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# OVERVIEW OF STRATEGIC ISSUES IN MANAGEMENT OF EMPLOYEES RETRENCHMENT AND LAYOFF IN ORGANIZATIONS

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## Abstract
Retrenching employees also called a reduction in force is not a new idea, historically it happens mainly to blue collar workers. In contrast, layoffs during the 1980s and 1990s were felt throughout the hierarchy and among professional ranks in an unprecedented number of organizations. The study adopted literature survey method to examine same concepts surrounding and management of employees retrenchment and layoff such as planning, productivity improvement, involving people in the process, communicating, taking care of those laid off, outplacement, out placement activities, taking care of survivors, and legal constraints on layoff's. The paper concluded that organizations may need to carry out large scale layoffs or retrenchments. However, thorough advance planning for reducing the workforce is critical. The work also recommended that organizations should make effort to manage the survivors of a company-wide layoff.

***Key-Words: Retrenchment, layoff, Employees, Management, Organizations.***

## Introduction
The term retrenchment is usually used to refer to permanently discharging an employee because he or she will not be needed for the foreseeable future. Layoff is sometimes used as a synonym for retrenchment, but it may also mean that an employee is temporary put off work with the likelihood of being recalled once business picks up. The need for firms to become learner, more efficient and more productive in order to meet the challenge of international competition has been one stimulus to reducing employee head in recent times (Okere, 2022). Economic downturns are another, and over the past two decades businesses globally have cut costs by reducing their work forces. Although a boom in the late 1990s reduced retrenchments for a while, a downturn in 2001 increased numbers again (Okere and Daniel, 2011). With high-tech companies and dot. Coms hit particularly hard in the most recent downturn, highly skilled information technology workers have found themselves suddenly jobless.

## Planning
Planning is a critical element in managing layoff. It is essential that the organization develop plans for coping with a labour oversupply before a crisis occurs. During the planning phase, it is important for human resources to be viewed as assets rather than liabilities (Kim, 2001). As a result of this view Pascal and Bob (1993), asserted that planners should assess skills, abilities, and knowledge of all employees to help improve human resource-related decisions. Also, essential is an understanding of the organization's strategy and future strategic imperatives. A

reduction in the workforce should be treated as involving a clear vision of the future, not just as an escape from past mistakes.

**Productivity Improvement**

Researchers have argued that the lack of positive effects of work force reductions is often due to an organization's ignoring the real nature of its productivity problems. Such firms become caught in a "vicious cycle of downsizing (Craig et al, 1992). Thus, pressures to cut costs: (1) lead to workforce reductions, which (2) leave behind inefficient business practices and fewer workers to conduct that business, which (3) in turn causes lower quality and lower customer satisfaction, with fewer production innovations and improvements, which (4) leads to poorer organizational performance and reduced market share, resulting in more pressure to cut costs and reduces staff.

**Involving People in the Process**

Scholars suggests that a key to successfully managing layoffs requires management to involve employees and others in the process. This may include the use of cross-level and cross-functional teams to identify what needs to change and how (Feldman and Kim, 2000; Judy, 2001). In a study of best practices for downsizing, Kim (1994) noted that firms that had reduced staff successfully made specific efforts to hold everyone, not just to management, responsible for achieving targets and goals. Important organizational stake-holders such as customers and suppliers also were involved in the process.

**Communicating**

Researchers have pointed to the important role communication plays in determining the success of layoff procedures (Kim et al, 1991). In a study Cynthia (1990) found that firms that downsized successfully had ensured that leaders would be visible, accessible, and interactive. Top leaders projected a positive energy and made sure that every employee was informed about what was taking place and why the layoffs were necessary. Announcements regarding layoff decisions were clear, direct, and emphatic. Perceptions of fairness are important. Gary and David (2000), also show that layoffs are seen as more fair if they are caused by technological change or reduced market demand than if they are caused by improved productivity due to employee suggestions. Longer notice and more generous treatment of those laid off also contributes to perceptions of fairness, as does top management's sharing the pain by taking a pay cut or refusing a bonus payment.

**Taking Care of Those Laid Off**

Okere, and Adeyemi (2025), remarked that deciding which employees are to be laid off is often a difficult matter. In some cases, union contracts specify a last hired, fired approach. When such contractual procedures do not exist, management must decide on some fair and appropriate way of selecting those who will be laid off. Okere (2019), noted that in few cases, where attractive early retirement or enhanced severance pay is offered, there may be enough volunteers to preclude the need for nonvoluntary layoffs. In most situations, however, employees may be eliminated on the basis of the functions they perform or as a result of their individual level of performance in those functions (Xiong, 1991). Regardless of how individuals are selected, there are some actions that management should take. When the organization has decided to implement layoffs, affected personnel should be informed as quickly as possible. Face-to-face, individual discussions between the employees and their immediate supervisors are best. The supervisors should tell employees why the layoffs are been made and should extend benefits to laid-off employees, for example, to increase severance pay somewhat or to pay for the employee to remain on the company's health insurance plan for several months after the layoff. Daniel and Carrie (1989), observed that where possible, firms should collaborate with public-sector organizations in providing services for those laid off. The researchers further advised that the employee should sign a detailed agreement that includes a description of the severance pay that he or she will receive, along with pay non-cash benefits and outplacement services that the organization may provide. In the case of employees who possess knowledge of the firm's trade secrets, the severance agreement also may prohibit disclosure of proprietary information to the organization's competitors. In all cases, laid-off workers should be treated in a fair and courteous manner as possible (Daniel and Carrie, 1989).

**Outplacement**

Many organizations provide outplacement assistance to help laid-off employees find new jobs. According to Hutchinson et al (2000), outplacement serves several functions such as: (1) If an organization helps discharged employees find new jobs, reduction in force are likely to be less stressful and traumatic. (2) Knowing that an organization is willing to look after its departing employees enhances the morale of those who remain behind. (3) Outplacement seems to help employees find new jobs faster than would otherwise be possible. Over the long run, helping people become reemployed reduces the organization's unemployment insurance benefit costs. (4) Some experts feel that outplacement tends to reduce the threat of litigation about the discharge (Kenneth and Sheryl, 1994; Robert, 1991). In the words of Chris (1987), "If people are talking to an outplacement counselor, they are not talking to a lawyer. (5) More and more business organizations are simply recognizing that they have a moral and ethical responsibility toward their employees. Lee (1991), found that 90% of all major companies provide outplacement services for employees being laid off. Mark (1997), asserted that outplacement can be provided by an organization's own human resource staff or by an external consultant. An in-house approach is less expensive, as outplacement consultants themselves agree, but the organization's human resource staff may not be credible to employees and may not have the resources needed to assist laid-off employees in their career transitions. Some organizations choose external outplacement consultants in the beliefs that employees will be more open to suggestions from and willing to work with a third party (Mark, 1997). The extent of demand for outplacement services should also be considered. Okere (2019), suggested that "if a company is facing large-scale layoffs at all organizational levels, external outplacement or a mix of external and internal services might be appropriate. Small-scale layoffs of primarily lower-level employees might be better served by in-house sources".

**Outplacement Activities**

Mark (1997) posit that outplacement services may include personal counseling, career assessment and counseling, advice and aid in job search activities, and assistance with resume preparation. Specific activities said Peter (1992), Jeane and William (1991) should be tailored to the type of employees involved. Top executives have different outplacement needs than do middle managers or factory floor workers. There is evidence that outplacement assistance does pay off for employees in terms of faster reemployment (Lawrence, 1981). Both General Motors and Stroh Brewery initiated extensive and varied outplacement programmes during major layoffs. A summary of the activities in each of these programmes is shown in Table 1. Training in job search skills is a central outplacement activity. It generally involves helping the employee set goals for the job search, as well as develop a personal marketing strategy and good interview skills (Frank, 1991). Employees who are laid off after working for many years in the same organization will have had little recent experience in looking for jobs. Psychological research has made a connection between confidence in job search skills and reemployment rates. A study of thirty-five laid-off hospital employees by Ruth and Charles (1985), showed that those who found new jobs had been more confidence about their job search skills than were the people who remained unemployed. The confident, reemployed persons also had engaged in more job search behaviours. In the opinion of Suzanne (1999); Beverly and Sharon (2000), outplacement services can build people's confidence by training them in relevant job search skills. Although as observed by Jeane and Eael (1991) small firms may be unable to offer such experience outplacement services, they can provide on-site services to help with job search, such as telephones, an office, postage, good stationery, photocopiers, fax, and some career counseling.

**Taking Care of Survivors**

According to Feldman and Kim (2000), often those who remain after a reduction in force are considered the lucky ones and are ignored by management. However, research has demonstrated that survivors of a layoff suffer significant problems, which may have a dramatic impact on the organization. Survivors frequently says Joel (1985); Joel et al (1988), show decreased productivity and satisfaction. They lose their motivation to work, and they worry about the future of their own jobs. After a reduction in force, many survivors seek new jobs elsewhere. Dealing effectively with survivors is essential for the long-term health of the organization. Practitioners and researchers have suggested several ways to minimize the negative effects of layoffs survivors. According to Joel (1988); Frank (1991) when organizations provide generous outplacement and severance benefits, survivors feel more positive toward the firm, more comfortable, and less stressed by the layoffs. Survivors should be told why the terminations are occurring and who will be affected. It is critical that the same information be given to survivors as to the employees being laid off. Aneil and Karen (1994) believe that trust between management and employees during layoff episodes is very important. Any discrepancies will be discovered as employees compare, notes, and reducing the organization's ability to inspire confidence and commitment in its remaining employees. Survivors must perceive the layoff process as having been conducted fairly. If layoff procedures are not seen as fair, survivors react negatively toward the organization, particularly when those laid off are friends or close associates. It is also important to inform survivors when layoff goals have been met, to relieve their anxiety that they might be next in line for termination. Dan and Craig (1991), demonstrated that managing the "rumor mill" in the organization after layoffs have occurred is critically important. Increased training for survivors may also be essential (Okere, 2019). Survivors may be asked to add new tasks to their job duties, that is tasks that they may not have done before. Without adequate training, survivors may not only feel guilty about those laid off but also experience a sense of inadequacy and even failure in their newly defined jobs. A survey of Human Resource Executives by Jolene (1993) indicated that at least 80% of firms, employees experienced significant stress in trying to manage their post-layoff workload. The importance that should be placed on the management of layoff survivors cannot be understood. Survivors represent an essential resource for the organization's future survival (Okere, 2019).

**Procedures Used to Manage Survivors**

The procedures used to manage survivors as stated by Feldman and Kim (2000) includes the following:

1. Key managers should attend group sessions in order to understand the nature of the restructuring.
2. Each continuing employee should be provided with career assessment to identify how the restructuring would affect him or her.
3. Survivors should be informed of the support services provided to employees who had been laid off.
4. Two days after the layoffs occurred, senior management should meet in groups with survivors to discuss their feelings and their anxieties about the future of the organization.
5. Issues raised at these first meetings should become the focus of future meetings that centers around more work-related issues.
6. Top managers should increase their personal contact with individual employees.
7. Outside counseling and assistance programmes should be made available to employees who requested extra help.
8. Two months after the layoffs, a meeting should be held to discuss unresolved issues and assess the progress of the transition procedures and of the firm itself.

**Legal Constraints on Layoffs**

In planning layoffs, organizations must consider legal constraints as well as their own needs and those of employees (Okere, 2019). The current trend is for the courts to support management decisions in which seniority is used as the basis for layoffs (Stephen, 1987). According to David and Stephen (1991), the Worker Adjustment and Retraining Notification Act (WARN), commonly known as the "Plant Closing Bill", requires employers covered by the law to give affected employees 60 days written notice of anticipated plant closing or other mass layoffs. WARN said Vida (1988) covers employers that have 100 or more full-time employees. Also, in the words of David and Stephen (1991) WARN covers nonprofit organizations but not federal, state or local government. WARN defines affected employees as all workers, including managerial and supervisory personnel, who may suffer some employment loss as the result of a plant closure or mass layoff. Individuals who work less than 20 hours per week or who have been employed for less than 6 out of the 12 months immediately preceding the layoff are not covered. An employment loss as discussed by Okere and Adeyemi (2025) means a layoff exceeding 6 months or a reduction in work hours of 50% or more for a period of 6 months. According to WARN, a plant closing is any temporary or permanent shutdown of an entire facility or significant part of a facility if the closing results in employment loss during a 30 days period for 55 or more employees (Stephen, 1987). A mass layoff says Jolene (1993) occurs when a facility is not closed but there is a reduction in force affecting at least 500 employees, or as few as 50 employees if these 50 employees constitute at least ⅓ of the work force. Employers violating the law may be required to provide back pay and benefits for up to 60 days to workers laid off without proper notification. There are some exceptions to WARN. Accordingly, Okere and Adeyemi (2025) highlighted that "a faltering company" is exempt if it was activity seeking capital to prevent the plant closing or layoff and reasonably believed that giving notice to employees would have prevented the company from receiving financing. David and Stephen (1991), asserted that an "unforeseeable business circumstance" may also exempt a company, such as when employees at a major supplier suddenly and unexpectedly go on strike and the company cannot operate without the supplies. Closing due to natural disasters such as flood and earthquakes likewise exempt a company from the 60 day notice requirement. A final exemption covers closings of plants that were originally established as "temporary facilities" if employees were hired with understanding that their employment was not permanent.

**Method Adopted**

The study adopted literature survey method to gather information concerning issues in managing employees retrenchment and layoff in organizations. The information obtained were qualitatively analyzed.

**Conclusions**

Organizations may need to carry out large scale layoffs or retrenchments. Thorough advance planning for reducing the work force is critical. Organizations should focus on productivity improvement rather than on simply laying off employees. Organizations should involve employees, unions, and other relevant stakeholders in the process and communicate early and often with employees about the reasons for and the exact nature of the reductions. It is vital to treat employees who are laid off humanely and to provide sufficient outplacement assistance. It is equally important for the organization to manage the survivors of a company-wide layoff. Proper counseling and training for survivors can help ensure a motivated and stable work force afterward.

**Recommendations**

The study recommends the following for improved employees retrenchment and layoffs management in Nigerian organizations.

1. Organizations should make effort to manage the survivors of a company-wide layoff.

2. There should be planning for reducing the work force.
3. Organizations should endeavour to focus on productivity improvement than on laying off employees.
4. Reasons for and exact nature of the workforce reduction should be communicated to the employees, unions, and other stakeholders.
5. Employees who are laid off should be treated humanely and should also be provided outplacement assistance.
6. Survivors should be given proper counseling and training.
7. Institute a variety of cost-cutting procedures.
8. Focus on attacking sources of organizational fat.
9. Implement downsizing by starting with small wins i.e.; things that can be changed quickly and easily and that achieve the desired results.
10. Use human resource planning practices that consider alternatives to layoffs.
11. Arrange collaboration between private and public-sector organizations in providing services for these laid off.
12. Do everything possible to minimize the retention of high performers.
13. Change appraisal, reward, and pay systems to match with new goals and objectives.
14. Develop trust between management and surviving employees.
15. Manage the rumor mill effectively.

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