



[< BACK TO BLOG LIST](#)

Can Layoffs Actually Improve Your Corporate Culture?

02 November by Josh Hrala

 5 minute read

Layoffs are typically caused by a need to reduce costs, restructure, downsize, or merge with another organization. And those are just the big reasons. There are countless other small ones, too.

No matter the reason, though, HR - and the organization at large - is put under an immense amount of stress during any [reduction event](#).

Not to mention, layoffs can cause backlash from the public, who typically view layoffs in a negative light, which can cause a loss of business, bad reviews online, and a souring of corporate culture.



But is this always the case? What about the flip-side? Can layoffs actually improve culture and morale internally and externally?

This is question we will dive into today: whether or not it is possible for a layoff to improve an organization on a cultural level while also helping achieve business goals.

First Off, Why Do Layoffs Have a Negative Connotation?

Like we mentioned above, [layoffs](#) can occur for a variety of reasons. From downsizing, restructuring, and M&A events to simple cost saving measures, the list of reasons to hold a layoff event is a long one.

But we have to face facts, the reason layoffs typically have a bad rep is because they directly impact the livelihoods of those let go. It's really that simple.

When employees lose their jobs, tensions rise and things can get chaotic. The good news is that if organizations pay special attention to layoffs and [use best-practices to conduct them](#), they can negate many of the repercussions that a bad layoff event can cause.

For example, if an organization provides [a strong severance agreement](#), [outplacement support](#), and communicates the layoff event properly, those let go can be set up for future success.



The sad fact is that many organizations forgo these best practices, holding layoffs without a proper, well thought out plan that can drive ex-employees to leave bad reviews, cause business partnerships to erode, and - in the end - fail to help the business meet the goals that they wanted to achieve by holding the layoff in the first place.

Layoffs and Their Impact on Culture

It's easy to see how layoffs can cause problems outside of the organization if they are handled improperly. But one of the biggest issues is how they impact internal teams.

Layoff survivor guilt is a huge issue anytime a layoff event happens. In short, survivor guilt is when retained staff members feel guilty for keeping their jobs when their friends and coworkers have been let go.

We've written about [layoff survivor guilt in the past](#), but the key takeaway is that HR leaders need to understand that retained workers are impacted, sometimes severely, by layoffs. Not only do they feel guilty, they also miss their coworkers, they wonder if they

might be the next to go, and they may wonder if the company is stable enough to keep marching into the future.

These are all logical concerns. Again, many of them can be addressed by having a proper plan in place that meets with retained employees and also shows them that those let go have been taken care of to the best of the organization's abilities (via severance, outplacement, and other programs).



In the end, companies have to be extra careful when holding a layoff - or any reduction event, for that matter - to ensure that not only will the public not turn against them but that their internal, retained staff members are handling the business move in a positive way, too.

This leads us to our real question: is it possible for there to be a positive during a layoff?

Can a Layoff Improve Corporate Culture?

The answer is: *sorta*.

We know that that's not the most exciting statement, but it's true.

Layoffs can be beneficial in terms of corporate culture if they cut away waste and poor performers who may be causing an increased workload to fall upon well-performing staff members, which - as you can probably guess - can cause them to burnout, [become dissatisfied](#), and possibly even leave the organization.

This means that the organization, when looking for who to layoff during the event, must use a serious, well thought out process to select laid off employees. You can check out some of our employee layoff selection guides here:



Now, it's not always possible to do this, right? After all, some layoffs are because a business pivot, which can render whole teams, plants, offices, redundant. [The same can be true for mergers or acquisitions.](#)

Still, when possible, HR needs to look at how those leaving the organization will impact those staying.

If done correctly, good performers may be able to work better because they are now not picking up the slack of poor-performers.

Layoffs As a Way to Improve Culture

Besides eliminating workers who may be causing workload issues, layoffs also have the power to weed out bad apples who may be corrupting your corporate culture from inside out.

Disgruntled employees have a huge opportunity to cause turmoil inside your workforce if they are not corrected quickly. Again, we've wrote about this topic before. [You can read our guide here.](#)

The main points from the article are that disgruntled employees can pop up at any organization for a variety of reasons. For example, workplace harassment, favoritism, lack of recognition, or even things in an employee's home life.



Either way, HR needs to understand how to identify these employees and what to do when they are identified. Most importantly, HR needs to meet with them in a professional way that can shine light on the situation and provide a pathway forward.

Layoffs can be a way to weed out these caustic employees (or even more drastic moves like firings) if the employee fails to change their behavior and causes more issues to arise.

It's important, though, that you work closely with your legal team before, during, and after a reduction event to ensure that you are complying with local, state, and federal laws that protect employees.

Key Takeaways

In the end, yes, layoffs *can* be good for corporate culture if they make your organization work better, take the burden off of top-performers and cut out employees that can create a negative culture.

However, in order for a layoff event to even break even - not negative or positive, culturally speaking - HR and business leaders need to follow best practices, taking special

care of those that are let go even if they were poor performers or disgruntled employees.

Want to learn more about the layoff process? Check out some of our most popular guides here. Download our layoff communication guide here:



RELATED POSTS

02 NOVEMBER BY JOSH HRALA



Uncertain Work:
Americans Miss Stability,
Shared Sense of
Purpose at Work

[Read more](#)

02 NOVEMBER BY JOSH HRALA



How Outplacement Can
Stop Layoff Survivor
Exodus

[Read more](#)

02 NOVEMBER BY JOSH HRALA



Outplacement: The
Complete Guide

[Read more](#)

WANT TO LEARN MORE
ABOUT CAREERMINDS?



Pricing Guide



Comparison
Sheet



Product FAQs

**DOWNLOAD MORE
INFORMATION**

POSTS BY TAG

[Outplacement](#)

[Human Resources](#)

[Uncategorized](#)

[Career Coaching](#)

[HR Policy](#)

[See all](#)

Follow Us



OUTPLACEMENT

Managing Layoffs

Downsizing

Online virtual

SOLUTIONS

Benefits Features

Technology

RESOURCES

Blog

Articles

Sitemap

ABOUT

Careers

Mission

History

Team

Partners

Contact

Press

CONTACT US

(888) 660-0956

All Rights Reserved © CareerMinds, 2015

Designed by New York Web Design company

We only advertise and offer our services to organizations in the United States