

# CIPD Coronavirus webinar series

How to get redundancies right

15 October 2020

# Welcome

Katie Jacobs, Senior Stakeholder Lead, CIPD

**CIPD**



# Today's speakers

Katie Jacobs

Senior  
Stakeholder  
Lead,  
CIPD

Rachel Suff

Senior Policy  
Adviser,  
Employment  
Relations,  
CIPD

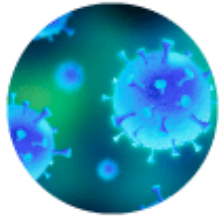
Matt  
Reymes-Cole

Employment Law  
Consultant,  
Croner

Dr Madeleine  
Petzer

Senior Lecturer in  
HRM, Liverpool  
John Moores  
University

# #StrongerWithCIPD



**Covid-19  
resources**



**NEW Well-  
being helpline**



**Employment  
Law helpline**



**Communities  
and branches**



***People  
Management***



**Knowledge  
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**Free learning**



**Careers  
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**Professional  
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**Financial  
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**[cipd.co.uk/memberbenefits](https://cipd.co.uk/memberbenefits)**

# Managing redundancy in a compassionate way

Rachel Suff

Senior Policy Adviser, Employment Relations, CIPD



# Redundancy intentions

- One third (33%) of employers intended to make redundancies in last quarter to end of Sept
- Redundancies are likely to affect the whole economy, but IT, manufacturing, transport and hospitality are the hardest hit sectors
- There's still a lot of uncertainty...



LABOUR  
MARKET

# OUTLOOK

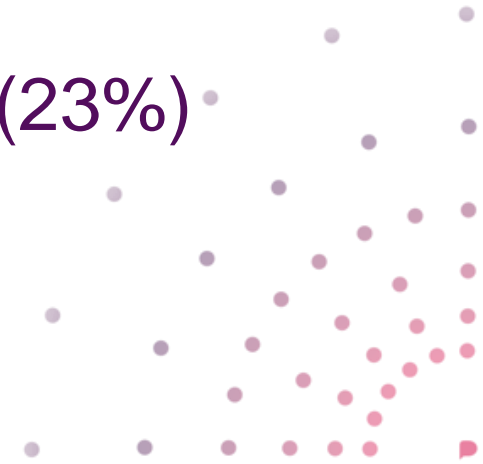
VIEWS FROM  
EMPLOYERS

*Summer 2020*

LABOUR  
MARKET**OUTLOOK**VIEWS FROM  
EMPLOYERS*Summer 2020*

# Alternatives to redundancy

- Recruitment freezes (42%)
- Wage flexibility – eg pay freezes, pay cuts, bonus cuts
- New or more flexible working arrangements (38%)
- Terminating agency/temporary worker contracts (32%)
- Short-time working (23%)
- Reductions in training budgets (23%)



# Managing redundancy during COVID-19





# Ensuring compassion and supporting people's health and wellbeing



- **Treat people with dignity, respect and kindness** – this can make a big difference to how they cope
- **Communicate regularly** – be clear, sincere and transparent
- **Train and support line managers** to have empathetic conversations and listen to concerns
- **Provide ongoing health and wellbeing support** – eg EAP, counselling, wellbeing charities etc
- **Be mindful of the potential impact on the wider workforce** – build morale and help people look to the future



# Legal considerations

Matt Reymes-Cole, Employment Law Consultant, Croner



# Redundancy - a fair process

- Employers must be able to show that they have followed a fair procedure
  - Explore other alternatives before redundancy;
  - Having a clear rationale and explanation of the reasons for the potential redundancy;
  - Identifying the correct pool of those who are at risk of redundancy;
  - Advising relevant employees of the possibility of redundancy;
  - Undertaking sufficient meaningful consultation; discussing and considering all alternatives to redundancy, including searching for alternative roles;
  - Applying a proper selection process, need to ensure that any selection is fair and objective and that it is applied consistently to all those in the pool;

# Consultation Process – “Individual” or Collective

- An employer is obliged to enter into effective and meaningful consultation with employees who are at risk of redundancy – regardless of numbers involved.
- If the employer is proposing to dismiss as redundant 20 or more employees from a single establishment within a 90-day period, then they will be obliged to enter into a period of collective consultation (as well as “individual” consultation).
- Where the employer is not obliged to enter into collective consultation then they must still enter into individual consultation with the affected employees.

# “Individual” vs Collective

- Individual
  - No set time limit, have to demonstrate consultation is meaningful and effective
  - “At risk” meeting normally with whole group or sub groups based on role/location
  - Thereafter process continues with meeting with individuals
- Collective
  - Minimum time limits before notice is served (30 or 45 days)
  - Consulting with elected representatives or trade unions where recognised.
  - Specified information to be provided to Representatives at outset
  - Individual consultation still required
  - HR1 form to be submitted!

# Common Pitfalls

- Lack of clarity on rationale or what proposing where restructures are involved.
- Incorrectly identifying the pool for selection.
- Having prejudged the consultation process – no consultation at all or giving insufficient consideration as progresses.
- Assumptions regarding alternative job roles.
- Failing to identify situations where collective consultation is required.

# Job Support Scheme

- Unlike Job Retention Scheme, employees CANNOT be given notice of redundancy or made redundant during the period where claiming from the JSS for that employee
- (Detailed guidance awaited)

# How to mitigate the negative impact of redundancies

Dr. Madeleine Petzer

Senior Lecturer in Human Resource Management / Organisational Behaviour

Liverpool John Moores University



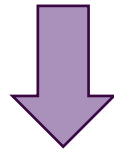
# Research overview

INSIDE



- Embedded in an organisation

ACTION



- Driving continuous improvement

RESEARCHER



- 5 year longitudinal study during the implementation of 4 redundancy programmes



# Implementing redundancies responsibly

Pilot study resulted in the business improving its financial position by 21.7% over a 5-year period, from loss to profit making while undergoing four redundancy programmes.

**EVIDENCE**



# Success of redundancies as a HRM strategy?

- Mostly demonstrates that as a method to improve organisational performance, productivity or cost competitiveness, it tends not to achieve these aims.
- Redundancy is an ambiguous practice that has failed to date to produce its expected outcomes.
- Most companies that implement redundancies as a cost cutting exercise fail to reap economic success.



# Why?

The reason why companies mostly don't succeed to achieve their intended objectives...



....is mainly due to the negative impact experienced by the impacted groups.

# Impacted groups

## Victims

The individuals that exit the organisation as a result of the redundancy programme.

## Survivors

The individuals that remain in the company during and after the redundancy programme is concluded.

(Astrachan, 1995; Baruch and Hind, 1999; Brockner, 1992)

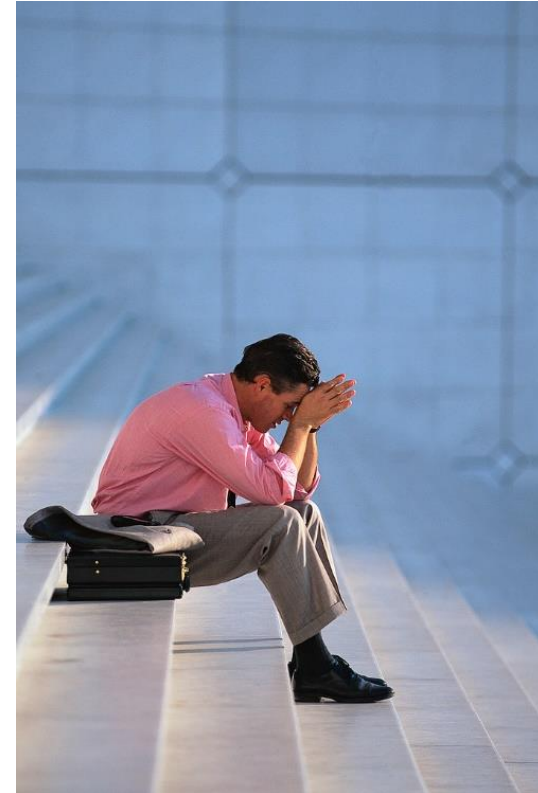
## Redundancy envoys

The individuals entrusted with the implementation of the redundancies.



# Impact on victims

- Psychological stress
- Ill health
- Family and personal problems
- Reduced self-esteem
- Depression
- Helplessness and anxiety
- Feelings of social isolation
- Damage to career
- Loss of earning power
- Feelings of cynicism
- Uncertainty
- Decreased loyalty in future employment

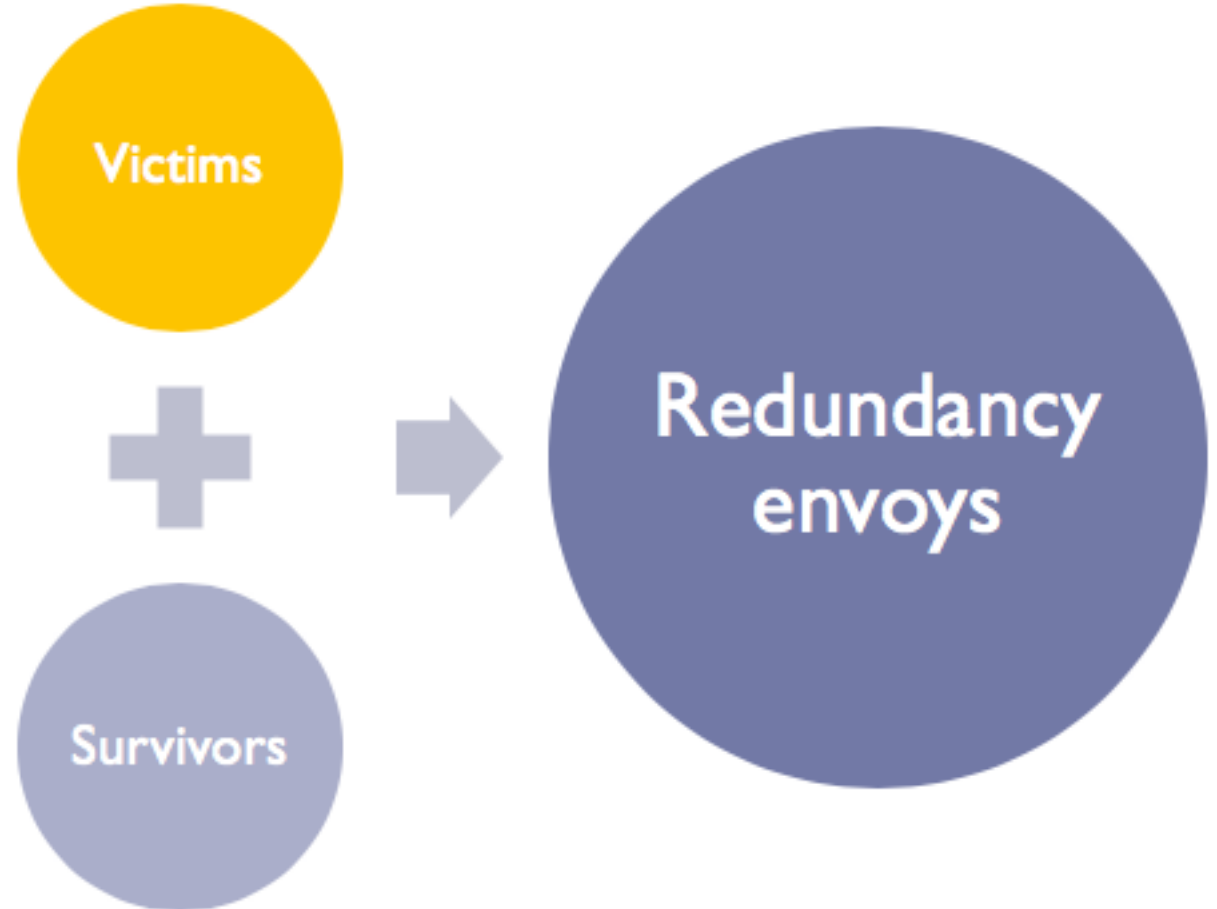


# Impact on survivors

- Increased workload
- Survivor guilt: depression, fear, anger
- Survivor envy: feelings of envy towards victims
- Anger
- Relief
- Job insecurity
- Managing higher levels of stress, absenteeism, mistrust
- Decreased employee involvement
- Decreased trust towards management
- Working in an environment with possible decreased work quality, morale, productivity



# What is the impact on redundancy envoys?





# What is the impact on redundancy envoys?

Fear

Frustration

Guilt

Anger

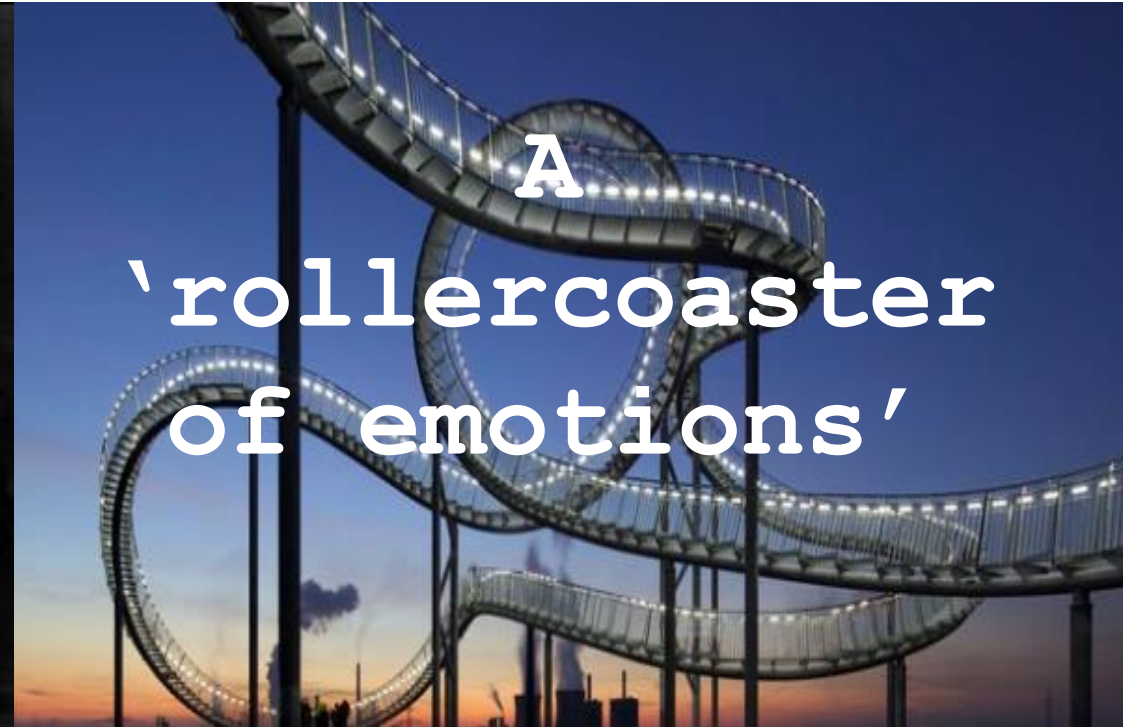
Disappointment

Embarrassment

Shock

Envy

Blame



# How can organisations mitigate the impact?



- Support each impacted group individually and collectively
- How victims are treated – impacts on the wellbeing of the survivors and the envoys
- Reduces survivor syndrome and builds trust and confidence in the leadership team



# Constructive damage control

## HR initiatives

- Recruitment freezes
- Salary increase freezes
- Job sharing & reduced hours
- Early retirement promotions
- Incentivised voluntary redundancy
- Identify 'single point of failures'
- Identify talent for retention

## Organisational initiatives

- Adopting business model or product cost saving wins
- Recycling
- Car / fuel schemes
- Overhead cost savings
- Idea generation workshops
- Leadership

Involvement



## Victims

Reduced

- Fair and transparent selection process
- Redeployment and retraining
- Collaboration with other industries to find work
- Self employment workshops
- Retirement and pension workshops
- CV writing and interview skills training
- Training on financial portfolio management
- Dedicated support; 'space' to apply, links for employment
- Counselling sessions
- Outplacement services
- Dedicated career advise appointments
- Social Media training for finding work & where to find hidden jobs





## Survivors

- Training and development
- All the same workshops that victims are offered
- Counselling sessions
- Support on how to cope with the increased workload
- Clear task and job descriptions
- Reward and recognition
- Regular engagement
- Clear vision





## Redundancy envoys

- Strong partnership between HR and management
- Training on the legal aspects of redundancy law
- Training on how to deal with giving bad news and emotional reactions
- Change management training
- Support groups
- Counselling sessions
- Redundancy veterans
- Limit proximity to victims
- Planning
- Leadership



# Questions

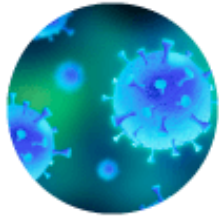
Please submit your questions for:

- Rachel Suff, Senior Policy Adviser, Employment Relations, CIPD
- Matt Reymes-Cole, Employment Law Consultant, Croner
- Dr Madeleine Petzer, Senior Lecturer in HRM at Liverpool John Moores University

Please use the Q&A function to submit your questions



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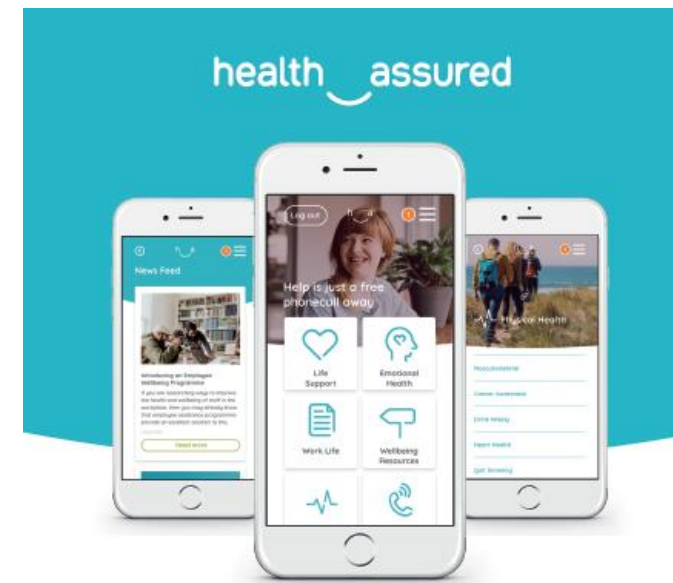
**[cipd.co.uk/memberbenefits](https://cipd.co.uk/memberbenefits)**





## \*New\* Well-being Resources

- We've partnered with **Health Assured** to support members mental health and well-being
- Unlimited free 24/7 confidential telephone helpline, online portal & Health e-Hub app
- The resource provides:
  - Legal information
  - Debt and financial information
  - Manager consultancy and support
  - Information on work and home issues
  - Factsheets, advice, information and self-help tools
  - Links to specialist support organisations
  - A resources area with; programmes, videos, webinars, medical information and mini health checks.



Health e-Hub from Health Assured  
Support in the palm of your hand

[Download the Health e-Hub now](#)

# Further information

[NEW well-being helpline for CIPD members](#)

[cipd.co.uk/coronavirus](https://cipd.co.uk/coronavirus)

[CIPD Coronavirus \(COVID-19\): redundancy guide](#)

[CIPD community](#)

[Gov.uk/coronavirus](https://gov.uk/coronavirus)

