

Spousal Support: Include spouses in outplacement services to ease the sting of job loss - Agenda: Benefits - Brief Article

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Months before the Sept. 11 terrorist attacks further disrupted the U.S. economy, companies of all sizes were letting go of employees by the thousands as they downsized, adjusted to mergers and acquisitions, reorganized and tried to stem financial losses. With the stock market already reeling from the downturn in the technology sector, the attacks on the World Trade Center and the Pentagon--and the ensuing war against terrorism--prompted more layoffs as consumers canceled travel plans, postponed major purchases and hunkered down with their families.

While officials debate whether the nation is already in recession, or is still headed there, terminated employees are monitoring their own leading economic indicators: How long will my severance pay last? When will I find another job? Will I have to relocate my family? Can my family survive this setback?

But unlike days gone by, more companies are trying to ease the blow for terminated employees--as well as shoring up their own reputation--by offering them and their spouses outplacement services.

Losing a job is one of life's most difficult challenges, but the employee usually doesn't face that crisis alone. "When someone loses his or her job, it affects the entire family," says Mickie Anderson, area HR manager for the 1,900 employees at the Tennessee-Alabama Division of Coca-Cola Enterprises Inc. in Knoxville, Tenn. "And anything a company can do to ease the problems that the family faces adds value to that company."

Right Thing to Do

There are several good reasons for offering general outplacement services for terminated employees, if not their spouses. "There is more of a notion of 'no-fault' job loss that exists today," notes John Challenger, CEO of Challenger, Gray and Christmas, an international outplacement services company based in Chicago. "This doesn't mean that there is not any fault, but I think companies have come to recognize that there is fault on both sides of the equation. So offering outplacement services creates an equitable culture."

Steve Roush, SPHR, Ph.D., has seen both sides of the issue, as an HR manager and as an employee who was laid off several years ago. "It makes the employees feel they are still valuable to the company, because the company is making an effort to help them," says Roush, HR manager for the Roper Corp., a wholly owned General Electric subsidiary in LaFayette, Ga., with 1,900 employees.

For some companies, these services provide high value for low risk, says Jim Tait, president and COO of the Transition Team Inc., an outplacement firm in Knoxville, Tenn. A West Coast client closed a couple of large facilities during a reorganization but did not offer outplacement services to displaced workers.

"They soon discovered they had to deal with the cost of employee sabotage, theft and vandalism as well as seeing a tremendous spike in their workers' compensation claims," Tait said. Settling those claims was expensive, and workers' comp and unemployment insurance premiums increased substantially.

Another reason to offer outplacement benefits is to protect downsizing companies from liability. "Companies often feel that these services can be a good strategy for minimizing the potential for any litigation," explains Barry Joffe, managing consultant in the Cincinnati office of Drake Beam Morin (DBM), a strategic human resource consulting firm.

"From a company standpoint, the use of outplacement has had a significant impact on eliminating any unwarranted legal response or legal challenge," says Lynn A. Whipple, HR director for the 475 employees at Philips Consumer Electronics' Knoxville location. Terminated employees have not raised any legal challenges, and remaining employees feel better about the company, he says.

His and Hers

Most companies have not embraced spousal participation, even though outplacement firms tend to include that option at no additional charge, Challenger says. "We are not seeing many companies offering this, but to some degree society is beginning to demand it. I believe it will hit a critical mass and will just start happening on a much more widespread basis as we see more downsizing and reorganizations continuing."

Outplacement helps people deal with losing one job and finding another, Challenger says. "During this time, there are a number of emotional issues that have to be dealt with. It's not just about putting a resume together; it's also counseling, and the employee is not the only one going through a difficult time."

Joffe concurs. "Any career transition affects the whole family," he says. Both the employee and his or her partner are facing upheaval and dealing with negative feelings--denial, anxiety, anger--while trying to accept the situation and move on.

The spouse often experiences more intense emotions because he or she did not see the termination coming, as employees sometimes keep trouble at work to themselves, GE's Roush says. "The employee goes home at the end of the day and says, 'Sweetheart, I was just laid off.'" Whether the employee was a CEO or a line worker, that is shocking news. "The spouse says, 'How can they do that to you?'" Roush says. That shock can lead to litigation.

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