

Minimizing the Impact of Downsizing of Staff during Close Out

Layoffs that are motivated by economic or administrative reasons — such as loss of funding or staff reorganization — are common in the organization sector. The result is that employees, through no fault of their own, may find themselves unexpectedly without a job.

When downsizing is necessary, the organization can take steps to reduce its liability in the process of laying off one employee or several paid staff.

What questions should you ask?

We can no longer support the current number of staff on our budget. What is the chance that laid-off employees will sue us if we let them go?

When economics dictate that a staff position be cut, it's critical that the organization have a well-supported business reason to select which employees are to be terminated. The risk is that you'll be vulnerable to claims that discrimination played a part in deciding who was to be let go. Whenever an organization is considering layoffs, alternatives should be also considered.

- ✓ Can the objectives of the reduction-in-force (RIF) be accomplished through a hiring freeze, a salary freeze, an hours reduction, or a status change from full-time to part-time?
- ✓ Document that you've considered alternatives to the RIF.
- ✓ Take the time to spell out in a written memorandum to the board, the organizational reasons for the necessary layoffs, as well as your justification for those employees selected for termination.

What's the best way to select the employees/positions to be eliminated?

In selecting which employees/positions will be eliminated, it's imperative to use an objective method. Possibilities include basing *retention* on:

- ✓ Seniority,
- ✓ Positions/job functions linked to essential parts of the mission or specific goals of the organization, determined by a needs assessment,
- ✓ Strong past performance ratings.

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Whatever the method, consider:

- ✓ Convening an oversight committee to provide objectivity for the process of implementing the reductions,
- ✓ Conducting a needs analysis to determine which positions are critical and which could be eliminated, and
- ✓ Reviewing the termination decisions for discriminatory bias.

Salary shouldn't be a consideration in who goes and who stays, since typically older workers are those with longer tenure who are at the higher end of the salary scale.

What can our organization do to reduce the risk of a lawsuit?

- ✓ First, consider asking for voluntary resignations from employees.
- ✓ Also, take some time to identify ways you can support employees who will be let go. If your policies prohibit use of the organization's equipment for personal reasons, consider relaxing these rules and allowing employees who will be laid off the opportunity to use your equipment to prepare resumes or search job notice Web sites.
- ✓ Review your reference giving policy. If you don't give references, consider changing your policy and using a reference form. A reference form is a document that serves as a written reference. You'll be doing departing employees a great service by ensuring that they will be able to provide a reference to prospective employers.

Whom should we tell and what should we tell about the reasons for the downsizing?

- ✓ It's critical to communicate to the staff the reason for the downsizing.
- ✓ Management or the board should share the economic realities of the situation with the staff, and explain the business justification for the reorganization or downsizing.
- ✓ They might explain that the downsizing is being carried out reluctantly and only after efforts have been taken to avoid such as result. If possible, make an effort to network with other organizations in the community to identify alternative new positions for those being let go.

How do I Provide Notice to Employees?

Under anticipated and scheduled field office closedown, written notification of termination of employee contracts must be given to all project employees in accordance with what the country's local labor laws require.

However, in cases of employee resignation, retirement or the employee's termination for the convenience of the organisation or for cause, please refer to the termination section of the Letter of Employment of the individual. Items to address in the notification include:

- Date of final paycheck;
- Severance payment, if required;
- Reconciliation of outstanding advances; and
- Local vacation payout, if required

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How do I Provide Notice to Employees ? (compliance)

- ✓ Procedures for terminating local staff members' contracts must be in accordance with the signed Letter of Employment.
- ✓ The ED/Centre Coordinator must work with the departing support and technical staff on an orderly departure schedule that guarantees that the work of the project is fully completed.
- ✓ Written references should be provided to all project staff for future employment.

Why is it important to have an exit interviews?

- ✓ Wise employers request exit interviews with departing employees. Although typically requested from only those who depart voluntarily or on good terms, it is sound risk management to request exit interviews with every employee. The consistency in your approach can serve your organization well if you face a legal claim alleging wrongful termination.
- ✓ The goal of the exit interview is to provide the departing employee with information about separation from employment (continuation of benefits, last paycheck, pay for unused vacation or sick leave, and unemployment eligibility) and to gain information about employee's work experience.
- ✓ The interview is more successful if the person conducting the exit interview is someone other than the person's supervisor or person who terminated the employee. This role falls to someone in the human relations department of a large or midsize organization. Another senior manager might serve in this role at a small organization.

How do I conduct the exit interview?

- ✓ Remind the departing employee about the importance of keeping sensitive client or agency information confidential (and the confidentiality agreement he/she signed as a condition of employment)
- ✓ Collect keys, building access cards, company credit cards or phone cards, and company equipment (laptops, wireless phones, pagers)
- ✓ Test that passwords on record give access to password-protected data
- ✓ Gauge the employee's emotional reaction to departure
- ✓ Ask if the employee has witnessed or experienced discrimination, harassment or other illegal conduct.

The interviewer should:

- ✓ Post open-ended questions about the employee's work experience
- ✓ Probe for the employee's view about management issues (fairness, sensitivity to concerns, racism, sexism, fair compensation)
- ✓ Place a summary of the interview and copies of any document shown or discussed with the employee during the interview into the employee's personnel file.

An effective exit interview can bring closure to separation, make it easier for the organization to anticipate legal challenges, spot internal issues that otherwise would have gone unreported, and create a record that important mandatory notices were communicated to the departing employee.



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