Alleviating Anxiety Amid Layoff Rumors

News surfaced last week that Goldman Sachs plans to lay off hundreds of workers. Such news, coupled with broader economic concerns, could make workers nervous that their jobs are on the line. Communication is key to helping ease employees' emotions, career coaches say.

By Sonya Swink | September 19, 2022

Many industry leaders are working to navigate layoff anxiety within their teams, career coaches say.

Last year, amid the so-called Great Resignation, many companies, across industries, staffed up. But now, interest rate hikes, inflation and other economic woes, coupled with news about layoffs at major technology companies, are making industry workers nervous that pink slips could soon be distributed at their companies.

And for some, that concern may have been exacerbated by news last week that **Goldman Sachs** plans to lay off hundreds of workers firmwide. The New York-based firm was the first industry company to announce major layoffs so far this year.

Managers should prepare to talk to staffers to alleviate any potential anxiety about layoff rumors, said **Melody Wilding**, an executive coach.

“It's a mistake to pretend the news and macroeconomic situation aren't happening,” she said.

Three out of every four Americans fear they could be laid off, according to a June survey of 1,004 Americans by **Insight Global.**

Nearly half of employees, across industries, do not trust that their employer would adequately communicate its plans should there be a recession, the survey found, and 66% of managers do not trust senior leadership to clearly communicate well, or at all, with staff about the company's plans around layoffs.

Layoffs in the asset management industry have been rare since the beginning of the pandemic. But getting ahead of gossip or news about layoffs helps managers maintain trust with their employees, career consultants said.

Managers can tell their team members, “Hey, these are market conditions and changes we may be considering,” Wilding said. “Make that commitment to transparency and keeping people as informed as possible.”

Managers should also schedule one-on-one meetings to address employees' concerns, even if no layoffs are on the horizon, Wilding said.

Morale is better boosted by intrinsic motivation than pay raises alone, according to a 2021 study by professors at **Zhejiang University** in China. The researchers homed in on financial services workers.

“Intrinsic work looks like ‘stretch’ opportunities and connecting what people do on a daily basis to a firm’s biggest strategic priorities,” Wilding said.

When companies have to shed employees, sticking to one round of layoffs will be better for staffers’ mental health, said **Josh Bersin,** president of talent research firm **Bersin & Associates**. And after the cuts happen, managers should prepare for the remaining staffers to experience “survivors’ guilt,” he added.

“[Layoffs] can cause an employee to say, ‘This company is going to have to do this to me next.’ Or say, ‘My friend left,” or all types of negative emotion,” he said.

Shops can also tap employee assistance program for help assuage workers’ guilt, burnout and even attrition, he said.

Companies like **State Street**, **TIAA** and **Franklin Templeton** offer coaching and mental health resources for staff experiencing anxiety, regardless of the cause, company representatives said. None of the firms have announced mass layoffs this year.

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Franklin, for example, offers counseling services, mobile well-being applications, webinars, meditation workshops, and “internal forums for employees to discuss and support each other on challenging issues,” a company spokesperson said.

TIAA, meanwhile, has town halls and other check-ins, said **Natasha Radden**, the firm’s head of associate experience. “At TIAA, we know that success starts with caring for our most valuable assets, our people,” she said.

State Street, which has historically had large layoff rounds nearly each year, intends to continue filling open positions through promotions and new hires, a company spokesperson said.

“We of course have routine reviews and workforce planning to ensure that we prioritize expense management. We do, however, still allow for investments where necessary to attract and retain key talent,” said Narasimhan SL, global head of talent acquisition for State Street.

After any workforce reductions, companies should emphasize how they plan to recover, Bersin said. For example, layoffs could open room for remaining workers to grow at the company and could also mean that the workers they kept have more job security, he said. Managers should focus their efforts on high performers and junior employees, who often feel insecure about their roles during such circumstances.

“People who are young can be quite shocked [about layoffs],” said **George Wilbanks,** founder of recruiting firm **Wilbanks Partners.** They could be especially distressed “when recruiting is difficult and your firms [have gone] out of their way to make all kinds of promises for the future, and end up backtracking on those promises," he said.

In addition, companies that make cuts risk losing their best employees after, said **Chris Davis**, a partner at **Russell Reynolds**. "You have to plan around who to let go and retain," he said.

Companies should give extra love to workers in departments that have been historically susceptible to layoffs, because those employees could be most stressed that their jobs are in jeopardy, career coaches say.

That can include positions that can be easily automated, like perfunctory reporting, for instance, which can be outsourced to custodians or other specialists.

"It's indicated in processes where AI and technology plays a bigger role, therefore there's a lesser need for people internally," said **Richard Bruyere**, a managing director at consulting firm **Indefi**.

And firms that expect to eventually fill some of the positions they've cut should aim "for a broader net of hires and improving D&I measures," Davis said.

They should also focus on improving their onboarding processes,he said.

At **Fidelity**, for example, roughly 2,000 employees accepted voluntary buyout packages in mid-2021, as reported. Shortly after some of those employees departed, the firm announced plans to hire 9,000 employees by year-end. The firm also hired at least 11,000 new staffers so far this year.

To help onboard so many new workers, the Boston-based firm introduced a 12-month onboarding program for new associates, a company spokesperson said. The first eight weeks alternate between in-office and work from home, with training through to proficiency. This has helped boost those workers' engagement, she added.