe, and Japan. The psychological contract that Charles and Juanita trusted was a legacy of this organizationally endorsed career path. Charles believed he had made a covenant that unless he violated the norms and standards of his company, he could count on his job until he retired or decided to leave.

Although Charles lost his influence, watched his support network disintegrate, ended up taking a substantial salary cut, and lived in a constant state of anxiety, guilt, and fear, he managed to hang on long enough to qualify for early retirement. He carried anger and depression with him when he left. Although technically a survivor, he is a victim of layoff survivor sickness. He would have been better off psychologically if he had left, and his company certainly would have been much wiser to invest in helping him make an external transition than living with his anger, guilt, and anxiety for fifteen years.

When Juanita was laid off, the company helped her take stock of her life and career. It spent some time and a fair amount of money on her psychological counseling and outplacement services. Juanita took over two years to grope her way through a time of

exploration, regeneration, and ambiguity that William Bridges (1980) has called the “neutral zone.” She emerged as a principal in a small but vibrant and thriving consulting firm. She has cut back her hours somewhat in the past few years, but is still excited about life and stimulated by her work, and she has merged her career and personal life into a balance she found impossible in her previous job. She became a much more integrated and congruent person as a layoff victim.

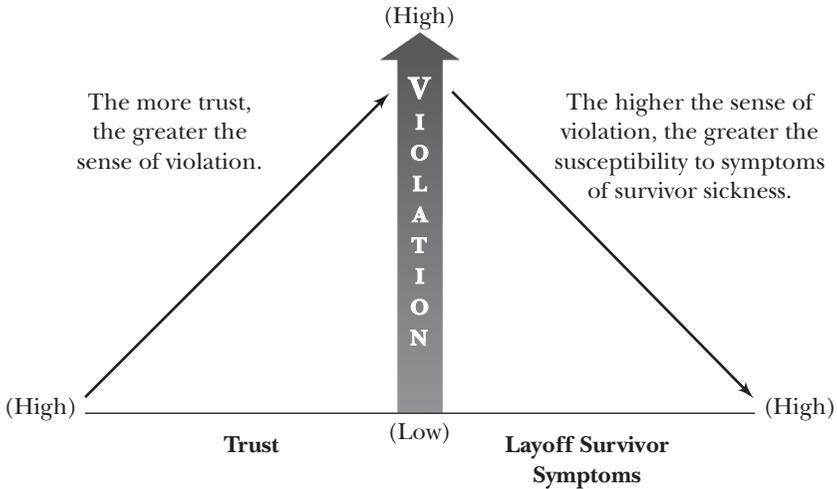
Charles is still living an anxiety-ridden life. His guilt, fear, and anger have spilled outside the job. He is now divorced and emotionally isolated, and he continues to struggle with alcoholism. His company, which after twenty years and two mergers, is still mostly intact, is going through another round of layoffs. Once again, in act two, it is spending some of its very scarce resources to help those who are leaving but doing nothing to re-recruit those who have survived. As a result, the legacy of Charles lives on in a whole building filled with angry, unproductive, risk-averse employees. This is the team the company is fielding to compete in a global marketplace where innovation and creativity are the only true competitive advantage.

### **The Basic Bind: Lean and Mean Leads to Sad and Angry**

Layoffs are intended to reduce costs and promote an efficient lean-and-mean organization. However, what tends to result is a sad and angry organization, populated by depressed survivors. The basic bind is that the process of reducing staff to achieve increased efficiency and productivity often creates conditions that lead to the opposite result: an organization that is risk averse and less productive than it was in the past.

The key variable is the survivors’ sense of personal violation. The greater their perception of violation, the greater their susceptibility is to survivor sickness. The perception of violation appears directly related to the degree of trust employees have had that the organization will take care of them. Since nearly all organizations in the past had strategies of taking care of their employees, this basic bind is alive and well (Figure 1.1).

One symptom of layoff survivor sickness is a hierarchical denial pattern: the higher a person resides in an organization, the more

**Figure 1.1. The Basic Bind**

he or she will be invested in denying the symptoms of the sickness. This is one of the reasons that managers are often reluctant to implement intervention strategies, despite the increasing evidence of an epidemic of survivor symptoms, despite entire organizations filled with people like Charles. Understanding and dealing with survivor symptoms requires personal vulnerability and an emotional and spiritual knowledge of the symptoms. Most top managers are excellent at playing the role they and their employees have colluded to give them. Their egos require that they present an image of cool control and that they appear skilled and comfortable with rational and analytical knowing rather than emotional knowing. The management job in a downsized organization is extremely complex and demanding.

### **Metaphor of the Surviving Children**

Managers and organizational leaders play a vital role in bringing about the emotional release necessary to begin the survivors' healing process after layoff. Their denial must be dealt with before there can be any release. In my experience, confronting denial head-on serves only to reinforce it. Methods that help people reach

out to and legitimize their emotions and spiritual feelings are more useful in helping these people to understand the dynamics of their layoff survivor sickness. For example, I find that the metaphor of the surviving children is a compelling way to demonstrate the emotional context of survivor sickness to managers and help them move past denial:

Imagine a family: a father, a mother, and four children. The family has been together for a long time, living in a loving, nurturing, trusting environment. The parents take care of the children, who reciprocate by being good.

Every morning the family sits down to breakfast together, a ritual that functions as a bonding experience, somewhat akin to an organizational staff meeting. One morning, the children sense that something is wrong. The parents exchange furtive glances, appear nervous, and after a painful silence, the mother speaks. "Father and I have reviewed the family budget," she says, looking down at her plate, avoiding eye contact, "and we just don't have enough money to make ends meet!" She forces herself to look around the table and continues, "As much as we would like to, we just can't afford to feed and clothe all four of you. After another silence, she points a finger: "You two must go!"

"It's nothing personal," explains the father as he passes out a sheet of paper to each of the children. "As you can see by the numbers in front of you, it's simply an economic decision. We really have no choice." He continues, forcing a smile, "We have arranged for your aunt and uncle to help you get settled, to aid in your transition."

The next morning, the two remaining children are greeted by a table on which only four places have been set. Two chairs have been removed. All physical evidence of the other two children has vanished. The emotional evidence is suppressed and ignored. No one talks about the two who are no longer there. The parents emphasize to the two remaining children, the survivors, that they should be grateful, "since, after all, you've been allowed to remain in the family." To show their gratitude, the remaining children will be expected to work harder on the family chores. The father explains that "the workload remains the same even though there are two fewer of you." The mother reassures them that "this will make us a closer family!"

"Eat your breakfast, children," entreats the father. "After all, food costs money!"

After telling this story, I ask surviving managers to reflect individually on the following five questions. Then I ask them to form small groups to discuss and amplify their answers:

1. *What were the children who left feeling?* Most managers say, “anger,” “hurt,” “fear,” “guilt,” and “sadness.”
2. *What were the children who remained feeling?* Most managers soon conclude that the children who remain have the same feelings as those who left. The managers also often report that the remaining children experience these feelings with more intensity than those who left.
3. *What were the parents feeling?* Although the managers sometimes struggle with this question, most of them discover that the parents feel the same emotions as the surviving children.
4. *How different are these feelings from those of survivors in your organization?* After honest reflection, many managers admit that there are striking and alarming similarities.
5. *How productive is a workforce with these survivor feelings?* Most managers conclude that such feelings are indeed a barrier to productivity. Some groups move into discussions about effects of survivor feelings on the quality of work life and share personal reflections.

What most managers take away from the metaphor of the children is a powerful and often personally felt understanding of the radical change the managers are experiencing in their own organizations. The vast majority of managers were hired into organizations that encouraged employees to feel part of a family in which the managers performed the benevolent parent role. The reward for such performance was that all organizational employees, from executives to production people, would be taken care of.

The harsh reality of the new psychological contract is that many “family” members are no longer cared for and are treated as dispensable commodities. It is not my intent to label this situation as good or bad. It is a sad situation for many, and the existing situation for everyone. The fact is that the old “family” contract is ending and the new competitive realities are creating a fundamental shift in the relationship of individual and organization. Managers and nonmanagers alike are part of this fundamental change in the

system. It is how to respond to this change, how to make it good rather than bad, that I am concerned with here.

## **Acts One and Two: A Family Legacy**

George was a casualty of an act one layoff. He was manager of production control coordination for the manufacturing division of a computer company. What that title actually meant was that he was highly skilled at managing an administrative system that was of value to only one company at one point in time. When he lost his job, he found himself with large mortgage payments, loans on two cars, quarterly payments for a country club membership, the prospect of twelve years of private school tuition payments for his first-grade daughter, Betsy, and no transferable skills. Like the metaphorical children who left the family, he too was a victim; he had trusted that if he did his job well, the organization would take care of him. When that didn't happen, he went into an emotional tailspin that took him nearly five years to pull out of. He eventually went back to school and leveraged his increasingly irrelevant degree in industrial engineering for a teaching certificate in math. He moved to a smaller town, bought a smaller house, downsized to one smaller car, sent Betsy to a public school, and played golf at a public course. He is about to retire from his job as a high school math teacher.

Betsy developed into a smart, independent, and ambitious woman. With the aid of scholarships and student loans, she went to an expensive private college, majored in business administration, and went directly to graduate school, where still more loans helped her get an M.B.A. with a concentration in finance. She took a job in New York with a financial service firm and used her signing bonus and lucrative new compensation agreement to finance a flat in Manhattan's notoriously expensive real estate market.

Enter act two: soon after the 2008 meltdown, Betsy lost her job. She was enmeshed in debt, far from home, with no realistic prospects of a job that would pay even a quarter of her brief, but liberal, previous compensation. Demographically, she was representative of generation Y values. She had great comfort with technology, a need for instant gratification, and, most relevant to the layoff symptoms of her generation, had never before experienced

failure. Unlike her father, whose symptoms when he was laid off were depression and anxiety, Betsy emerged angry and cynical. Unlike her father, she did not expect the mutual commitment and lifetime contract of the old paradigm, but she had not expected to lose her job. If she had left, she figured it would be her own choice.

The story of George and Betsy illustrates that although the causes and symptoms often vary by generation, the dynamics of layoff survivor sickness for victims and those who remain are alive and well. Although the old covenant is irrevocably broken, its power lies deep within our collective psyche. If our economic system is to survive, individuals and organizations need to find ways to move on.

## **Issues to Be Explored**

Metaphors or analogies tease out underlying issues and move them past our defense mechanisms. The metaphor of the surviving children allows survivors to bypass their denial. They begin to understand the dynamics of layoff survivor sickness by looking at the symptoms through the experience of others. This metaphor, along with the stories of Juanita, Charles, George, and Betsy, illustrate the following layoff survivor issues, which we will explore in this book.

### **Common Symptoms**

Those who remain in hierarchical organizations after layoffs share feelings of anger, fear, anxiety, and distrust. These feelings are particularly strong when the organizations have been nurturing and have captured the spirit of their employees. Employees have these feelings regardless of employment level. In the metaphor, the children and the parents shared the same feelings. In real organizations, those in the executive suite and on the assembly line share similar survivor feelings.

### **Norm of Denial**

Employees follow a norm of denying and blocking layoff survivor symptoms. This psychic numbing is also commonly found in survivors of other forms of trauma. The chain of denial among layoff survivors is difficult to break systematically because it is hierarchical:

the higher the employee's rank, the stronger the denial. Denial also seems to be stronger in those who must plan and implement the layoffs. Human resource people, for example, often seem to exhibit a "Judas complex" and engage in extensive rationalization and explanation to justify workforce reductions. If there were a character equivalent to a human resource person in the surviving children metaphor, that character would be a caring aunt, uncle, or cousin who planned the separation, helped decide who would go, and either scripted or delivered the layoff notifications. That character would present rational arguments as to the economic need for the downsizing.

### Shared Symptoms Among Survivors and Victims

The feelings of those who stay and those who leave are mirror images of each other. In fact, some evidence shows that the terms could reasonably be reversed: those who leave become survivors, and those who stay become victims.

### Helping Resources Restricted to Those Who Leave

As the example of Juanita and Charles illustrated, the laid-off employee, Juanita, was helped by life and career counseling, outplacement assistance, and a variety of transitional support services, all paid for by the organization. But the survivor, Charles, was expected to report to work the next morning as though nothing happened, be grateful, and work harder. A strong norm of denial within the organization made him suppress his anger. The suppression resulted in survivor guilt, depression, and, in Charles's case, alcohol abuse. The organization devoted no resources to help Charles deal with his layoff survivor sickness.

### Long-Term Symptoms

The literature about survivors clearly shows that survivor feelings exist for the long term. Although more research is needed, current evidence indicates that layoff survivors are no different from survivors of other forms of tragedy in that their symptoms do not go away unaided.

## Needed Intervention Strategies

The family in the metaphor was a system in need of an intervention. Given the persistence of survivor symptoms, the norm of denial, and the general atmosphere of risk avoidance, the people in an organizational family tend to lock into a pattern of codependency with their survivorship. The codependency is also change resistant and persists. Multilevel intervention strategies at both the individual and systems levels are needed to break the unhealthy and counterproductive pattern.

## Definitions

Layoff survivor sickness and the organizational realities that accompany this sickness are a relatively new topic in management writings, and some of the terminology is also new. These are the definitions of the terms I use to help people understand layoff survivor sickness and the need for new leadership strategies:

- *Layoff*. The term *layoff* is used generically to refer to all involuntary employee reductions for causes other than performance. Layoff in this sense does not imply that the employee may be recalled when business improves. Other common terms that convey the same meaning are *reduction-in-force* and *termination*. I do not use *firing* because it implies poor performance.

- *Layoff survivor sickness*. *Layoff survivor sickness* is a generic term that describes a set of attitudes, feelings, and perceptions that occur in employees who remain in organizational systems following involuntary employee reductions. Words commonly used to describe the symptoms of layoff survivor sickness are *anger*, *depression*, *fear*, *distrust*, and *guilt*. People with survivor sickness have often been described as having a reduced desire to take risks, a lowered commitment to the job, and a lack of spontaneity.

- *Victim*. The term *layoff victim* is used in this book, and increasingly in both academic and popular literature, to refer to the person who involuntarily leaves the organization, who is laid off. I hope to show how organizations can be “lean and mean” without creating people who feel victimized.

- *Survivor*. *Layoff survivors* are the people who remain in organizational systems after involuntary employee reductions. The

boundary between victims and survivors is blurred, however, because survivors often behave as victims.

- *Old employment contract.* This is the psychological contract that implies that employees who perform and fit into the culture can count on a job until they retire or choose to leave. I use this term interchangeably with *the old reality*.

- *New employment contract.* This psychological contract, which I sometimes describe as *the new reality*, says that even the best performer or the most culturally adaptive person cannot count on long-term employment. It replaces loyalty to an organization with loyalty to one's work.

- *Act one.* This is a generic term for the first significant round of layoffs (approximately between the late 1980s and early 1990s) that began the unraveling of the post-World War II covenant and violated the old employment contract.

- *Act two.* This is a term for the global pandemic of layoffs that followed the financial meltdown of 2008 and irrevocably shattered what was left of the post-World War II convenient.

- *Organizational codependency.* The concept of codependency originated in the treatment of alcoholism and has since been expanded to other addictive relationships. It is used here to describe the employee's relationship with an organization under the old employment contract.

- *Old paradigm.* This is the broad context, or setting, within which the old employment contract was played out. It describes the boundaries or limits once used to understand organizations, employees, and their relationship.

- *New paradigm.* This is the broad context within which the new employment contract is manifested. *New paradigm* describes the boundaries of a new way of understanding employees, organizations, and their relationship.

- *Good work.* This term describes task-specific behavior from which individuals derive worth, self-esteem, and value. *Good work* is part of the new employment contract.

- *Survivor guilt.* *Survivor guilt* describes a fundamental condition that leads to, and is often expressed in terms of, other survivor symptoms, such as depression, fear, or anger. In the context of lay-off survivor sickness, *guilt* may be generally defined as "a feeling of responsibility or remorse for some offense; an emotional reaction that one has violated social mores" (Gottesfeld, 1979, p. 525).

## **Learnings and Implications**

The stories of Juanita, Charles, George, and Betsy and the metaphor of the surviving children illustrate the dynamics and multi-generational aspects of layoff survivor sickness. These stories introduced themes I explore in future chapters: the denial chain, shared symptoms among survivors and victims, the propensity of organizations to help those who leave and take for granted those who remain, the persistence of survivor symptoms, the necessity for intervention strategies, and new dimensions of leadership.

Before individuals or organizations can formulate healing strategies, they need a deep literal and symbolic understanding of the pathology of layoff survivor sickness. To help managers avoid the trap of instant diagnosis, or the ready, fire, aim strategy to which many organizations often succumb, it is necessary to explore the depth and breadth of this sickness. Chapter Two begins this process with a review of the fundamental change in the relationship of people to organizations, the change that is causing such agony today.

