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## MEASURING THE RETURN ON INVESTMENT WHEN PROVIDING OUTPLACEMENT - INTERNATIONAL STUDY

The Centre for Organisational Research provides strategic research and best practice information to organisations on an international level.

The Centre for Organisational Research carried out a recent study involving more than 1200 senior Human Resource executives, representing companies from a wide variety of industries.

Forty six (46%) of the respondents worked with organisations that employed more than 1,000 people. Respondents were asked to share their views on the value and benefits of providing transition services so that the return on investment could be measured.

Of those who responded to the survey, 88% had experienced a downsizing within the past five years and of those, 38% had experienced four or more downsizings.

The study identified the following benefits of providing outplacement consulting and career transition services:

### Avoidance/Minimisation of Litigation

When terminated employees talk about their future with an outplacement consultant, they are not talking to lawyers about 'unfair treatment'. Outplacement provides terminated employees with a safe way in which to recover emotionally, smoothes the transition process and redirects the person towards the future rather than the past.

In the aforementioned study, Outplacement Consulting services were found to reduce litigation by 72%.

Those companies who use outplacement services were twenty eight percent (28%) less likely to have Personal Grievance Action filed against them compared with the 26% of companies that did not use outplacement services.

In companies with more than 5000 employees, the difference was 25% versus 37%.

### Maintenance of a Positive Public Image for the Company

Terminated employees who have been treated fairly and with dignity by their employer speak well of the organisation within their professional and personal circles.

Outplacement counselling provides balance for the individual by helping employees to see redundancy as a business decision rather than a reflection of personal worth or contribution.

Outplacement preserves the good will of the terminated employees.

In the study, it was found that by providing outplacement services, the company's internal and external image was improved by 78%.

### Enhanced Retention, Productivity and Morale

When 'surviving' employees learn that a terminated employee has been treated fairly, they themselves are likely to stay put.

Prospective employees who research companies are also favourably impressed with those that have shown fair and consistent treatment of employees.

In the study carried out by the Centre for Organisational Research, within those companies that had used outplacement services unintended turnover, sick days and lateness stayed the same within the 12 months following the last downsizing.

For those companies that used outplacement services, both productivity and profitability were reported to increase in the 2 months following a downsizing.

When comparing those companies that used outplacement services with those who did not, productivity increases were twice as common (20% versus 10%) and profit stability or improvement was 50% more likely (60% versus 40%).

Public perception and bad press does have a major impact on the value and profitability of a business. In contrast, a well-managed change process using outplacement services can maintain or even strengthen employee, community and investor relations.

It is also a key to ensuring high morale, productivity and employee retention.

Use of outplacement services shows employees and the public that the company has a conscience.

It makes a strong statement to surviving employees that they are valued by the company and that money, time and efforts are being spent to ensure their continued satisfaction on the job.

### **Reduction in the Stress and Workload of Line Managers**

When a company anticipates the need for redundancy, the human resource team is often consulted for direction and leadership in making these changes go as smoothly as possible.

Yet, even experienced senior-level human resource managers approach these tasks with some degree of apprehension.

No one relishes the prospect of being the source of bad news; it's uncomfortable, it can be traumatic and it's difficult.

Providing outplacement services can help smooth the transition for employees who are released from employment and reduce the risks of mishandling such events that can harm companies.

In the study conducted by the Centre for Organisational Research, sixty eight percent (68%) of those Line Managers charged with the responsibility of managing a change process reported a reduction in associated stress and workload when contracting the services of an outplacement provider.

### **Conclusion & Key Findings**

Investment in Outplacement Services positively impacts the bottom line and provides a significant return on investment. How?

Improves the company's internal and external image	78%
Helps reduce litigation	72%
Reduces stress and workload of Line Managers	68%
Improves 'survivor' morale, retention and productivity	59%

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