Layoff Perceptions: A Cross-Cultural Analysis

Priscilla Fabregas
Carlos Albizu University - Masters in I/O Psychology Student
10478 NW 132nd Street, Hialeah Gardens, Fl. 33018
Fabregas.priscilla@yahoo.com

Dr. Toni DiDona
Carlos Albizu University – I/O Psychology/Clinical Psychology Professor
tdidona@albizu.edu

Abstract
Layoffs are perceived to be devastating, traumatic and impactful in the workplace. However, there is a lack of research demonstrating any correlation between cultural perceptions on organizational layoffs. The purpose of this study is to explore the empirical relationship between the cultural perceptions of layoffs amongst individuals who have or have not previously experienced a layoff. The study was analyzed cross-culturally, between the countries of Ecuador, England, Puerto Rico and the United States. It was hypothesized that there would be a significant difference in layoff perceptions between individuals with previous layoff experience, compared to no layoff experience. It was also hypothesized that there would be a significant difference between the perceptions of layoff across all four countries observed. A convenience sample was conducted with an online survey, which was distributed through social networks. The study received responses from n=175 participants, 30% of which had previously experienced a layoff. A t-test was performed to assess whether the means of the two groups being observed were statistically different from each other. The results demonstrated no significant difference between the layoff perceptions of individuals who have experienced a layoff, compared to an individual who has not. The t-statistic exhibited a score of 1.417701, with a p= 0.15945, >0.05. To further validate the study, a t-test was conducted amongst each individual country observed. Each country demonstrated no significant difference on cultural layoff perceptions. Furthermore, it is evident that layoffs are perceived to be negative, regardless of past experiences with layoff or cultural background.

Keywords: layoff, perceived layoff effects, cultural comparison, layoff survivors, job security.

Layoff Perceptions: A Cross-Cultural Analysis
Layoffs are perceived to be devastating, traumatic and impactful in the workplace. In the most recent years, a rise in job layoffs in the United States has affected many organizations and employees who either suffered a layoff, know of someone who suffered a layoff or know of an organization that underwent a layoff. This epidemic of job loss and layoffs has affected job performance, job security and intrapersonal relationships throughout workforce’s nationwide. However, a lack of sufficient evidence is found amongst the perception of layoffs and the individual’s place of origin. Are the negative perceptions associated with layoff found around the world, despite the continent of origin? Although various studies demonstrate significance in relation to layoffs, layoff survivors and the organizations, there is no correlation found to determine if the perceptions of such factors are varied by demographical or cultural background differences.

The purpose of this study is to explore the empirical relationship between the perception of layoffs and the individual’s cultural background, which will be observed through the individual’s continent of origin. Is there a correlation between an individual’s cultural background and the lay off perception? This study will help the reader understand the relationship between the perceptions of organizational layoff, the perceived effects of the individuals and the correlation to the individual’s cultural background. In addition, a cross-cultural analysis was conducted, to distinguish if individuals who have previously experienced a layoff share negative perceptions of a layoff, as do the non-experience layoff individual. Is there also any correlation between individuals who have experienced a layoff versus an individual that has not experienced a lay off?
The study was conducted amongst the countries of Ecuador, England, Puerto Rico and United States. This research study will help determine the differences between each individual cultural background versus their perceptions of a layoff.

Does the geographical location of the employee affect their perceptions of layoffs? Furthermore, are these perceptions of layoff affected by previous exposure to layoff, either as a victim of layoff or been associated with an organization facing layoff? If previously faced with a layoff, was the employee warned or caught by surprise? What do these perceptions include? Does it affect the work performance, attitude and motivation of the employee? Are the perceptions varied by gender or age? Does the commitment of the employee to the organization affect their perceptions? If an employee has a higher level of education, does it alter their views on layoff? How does job position in an organization affect an employee’s perception of layoff? These will be some of the factors further discussed to determine if any correlation is found.

It is hypothesized that a significant correlation will be found in perceptions of layoffs amongst the different continents of study, due to the factors of country of origin, gender, generation of age, years of employment, level of education and position at the employment.

Every year, millions of U.S workers are laid off by their organizations (Bureau of Labor Statistics, 2012). Many working individuals were involved in a layoff or surrounded by organizations suffering with layoff. The question is: how does an individual perceive a layoff? Is it negatively impacted? Positively impacted? How do you distinguish the correlation? What factors affect an individual to perceive layoff a certain way? In comparison to what the employee is exposed to, the comparison between countries and cultural backgrounds, will determine if an correlation is found between the United States employee perceptions and countries world-wide.

According to Brockner, Grover, Red, DeWitt and O'Malley (1987), there are two categories that define the survivor's reactions of being placed in a layoff situation. The employee is believed to either distance themselves from the layoff victims or from the organization, or have different individual, interpersonal and organizational consequences. In the employees distancing themselves, this causes the employees work behavior to change in behaviors, attitudes, lower commitment and reduced work performance.

Attitudes and behaviors are altered when an individual finds himself or herself perceiving or experiencing a lay off. Greenhalgh and Rosenblatt (1984) reported that job insecurity represents an employee’s “perceived powerlessness to maintain desired continuity in a threatened job situation”. An individual not only perceives layoff as a victim of layoff, but an individual can also be affected by layoff by being surrounded by layoff and the perceiving the potential of a layoff. Research shows that potential job loss cognitively affects the layoff survivors more than the layoff victims (Brandes, Castro, James, Marinez, Matherly, Ferris, Hochwarter, 2008; Kalimo, Taris, & Schaufeli, 2003). Although the perception finds that a layoff employee starts clean in their future endeavors, the survivors do not (Robbins, 1999). Noer (1993) suggested that the employees that leave become the survivors, whereas the survivors become the next victims.

According to the Maertz Jr., Wiley, LeRouge & Campion (2010) research studies findings, 1,209 employees experienced a lay off out of 19,716 respondents. The hypothesis 5 found a pattern that groups experiencing layoffs in combination with being involved with the layoffs demonstrated more negative survivor reactions, less job security, less psychological attachments to the organization and higher turnover (Maertz Jr., Wiley, LeRouge, & Campion, 2010).

When an employee is surrounded by layoff situations, a sense of uncertainty and stress for survivors lingers in the workplace. Survivors begin to wonder and worry whether more layoffs will occur, as well as whether their jobs or career be adversely affected by a layoff (Brocker, Weisenfeld, Reed, Grover & Martin, 1993).

When a layoff is occurring, it is important to determine whether the employee was warned or expected the layoff. This will help identify what factors are perceived in the employee. In the Grunsberg, Anderson-Conolly and Greensberg (2000) study, a large manufacture company in the United States was observed while layoffs were distributed throughout the organization. It was noted that many employees who were not laid off received warning notifications, making them aware that they might get laid off. This at hand, allowed the workforce reductions to prove necessary. Does a notification of a possible layoff change the perceptions of an individual?
Psychological states such as job insecurity, equity, anger and relief are effective on the survivor’s attitudes and behavior of performance, motivation, job satisfaction and organizational commitment (Brocker, 1988). These psychological states influence the survivor’s work ethics and commitment to the organization. Whether the layoffs lead the psychological states to the employees work performance, depends on the degree of kinship a survivor has to a survivor with the dismissed employees, the degree of survivor self-esteem, and decision criteria used for the layoffs in the organization (Robbins, 1999).

Studies also show that employees relatively rely on external cues such as the reaction of others within the organization when faced with layoffs. The studies demonstrated that if layoff survivors react negatively to the layoff, the surrounding survivor reactions will affect their commitment to the organization, their jobs as well as their work performance. In contrast, if the layoff survivors react positively to the layoff, the surrounding survivors will react positively (Brockner, Wiesenfeld, Stephan, Hurley, Grover, Reed, DeWitt & Martin, 1997), thereby demonstrating that the perceptions of layoffs within a workplace are highly influenced by others in an organization.

It is evident that layoffs affect an individual differently. However, according to literature findings, layoffs seem to affect an individual’s insecurity, attitude, behaviors, commitment and future work performance. Other factors are also found, such as how large the organization and the influences of society to also alter the perceptions of layoffs in an employee.

When a layoff is occurring within an organization or in surrounding organizations, a person’s perception of layoffs demonstrates a high level of job insecurity, where layoff survivors and observers are likely to become unmotivated, also believing that there is very little that their organization can do to help them counteract the negative consequences of the job losses. These perceptions in turn lead the employee to feel helpless and lack in motivation (Brockner, Grover, Reed & DeWitt, 1992). Layoff survivors also become more insecure about their jobs, less likely to innovate in the workplace, take fewer risks, develop less trust with upper management and are less committed to their organization (Grusberg, Moore, Greenberg & Sikora, 2008, Grunsberg, Anderson-Connolly, & Greenberg, 2000; Knudsen, Johnson, Martin & Roman, 2003; Tombaugh & White, 1990).

There is a correlation between the job insecurity and the work effort perceived with layoffs. The Brockner, Grover, et al. (1992) study demonstrated that a survivor’s level of job insecurity is perceived in two ways, perceiving the external threat, as well as the perceived control. It was determined that if the perceived external threat was high, the individual is then expecting a future layoff. Whereas, if the perceived control is found to be high, the survivor then has the ability to minimize the anxiety and adverse effects associated with the strains of a job loss. The research studies concluded that the insecurity is highest when the level of threat exceeds the perceptions of control. The insecurity is also observed to be lowest when the control exceeds the threats given (Lazarus, 1993).

Employees were examined in previous studies to determine if employees would demonstrate a decrement in their behavior and attitudes as their job insecurity increased. This in turn would cause a less productivity, higher resistance to change and turn over. These factors would affect the organizational performance of the employee (Reisel, Chia, Maloles & Slocum, 2007). Mass layoffs seem to produce more negative psychological responses in the surviving workforce (Grusberg, Moore, Greenberg & Sikora, 2008).

Layoffs have a negative effect on the remaining employees that affect their productivity. Layoff survivors are known to experience the worst conditions with job insecurity and performance. All types of stress including work overload and stress affect the surviving employees and their organization (Malik, 2011).

Past research has been conducted to see the correlation between gender differences and the perception of layoff. Leana and Feldman (1991) demonstrated in their study that women were more likely than men to have a higher value of work, which leads the women to be less proactive in finding re-employment. It is believed that the gender differences amongst the individuals demonstrate that there is a difference in perception of the layoff. The general stereotype, varying from culture to culture, shows the significance of employment and the fear of layoff will be skewed between both genders. Several studies have also shown that women feel less personal control over their lives (Bennett, Martin, Bies, Brockner 1995; Doherty & Bladwin, 1985; Frank, McLaughlin & Crusco, 1984).
Brockner, Wiesenfeld, Stephan, Hurley, Grover, Reed, DeWitt & Martin (1997) found that most layoff survivors perceive an uncertainty about layoffs in various ways: whether their job positions will lack advancement, whether management can be trusted in the future and whether the organization to decline permanently.

Mark and Mellor (1991) studies showed that there is a negative relationship between seniority and reported foresight, in where those with more seniority were less likely to have seen the layoff coming. For example, their studies demonstrated that an employee with 15 years of seniority, reported the foresee ability of layoffs over a longer span of time, as opposed to someone with 5 years of seniority. It was also noted that employees with longer employment based their judgments on a longer span of employment in where no layoffs had occurred. Their expectations were based on a longer layoff-free history. Whereas, employees with more seniority had a greater sense of commitment to the organization, thereby assuming that a layoff would somehow be avoidable due to their seniority. Although these findings are significant, it is also important to note that the commitment level of an individual in a workplace, can in fact affect the perception of an employee is a layoff were to occur.

Grunsberg, Anderson-Connolly and Greensberg (2000) concluded that lower level employees may respond to layoffs with increases in their work performance, similar to upper level employees. However, it was noted that the closer supervision an employee has to their performance measurements and supervision, the less able the employee has to shirk. These employees are more likely to be limited with specific job skills, therefore, have fewer opportunities to the external job market, as opposed to someone with a higher job position. In contrast to the lower level employees, their research demonstrated that because upper-level employees have less monitoring or supervision, the upper-level employees respond to company layoffs with absenteeism, lower work performance and motivation.

It is believed that mass layoffs are more also likely to affect employee’s attitudes and behaviors when employees at a large company (Grusberg, Moore, Greenberg & Sikora, 2008). It is believed that the type of organization that the individual works in, the size of the organization and job status, affects the perceptions of the individuals in the workplace about layoffs.

Previous research findings demonstrate that layoffs affect individuals in a workplace perceptions of layoffs are related to how large the organization is, as well as their position at the organization and the influences of society and its culture. Brockner, Tyler, Cooper-Schneider (1992), conducted a study to examine the survivor’s reactions to the organization’s management and job layoffs, to determine if their perceptions are related to the individual’s level of commitment to the organization. They concluded that recent research showed that survivors’ reactions, as well as the organizational commitment and work effort to the organization, depend on the perceived fairness of the layoff (Brockner et al., 1987, 1990). It was also observed that the highly committed survivors within the organization perceived a higher level of negative reactions to the layoff.

Method

Participants
The research was conducted in the summer of 2012 as part of a program of study for a graduate research project. The study helped identify the perceived effects of layoffs on individuals, with a concentration on the participant’s continent of birth. Participants were sampled from the countries of Ecuador, England, Puerto Rico and the United States. A total of 175 participants responded to the survey. The participants from every country demonstrated as the following: Ecuador had 45 participants, England had a total of 41 participants, Puerto Rico had a total of 43 participants and the United States had a total of 46 participants.

Materials and Procedure
A convenience sample was used for the study, utilizing social media outlets such as Twitter and Facebook to reach participants. Social networks were used to reach participants for this study, due to the popularity of social networks and the ability to reach participants in all parts of the world. The survey contained a total of thirty questions designed by the researcher. Ten questions focused on the demographics of the participant (i.e., gender, country of birth, place of current residency, age, marital status, current position in workplace, salary, years at employment). Two questions were designed to determine if the participant had previously suffered a layoff and if so, was it unexpected. Thereafter, eighteen questions were designed to determine the layoff perceptions across the participants. The questions were divided into two groups, nine questions reflecting perceptions on job security (i.e., my job is secure,
the thought of losing my job is not a concern, etc.) The second group contained nine questions pertaining to perceptions on intrapersonal feelings (i.e., the thought of losing my job scares me, worries me, etc.)

The survey was administered through Survey Monkey, a database that allows participants in any part of the world with Internet access to participate in online surveys. The database records all of the results and organizes the responses in a Microsoft Excel spreadsheet format. The online survey consisted of three pages. The first page of the survey is the consent form, which informs the participants that the participation in the study was strictly voluntary and that all responses were anonymous and used for research purposes only. The second page of the survey consisted of the ten demographic questions. The third page of the survey pertained to the eighteen-layoff perception questions. A 5-point Likert scale was used to determine the measures of the survey, ranging from 1 (strongly disagree) to 5 (strongly agree).

**Measures**

**Lay off expectancy:** This was designed to determine if the participant was previous suffered a lay off and determine if the participant was given a notice or expectancy of the lay off. Four questions were designed to determine these factors, (a) participant has been previously laid off, (b) received a warning notification of the layoff, (c) the participant was laid off unexpected, without any warning, (d) the participant knows of someone that was laid off.

**Position in the organizational hierarchy:** The participants will identify their position in their present organization by using three options of identification. These options will include (a) managerial or administrator position (executive, manager, administrator, etc), (b) middle management position, (c) clerical or hourly position.

**Level of Education:** This will allow the research to identify the highest level of education of the participant. This will be identified by five factors, (a) some high school, (b) high school diploma, (c) some college, (d) college degree, (e) graduate level studies.

**Job Insecurity:** The job insecurity will be identified by Borg’s (1992) two-item scale. The items will include, “the thought of losing my job scares me”, “the thought of losing my job worries me.” The cognitive job insecurity was measured by Borg’s (1992) scale, including items such as “My job is secure”, “In my opinion, I will keep my job in the near future”, “I consider my career as secure”, “I clearly know my chances for advancement in the coming years.”

**Affects of layoff:** The researcher created a scale of questions which include “I have been laid off in the past”, “I expected the lay off”, “The layoff was unexpected”, “I was given a warning”, “If I was warned of my layoff, it would have changed my prospective”, “I would prefer know I am getting laid off.”

**Results**

After collecting all of the data, the researcher divided all of the responses by the two factors being studied, the layoff perceptions amongst individuals who have suffered a layoff, versus individuals who have not suffered a layoff. Thereafter, a t-test was conducted to determine if any correlation was found amongst both groups. The t-statistic demonstrated a score of 1.417701, with a p<0.15945. The overall results demonstrated no significant difference amongst the layoff perceptions between laid off individuals and non-laid off individuals. A second t-test was conducted between the countries being observed, to distinguish a possible correlation between the layoff perceptions and their country of origin. This allowed the researcher to have an additional four separate sets of data, sorted by each country of origin. The participants were surveyed from the countries of Ecuador, England, Puerto Rico and the United States. Within each sample, the researcher separated the participants who had suffered a previous layoff and the participants who had not suffered a previous layoff. Subsequently, a t-test was individually conducted for each country of origin. The results demonstrated that no significant difference was found between the perceptions of layoff and the individual’s country of origin. For Ecuador, an overall participation of n=45, with n=14 experienced a previous layoff and n=31 have not experienced a layoff. The t-statistic was valued at 0.78796, with a p= 0.438128. For England, an overall participation of n=41, with n=9 experienced a previous layoff and n=32 have not experienced a layoff. The t-statistic was valued at 1.307352, with a p< 0.212158. For Puerto Rico, an overall participation of n=43, with n=13 experienced a previous layoff and n=30 have not experienced a layoff. The t-statistic was valued at 0.594981, with a p< 0.556175. For United States, an overall participation of n=46, with n=16 have experienced a previous layoff and n=30 have not experienced a layoff. The t-statistic was valued at 0.466073, with a p=0.644421.
It was hypothesized that there would be a significant effect on the perceptions of layoff between previously laid off individuals and non-laid off individuals. A further analysis was conducted to determine if a significant difference would be found amongst the different countries of origin and the perceptions of layoff. The results demonstrated there are no significant differences between a previous layoff individual, versus a non-previous layoff individual. The perceptions of layoff are negatively perceived amongst all countries of origin observed.

Table 1 illustrates all of the statistical descriptions based on the four country of origins observed. These results suggest that a negative perception of layoff will be evident, despite the geographical location or background culture of the individual. Table 2 illustrates a bar graph, which illustrates the participants across the countries observed.

### Table 1: Overall T-Statistic Results

<table>
<thead>
<tr>
<th>Country</th>
<th>YES - Layoff</th>
<th>No-Layoff</th>
<th>T-Statistic</th>
<th>P (T&lt;0)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ecuador</td>
<td>14</td>
<td>31</td>
<td>0.78756</td>
<td>0.438128</td>
</tr>
<tr>
<td>Mean</td>
<td>59.5</td>
<td>58</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Variance</td>
<td>35.5</td>
<td>33.73113</td>
<td></td>
<td></td>
</tr>
<tr>
<td>df</td>
<td>25</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>England</td>
<td>9</td>
<td>32</td>
<td>1.307352</td>
<td>0.212158</td>
</tr>
<tr>
<td>Mean</td>
<td>22.44444</td>
<td>29.60692</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Variance</td>
<td>56.77778</td>
<td>42.05544</td>
<td></td>
<td></td>
</tr>
<tr>
<td>df</td>
<td>14</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Puerto Rico</td>
<td>13</td>
<td>10</td>
<td>0.594981</td>
<td>0.599172</td>
</tr>
<tr>
<td>Mean</td>
<td>66.69231</td>
<td>59.1333</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Variance</td>
<td>49.00410</td>
<td>22.74022</td>
<td></td>
<td></td>
</tr>
<tr>
<td>df</td>
<td>31</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>United States</td>
<td>15</td>
<td>10</td>
<td>0.466073</td>
<td>0.644421</td>
</tr>
<tr>
<td>Mean</td>
<td>61.875</td>
<td>60.88113</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Variance</td>
<td>113.1833</td>
<td>116.023</td>
<td></td>
<td></td>
</tr>
<tr>
<td>df</td>
<td>31</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Discussion

The purpose of this study was to examine the perceptions of a job layoff of individuals who have suffered a layoff versus an individual who has not suffered a layoff. Moreover the study also examines the role of layoff perceptions, by looking at variables such as job security and intrapersonal perceptions. It was hypothesized that there will be a significant difference between the negative perceptions of layoff individuals, versus non-layoff individuals. This research found that there is no significant difference in the perceptions of layoff individuals, versus non-layoff individuals. The cross-cultural analysis demonstrated that the perceptions of layoff are viewed negatively within the four countries observed, England, Ecuador, Puerto Rico and the United States. In addition, the study resulted in no significant difference between the perceptions of those who have not been laid off, versus those who have previously been laid off. The results of this study demonstrate that a layoff is perceived negatively, despite lack of experience with being laid off.

Some limitations were discovered throughout the study, such as the amount of responses received by the researcher. The researcher distributed over 1,000 emails and/or contacts to individuals in the countries observed, however, the emails were sent through social networks such as Facebook and Twitter, thereby causing a delay in responses or the inability to open the Survey Monkey survey link. It was also noted that the researcher, thereby lacking some validity in the quality of questions asked, manufactured the survey. It was also reported that the Survey Monkey’s survey link can generate errors if opened with certain types of computer software’s. This too, affected the number of responses received.

For future research studies, the researcher can incorporate other countries for the study. This will help strengthen the study and further analyze cross-cultural countries. In addition, it would be useful to include more individuals that have suffered a layoff. Having more individuals will strength the study and correctly represent the population.
Biographies

Priscilla Fabregas is currently finishing her Masters in Science in Industrial Organizational Psychology at Carlos Albizu University, Miami, Fl. Ms. Fabregas has over 6 years experience in Business Development and Human Resources. Ms. Fabregas is presently working in Human Resources at Health Choice Network, Inc, a successful nation-wide collaboration of over 45 health centers, providing key business services, strategic initiatives and training support to over 2,500 employees. Ms. Fabregas shares a passion for human resources, organizational development, leadership and training development. Ms. Fabregas is looking forward to applying her experiences and knowledge to her future endeavors.

Dr. DiDona is currently an Associate Professor at CAU and has over 12 years of teaching experience in graduate level psychology, social work, counselor and marriage and family therapy and education programs. She also serves as Director of Continuing Education at Ce-Classes.com. Dr. DiDona has published in numerous areas. She is currently licensed as a clinical social worker in the state of Florida. She is a board approved clinical supervisor for a variety of disciplines and a continuing education provider with numerous national and state board approvals in psychology, social work, counseling, substance abuse and nursing. Dr. DiDona earned both her M.S.W. degree and her Ph.D. at Florida International University.

References


