

Life After Furlough: *Employer and Employee Perspectives on the Threat of Redundancy*

October 2021

INTRODUCTION

The Coronavirus Job Retention Scheme was fully withdrawn on 30th September 2021. The scheme has supported approximately 11.6 million jobs from 1.3 million different employers as of 14 August 2021¹. At its peak, around 8.9 million workers were protected by the measure, a number which has reduced significantly over the last twelve months. Recent figures show that just 1.6 million people were still on furlough at the end of July, which was 340,000 fewer than in June².

As we emerge from the furlough period, many forecasters and economists are predicting a much lower rise in unemployment rate than previously thought. The Bank of England is now suggesting that unemployment could reach 5.5% in Autumn 2021³, which is a very favourable prediction to the 9% it was suggesting back in Spring 2020. So in this context, where redundancies on a large scale are not expected, vacancy levels are on the rise, and many industries are reporting staff shortages, one might expect that UK employers and their employees would be feeling relatively secure about their future.

This report aims to test that assumption through research into both employer and employee perspectives on the threat of redundancy following the end of the Job Retention Scheme. It will look at the levels of concern over redundancy and what is informing those perceptions; provide some insight for organisations as to the concerns of employees when facing redundancy; look at the support employees want from their employers to tackle the challenges and how support impacts on their perception of the company.

1. <https://www.statista.com/statistics/1116638/uk-number-of-people-on-furlough/>

2. <https://www.theguardian.com/politics/2021/sep/09/britons-furlough-july-hmrc>

3. <https://www.theguardian.com/business/2021/aug/02/uk-manufacturers-staff-parts-shortages-brexit-pmi>

CONCERN OVER REDUNDANCY

Employer perspectives

Amongst the 258 businesses surveyed, a very high proportion expect to have to make redundancies over the next 12 months. As many as 46% of respondents anticipate having to make redundancies in the next 6 months, suggesting that much of the expected redundancy impact will come in the immediate aftermath of the furlough period.

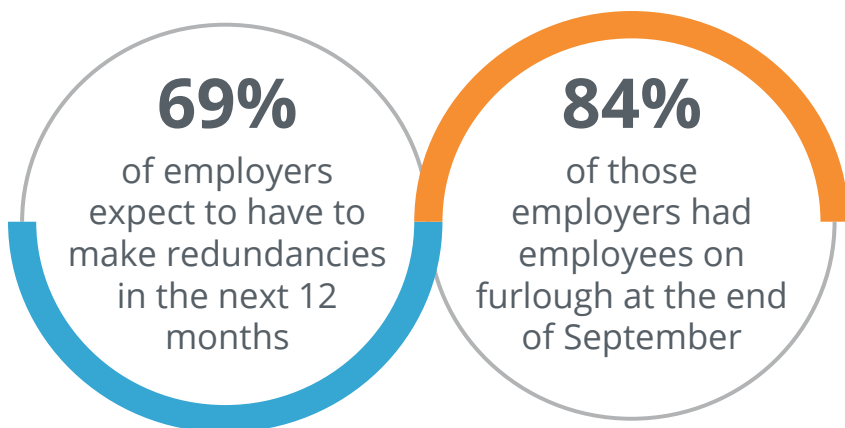


Fig. 1. Anticipated redundancies as reported by employers

The research also indicates a very high correlation between organisations who were still using the furlough scheme during September and those that expect to make redundancies over the next 12 months. This suggests a very low level of confidence in employee job security for those employers who were still utilising the scheme at its conclusion.

Employee perspectives

Concerns over the threat of redundancy were also very high amongst the 528 employees initially surveyed, with as many as 53% expecting that they would be impacted by redundancy over the next 2 years with over a third (38%) of those surveyed expecting redundancy within 12 months.

Mirroring the opinion of employers, employees who were on furlough indicated a similar degree of anxiety regarding job security, with only 14% of respondents who were on furlough stating that they felt their job was secure.

Interestingly, the research also revealed that for those employees surveyed, redundancy concerns were not explicitly linked to being on the scheme. In fact, the survey found that 56% of those who were worried about being made redundant in the next year were not on furlough.

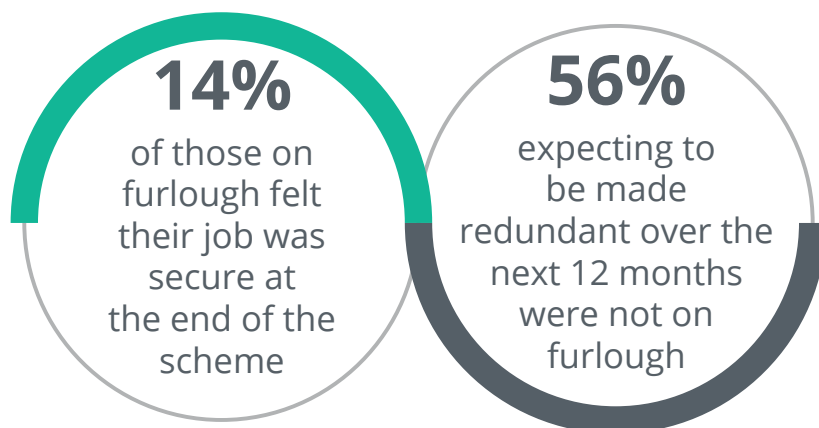
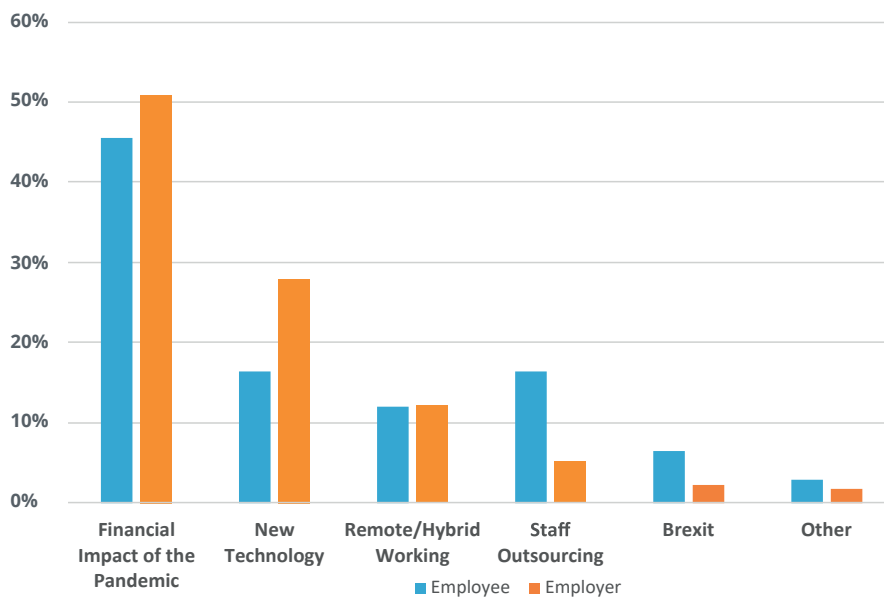


Fig. 2. Employee concerns post-furlough

Why the level of concern? Longer term impact of Covid

The survey highlights that both employers and employees hold similar perceptions of the causes behind this weakened sense of job security. Around half of all employers and employees stated that the key cause of future redundancies within their organisation would be the financial impact of the pandemic on business performance.

However, it is certainly worth noting that both organisations and their people are identifying lots of other factors that they feel are impacting on levels of job security. More than a quarter of respondents believed that jobs would no longer be needed due to the continuing advancement of technology and automation of roles. Over 1 in 10 referenced the proliferation of remote and hybrid working as the main reason why they felt under threat of redundancy.



Of course, some of these factors, such as automation and technology advancement have been prevalent well before the pandemic. However many, such as the increase in remote working or increase in outsourcing are believed to have been accelerated significantly by the events of the last eighteen months, suggesting that both employers and their people see a much longer term impact of the pandemic on job security post furlough.

Fig. 3. Factors impacting future redundancies: employee vs employer

Conclusions

1. Despite some of the very positive signs in the UK employment market, the perceived threat of redundancy among employers and their employees remains high.
2. There is a high degree of correlation between those organisations with employees currently on furlough and increased levels of expected redundancies in the next 12 months.
3. From an employee perspective however, the perceived threat of redundancy remains high irrespective of whether they were on furlough.
4. While the financial impact of the pandemic seems to be the main cause behind a weakened sense of job security, both organisations and their people are starting to feel the weight of other changes in working trends.

EMPLOYEES FACING REDUNDANCY

Concerns and uncertainty

Unsurprisingly, concerns over the financial impact of redundancy on themselves or their families were most strongly felt by the employees surveyed. However, despite the relative buoyancy of the recruitment market, over a third of all the responses collected highlighted a concern about finding a new role, whether that was due to market conditions, perceived level of marketable skills, uncertainty surrounding what to do next, or how to navigate the recruitment market.

Further to this, respondents who were facing redundancy demonstrated a noticeable degree of pessimism about the time it would take to find a new role with almost half stating that they felt it would take over three months.

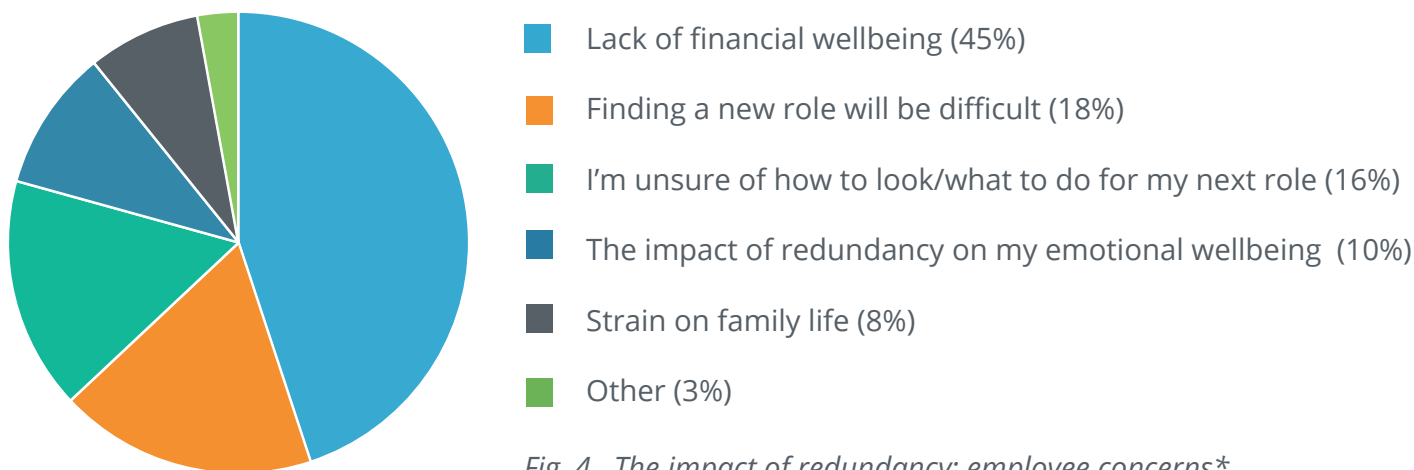


Fig. 4. The impact of redundancy: employee concerns*

It also seems likely that the experience of the last 18 months has prompted many people to think differently about the next step post redundancy. As high as 6 out of 10 respondents facing redundancy don't plan on continuing in the same field or career path.

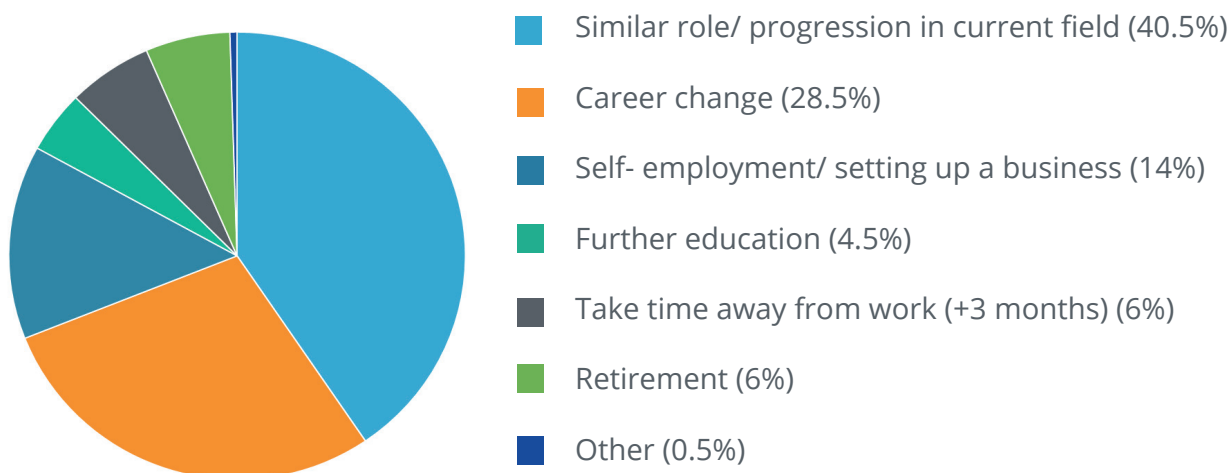


Fig. 5. Anticipated employee next career steps

*Respondents were allowed to choose multiple answers to this question. In total 454 responses were gained. These statistics represent the percentage of answers obtained to demonstrate the top concerns felt by employees.

Support from employers – a disconnect

With employees indicating high levels of concern about the immediate financial impact of redundancy, their ability to find a new role quickly and with many looking to change direction completely, it is perhaps not surprising to see that over 4 in 10 rated careers and job search support as the most valuable type of support when facing redundancy.

However, the research highlights a disconnect here. When employers were asked what type of support they felt employees would value the most, just over 1 in 4 referenced careers and job search support, with a much higher proportion feeling their employees would mostly want emotional and wellbeing support.

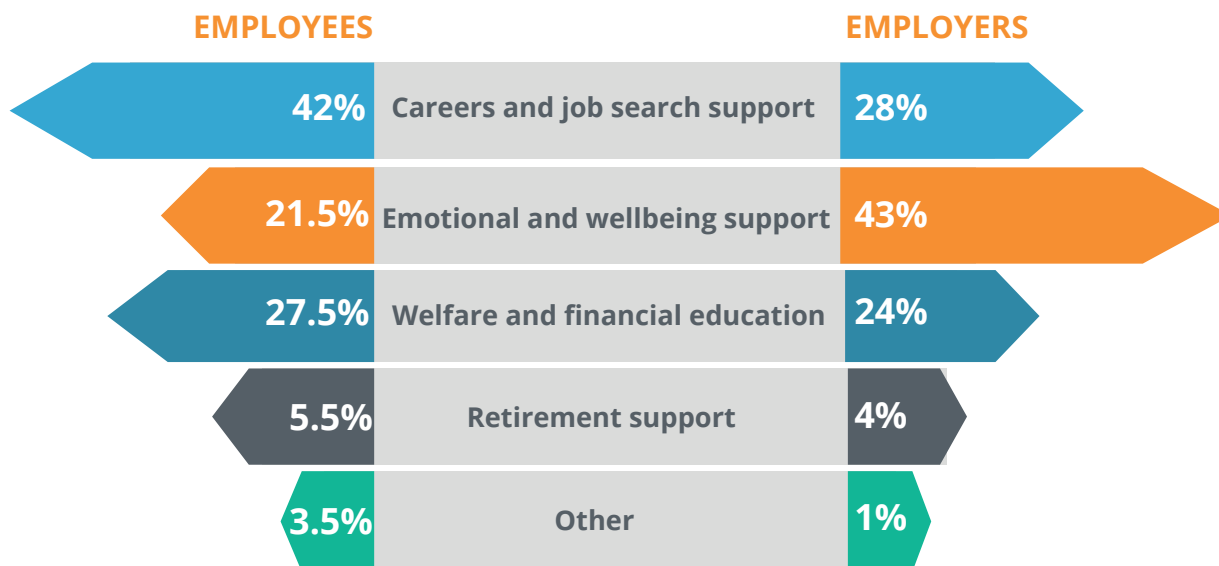


Fig. 6. Desired redundancy support : employees vs employers

Awareness of support

It is clear from the survey that many employers understand the impact of providing good redundancy support for employees, with significant numbers of respondents indicating factors such as the importance to employee wellbeing (44%), the opportunity to improve employee brand (35%) as well as reducing potential litigation through the process (12%).

In this context it's not surprising that the research shows us that 83% of employers stated that they provide redundancy support for employees. What is more surprising is that well over half of the employees surveyed currently do not believe their organisation provides redundancy support or are not aware that they do.

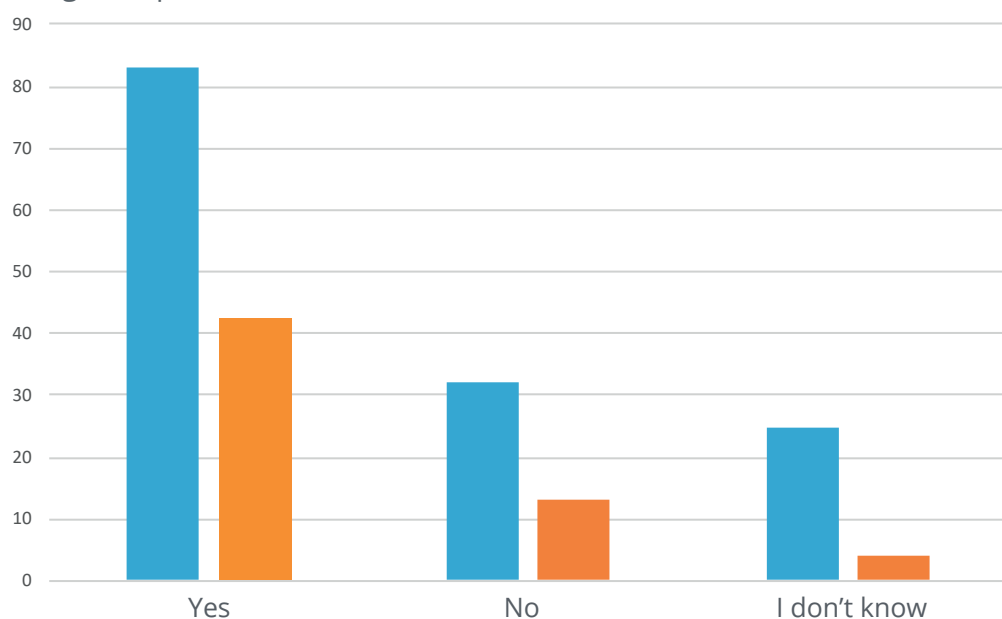
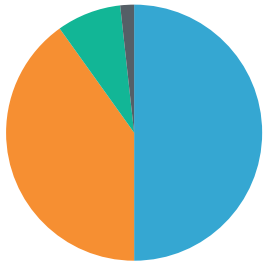


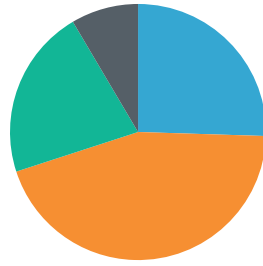
Fig. 7. Awareness of currently offered redundancy support: employer result vs employee belief

Impact and Opportunity

Employer perspective



Employee perspective



- "My employer would be caring and want to support me"
- "My employer would care somewhat but would focus their support on the business"
- "My employer wouldn't care about me"
- "I don't know if my employer would care about me"

Fig. 8. Employer vs employee perspectives of current support

The data suggests that this lack of awareness of support is impacting employee perspectives of the company. Worryingly, over 21% of employees surveyed who were facing redundancy felt that their employer would not care about them if made redundant while only a very small proportion of employers felt that employees would feel this way. In fact, the responses show us that employers are too optimistic about employee's perceptions over the level of care they would show for them in a redundancy situation.

Yet there is an opportunity for employers here it seems. Employees clearly indicate that if they are provided with (and are aware of) redundancy support being made available, this would have a very positive impact on their perception of the company.

Over **75%** of employees say providing support would improve their perception of the company

Conclusions

1. When facing redundancy, beyond financial wellbeing, employees remain most concerned about finding and securing their next role.
2. There is anxiety about the time taken to move on post redundancy with many feeling disorientated and others thinking very differently about their next career step.
3. When faced with redundancy, employees rate careers and job search support as the most valuable, while organisations currently place a greater focus on providing emotional and wellbeing support.
4. Employers recognise the value of support, and a large proportion are providing this in some form. However, employee awareness of the support available seems low and this can have a negative impact on employees' perceptions.
5. There is opportunity for organisations to significantly enhance their people's perception of the business by ensuring that support is in tune with their needs and is communicated clearly and effectively.

REFLECTIONS: BEYOND FURLOUGH

The report highlights a crisis in confidence over job security in the UK as we reach the end of the Coronavirus Job Retention Scheme. Despite the current positive signs in the UK employment market, the study shows that the perceived threat of redundancy remains very high amongst organisations and their people.

In particular, at the employer level, there is a high correlation between those with employees currently on furlough and high levels of expected redundancies in the next year. However, employers must be aware that due to events in the last eighteen months, negative perceptions of job security aren't only an issue for those people who were still on furlough at the end of the scheme.

The financial impact of the pandemic is still at the front of mind for employers and employees who think that redundancies are likely to occur. Yet they are also now pointing to other significant workforce change patterns that they feel will impact on the scale of redundancies moving forward such as the impact of increased remote and hybrid working and the streamlining of people resource through technology.

Employees' concerns around the threat of redundancy go well beyond frontline financial pressures. Many seem to feel uncertain about their ability to secure a new role and are disorientated around their next career step as we emerge from the pandemic. While emotional and wellbeing support for employees will continue to be hugely important for those facing redundancy, employers should be mindful of the importance that their people place on the more practical, focussed careers and job search support that they need in an increasingly complex employment landscape.

It is encouraging that most employers recognise the value of providing support for their people and do in fact provide support in some form. Yet it seems clear that employers could be doing more to communicate the offer of support to employees facing redundancy to ensure their people feel supported through the process. As we emerge from the furlough period there is an opportunity for employers to re-engage with their staff, listen, and understand the real problems their people are experiencing when facing redundancy in order that they can support them most effectively.

BACKGROUND |

About this Report

This report was compiled in 2021 just before the Coronavirus Job Retention Scheme came to a close on 30 September 2021.

The research was developed after polling 253 employers and 528 employees to uncover levels of expected redundancies across the UK. Further polling of 173 employers and 200 employees anticipating redundancy was then conducted to further examine key factors that may be impacting the number of redundancies over the next 12 months.

This subsequently included investigating the concerns of both employers and employees about facing redundancy, how the role of the employer is viewed in supporting employees and understanding the expectations of both parties when redundancies are expected.

Thank you to all those who took part in the survey.

About Renovo

Renovo is the UK's leading specialist outplacement provider, working with many hundreds of high profile organisations across 30 sectors, helping them to successfully navigate workforce restructure. Over the last 5 years we have helped over 60,000 people, mainly impacted by redundancy, to return to work twice as fast as the national industry average.

Our award-winning and contemporary outplacement and redeployment solutions help organisations to manage change more effectively, with employees feeling more supported in their transition. Our support ensures departing employees become employer brand advocates whilst safeguarding the morale, productivity and loyalty of the remaining workforce.

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