



LEADERSHIP AND ORGANIZATION

# DEALING WITH "SURVIVOR SYNDROME"

AFTER A DOWNSIZING, THOSE WHO GOT  
TO KEEP THEIR JOBS ARE OFTEN FAR LESS  
HAPPY THAN YOU MIGHT GUESS



Andreas Werr



Wiley Wakeman

---

This is a preprint from the book "Sweden Through the Crisis", to be published  
in the fall by SIR, Stockholm School of Economics Institute for Research.

So, you were recently forced to let 20% of your workforce go in an effort to cut costs. While this was a hard decision, your main concern might have been with those you had fired, expecting that those who were lucky enough to stay with the organization would feel energized to keep their jobs, working harder and more efficiently to demonstrate that you made the right choice in not letting them go. Right? Unfortunately, not in the long run. Research on organizational downsizing and the psychological consequences that affect employees who remain in organizations paints a decidedly different picture and points at challenges and opportunities that come as employees who keep their jobs grapple with their own “survivor syndrome.”

### The survivor syndrome

The current COVID-19 crisis has posed severe challenges to many organizations and has created an unprecedented wave of termination notices. For instance, in March 2020 alone almost 37 000 individuals received notices of termination, the highest number in a single month ever recorded in Sweden. Following these layoffs comes a challenge that is likely to be overlooked as it contravenes common wisdom: *Organizations must fight to keep workers who “survived” these and future layoffs engaged and motivated.*

It may be obvious that organizational downsizing has severe consequences for those *losing* their job, but common wisdom suggests that those who manage to *keep* their jobs should be happy. They were the ones who managed to keep their jobs, no? In fact, because they are among the lucky ones to escape with their job, managers might believe that they will work even harder to demonstrate their renewed commitment to the organization and to justify the decision not to let them go. While these are reasonable assumptions, they unfortunately disregard what research tells us about the unexpected consequences of surviving downsizing.

A steady stream of research, pioneered by Joel Brockner, a profes-

sor at Columbia Business School<sup>(1, 2)</sup>, has studied the reactions of the survivors of layoffs for almost 40 years. Somewhat surprisingly, this research finds that survivors consistently develop a series of negative reactions after getting to keep their job while others lose theirs. Termed the “survivor syndrome”, these negative reactions include a “set of attitudes, feelings and perceptions that occur in employees who remain in organizational systems following involuntary employee reductions”<sup>(3)</sup>. Typical reactions related to the survivor syndrome include feelings of anger, depression, fear, distrust, and guilt. Workers feel guilty that friends lost their jobs while they keep theirs. Additionally, they face the stress of knowing that employment in general – and at their place of work in particular – is no longer secure.

These psychological burdens reduce worker productivity and creativity<sup>(4)</sup>, while simultaneously increasing absenteeism and the risk that workers voluntarily leave<sup>(5)</sup>. However, these reactions often go unnoticed as managers do not anticipate that survivors would feel psychologically burdened and workers engage in various ruses to help disguise their lack of engagement and prevent losing their job when there are few new opportunities available. A study comparing the reactions of the “survivors” with those who found new jobs after having been laid off in the Canadian health sector showed that those who lost their jobs but found new ones were actually better off in terms of most outcomes studied than those who did not lose their job. It was the survivors, compared to those entering new jobs following layoffs, who experienced higher levels of stress, less autonomy and job control, lower job satisfaction, lower overall physical health, lower quality of life and had higher absenteeism, outlining the pernicious effects of keeping one’s job. Those entering a new job following downsizing seemed to be the real winners, whereas the survivors, staying in the organization, ironically were the victims<sup>(6)</sup>.

These somewhat counter-intuitive findings have been explained by a number of different mechanisms. First, survivors go through the same kind of uncertainty and stress in the process preceding the actual layoff

decision. However, while any help available is offered to those actually being laid off in an effort to help them cope with the difficult circumstances, the survivors are typically forgotten, as it is assumed they are grateful and motivated by not having been laid off. Second, work after considerable downsizing is seldom “business as usual”. Social networks have been shattered and work roles and routines need to be reinvented in light of the new situation. This typically adds up to a stressful situation for those remaining after downsizing reducing their commitment and motivation and increasing their intention to leave. Finally, commitment and loyalty to the organization are challenged by a reduced faith and trust in management. Downsizing typically goes hand in hand with a considerable reduction in employee trust in management. Questions whether the layoff could have been avoided – or managed in a better way – will emerge in most cases.

Faced with employees who feel guilty and stressed, lack faith in management, and carry the psychological burdens that result from *keeping* their jobs, what should management do? Surveying the literature on survivor syndrome, we point to three areas where management and human resource departments can effectively get employees back on their feet.

### **Secure trust in management and the organization**

Trust – the expectation that one can be vulnerable without consequence – is a critical component of highly effective organizations and teams. Research has examined how trust helps motivate employees to work harder, creatively, and activate their best self at work. Following downsizing, trust is perhaps even more critical at the same time as the downsizing process is a potential challenge to trust. Research tells us that when employees trust management in the wake of downsizing they are more likely to stay engaged, and as a consequence are less likely to succumb to survivor syndrome and leave their jobs.

How can organizations foster trust in a downsizing context? First, management should be *open and honest* about operational and strate-

gic changes and why they are needed. If management is willing to trust employees by communicating their decisions and thoughts, including their concerns and uncertainties, employees will be more willing to reciprocate this trust.

Second, in the context of the COVID-19 crisis trust can be secured by *involving employees in the problem solving* regarding how to meet upcoming challenges. Employees need to understand why downsizing is the only option for survival, but ideally, they also need to see a future beyond downsizing where the current crisis may have contributed to something positive. Many organizations have been challenged to experiment considerably with operational and business models. By acknowledging how these experiments may eventually make the organization stronger, trust in management and commitment to the organization may be maintained.

Third, to enable such collaborative problem solving, organizations need to create a sense of *psychological safety*, where employees feel they have a voice and some measure of control over what is going on. This means engaging in true two-way communication where employees are given a real chance to voice their concerns and be listened to at the same time as management is open about their concerns. Showing vulnerability is a strong driver of psychological safety.

Finally, be quick to *engage with those who feel reluctant* to trust the process. Research shows that having just one person on a team who does not trust others can motivate negative “trust spirals” where this person plants seeds of doubt in others and groups slowly descend into deeper and deeper feelings of distrust for others<sup>(7)</sup>. Being clear to get everyone onboard, and specifically addressing those that do not want to be onboard, is thus very important due to the impact that single actors can have on groups and organizations in these troubling times.

### **Establish a fair and respectful process**

One of the biggest drivers of survivor syndrome is caused by the relative (in)equity that employees feel during the downsizing. Surviving

employees want to feel like the process was handled in a just and fair manner, an understanding that helps them feel less guilty for keeping their job, but also reduces stress by showing that they will also be treated fairly if they have to be let go. Research shows that when individuals are faced with bad outcomes – what scholars call low distributive justice – they look to make sure the procedures were fairly applied (high procedural justice) and that they were treated well during the process (high transactional justice) before making judgments on the fairness of the decision. For instance, employees might ask if the layoffs were random, or did the process focus on employees and divisions that would likely be impacted far into the future anyway so that layoffs made sense? Were the procedures clear and managers considerate during the process, or did employees face blind Zoom calls or impersonal manager emails? Although survivors are not leaving now, they still harbor worries that future layoffs will come and use the fairness displayed in the dismissal of others as an indication of how they will be treated by management in the future. Based on these perceptions of fairness they will decide to what extent they will commit to the organization and whether they will put in their best effort or withdraw to the minimum acceptable level and potentially leave for another job.

### **Provide support to survivors also**

While organizations typically offer support to the victims of downsizing, the survivors are left to their own devices to figure out the new situation. However, as has been argued above, they may also be in a challenging situation where increasing workload, a need to reinvent work routines and a shattered trust in the organization and its management create high levels of stress and resignation. Management and HR need to acknowledge these feelings and provide support for dealing with them. This could be done by creating formal opportunities for employees to discuss the challenges created by colleagues being laid off and finding ways to mitigate these rather than just assuming “business as usual”. Support may also be provided by investing in training

for survivors in order to help them better cope with potentially widened or changed work-roles. Even just acknowledging their challenging situation could be perceived as important support that may help them through the transitional stress and (re)install trust in management.

### **Final Thoughts**

These are trying and troubling times for managers. Organizations will likely be faced with tighter budgets and smaller workforces. What we know from the literature is that organizations and managers need to pay strict attention to downsizing processes, making sure they are transparent, fair, and include support for leaving employees. Failure to do so will not only lead to bitter feelings from those leaving, but ironically may demotivate and discourage organizational survivors, leading to lower performance, higher disengagement, and organizational exit. Yet, organizations that get this right, supporting survivors as well as victims, are likely to be the ones that differentiate themselves from competitors following this crisis.

## THE AUTHORS

**Andreas Werr** is Professor holding the Lars Erik Lundberg Chair in Business Administration at the Department of Management and Organization at Stockholm School of Economics.

**Wiley Wakeman** is Assistant Professor at the Department of Management and Organization and the Center for Retailing at Stockholm School of Economics.

## REFERENCES

(1) Brockner, J., Grover, S., Thomas, R., Rocki, D., & O'Malley, M. (1987). Survivors' Reactions to Layoffs: We Get by with a Little Help for Our Friends. *Academy of Management Journal*, 32, 526-541.

(2) Brockner, J., Konovsky, M., Cooper-Schneider, R., Folger, R., Martin, C., & Bies, R. J. (1994). Interactive Effects of Procedural Justice and Outcome Negativity of Victims and Survivors of Job Loss. *Academy of Management Journal*, 37, 397-409.

(3) Noer, D. M. (1993). *Healing the Wounds: Overcoming the Trauma of Layoffs and Revitalizing Downsized Organizations*. Jossey-Bass.

(4) Amabile, T. M., & Conti, R. (1999). Changes in the Work Environment for Creativity during Downsizing. *Academy of Management Journal*, 42, 630-640.

(5) Spreitzer G. M. & Mishra, A. R. (2002). To Stay or to Go: Voluntary Survivor Turnover Following Organizational Downsizing. *Journal of Organizational Behavior*, 23, 707-720.

(6) Devine, K., Reay, T., Stainton, L., & Collins-Nakai, R. (2003). Downsizing Outcomes: Better a Victim than a Survivor? *Human Resource Management*, 42(2).

(7) Ferguson, A. J., & Peterson, R. S. (2015). Sinking Slowly: Diversity in Propensity to Trust Predicts Downward Trust Spirals in Small Groups. *Journal of Applied Psychology*, 100(95), 1012-1024.