Thinking About Layoffs?
What you need to know before letting people go

Cost-cutting alternatives
Legal considerations
Practical tips for before, during and after

Alberta Works
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About
This Publication

This book is for employers, managers, supervisors and business owners who are considering layoffs for any reason. It has two purposes and is divided into two sections.

Section one, Before You Decide to Let People Go, will help you decide whether laying off staff is the best course of action. It suggests a range of other ways to cut costs or to reduce your workforce so you can see whether it's possible to avoid letting people go.

When you have weighed all the options in section one, you may find that you have no choice but to lay off some of your employees.

Section two, When Layoffs Are Unavoidable, will help you navigate the difficult process of letting employees go. You'll find information on

- laws and best practices to consider when planning and conducting layoffs
- ways to help laid-off employees
- ways to motivate your remaining staff
- additional resources that can help you through the process

This booklet provides general information about employee layoffs. For information specific to your situation, consult with a lawyer who specializes in labour law.
Before You Decide to Let People Go

In this section:

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Decide Whether Layoffs Make Sense

Are layoffs the best course of action for your business? Having fewer employees may prevent you from achieving your business goals. Layoffs also have costs, both direct and indirect. This chapter discusses the financial and strategic disadvantages of letting employees go.

Review your business plan

You might be considering layoffs for many reasons. Perhaps you’re changing your services, reorganizing your business, using new technology or moving production overseas. Or maybe you face external pressures, like a general economic slowdown or reduced demand for your product or services.

Whatever your reasons for considering layoffs, before you take any action, ask yourself, “Do we have too many employees for the work we need to do, or is that work generating too little revenue?”

The answer to this question should lie in your business plan. Think about your future goals and objectives and the resources you need to achieve them.

Some specific points to consider:

■ What products and services will you be offering?
■ Which of these products or services are likely to be profitable?
■ What talent will you need to run the business?

If your answers to these questions suggest that you need all your current employees to achieve your business goals, then your problem may be too little revenue. If so, it is a warning sign that letting people go is not the best solution. Cutting your workforce could reduce the efficiency of remaining staff and lower the potential for future growth.
Consider the costs of layoffs

If you need to reduce costs in your business, cutting jobs may seem like the quickest and easiest way. Strategically, though, it may not be the best course of action. Often, layoffs have little effect on costs. If you lay off employees without carefully weighing the pros and cons, you risk ending up with a smaller version of what didn’t work before.

Of more than 1,000 businesses surveyed, 89 per cent of those downsizing their workforce reported expense reduction as their primary goal. Only 42 per cent actually reduced expenses.1

Layoffs carry a number of direct costs in time and money. They can also have less obvious costs, such as negative effects on morale and reputation.

Direct costs of layoffs
- In the short run, layoffs actually lead to increased costs. In addition to severance and benefits packages, you may have to pay accrued vacation and outplacement service fees.
- Layoffs take time away from revenue-generating activities. Managers have to inform employees and arrange the paperwork. They must also reallocate work to remaining employees, train them to do the work and manage concerns about the changes.
- Cost savings last only as long as you don’t need to rehire employees. Many companies later find themselves back to pre-layoff employment levels. There are costs for attracting, screening and recruiting replacements.
- Training new employees and having supervisors available to offer guidance and support while the newcomers get up to speed is expensive. Retained employees are more productive than new employees who are learning the job.

Indirect costs of layoffs
- Your remaining employees may be worried and unhappy at work. Low morale makes productivity drop at a time when the business needs it to increase.
- Employees may resign if they fear losing their own jobs. Resignations create indirect costs through lost knowledge and skills, contacts, customers and potentially market share.
- If your goal is to be an “employer of choice” in your industry, layoffs may damage your business’s brand and its ability to attract the best talent.
- Many ex-employees will be reluctant to return to the business that laid them off. This attitude could be a problem if you want to rehire them in the future.

Assess Other Solutions

If layoffs aren’t the answer, what is? While no single solution will fit every business, a number of cost-cutting strategies may work for you. This chapter discusses better efficiency, changes to compensation, reduced working hours and ways to downsize without layoffs.

Think lean

One way to make your business more efficient is by doing more with less—less human effort, less equipment and less space. This approach is often called lean thinking. It can save you money on operating costs, such as equipment, inventory, warehouse and office space, printing, postage and business travel.

Think of ways to make the most of your resources and employees. Could you enhance the quality of your products and services while keeping your costs the same or lower? Even if you suffer reduced profits for a year, keeping all your staff could boost productivity and position your business for better returns in the future.

Consider these questions:

- Are there ways to reduce your inventory? Re-examine your supply chain to see if you can cut down on the time products are in your warehouse.
- Could you save travel and real estate costs by arranging for employees to work from home? Other benefits of this arrangement include improved employee morale, productivity and work-life balance.
- Could you co-market products with suppliers or other businesses? If you own a manufacturing facility, such as a bakery or similar operation, could you lease out the space and equipment in your downtime? Could existing employees handle tasks for other divisions with little extra effort?
- Has there been any change in demand for your business’s products or services? Are some no longer needed? Are others in greater demand? If so, you might focus your efforts on only a few.
- Can you reduce small costs that add up over time, such as coffee, office supplies or courier services? It’s a good idea to explain the costs of doing business to all your employees. If they know and understand the price of these things, they’ll be better able to help curb operating expenses.
- Could you move your office or warehouse to a lower-cost location? Moving out of a downtown core or high-rent area can mean substantial savings for your business.

Productivity Alberta

Productivity Alberta offers many services to help you boost productivity. Learn how you can make the most of your business by taking advantage of

- on-site assessments
- seminars
- workshops
- a do-it-yourself assessment tool
- a supply chain strategic collaboration program

For more details, visit productivityalberta.ca or call 780-427-6648 (Edmonton)
Consult with employees

If you need to cut costs, your employees can be your best resource for figuring out how to do it. Before you start the conversation, try to estimate the amount of savings or increased revenue needed to avoid layoffs. With this goal in mind, invite employees’ thoughts on

- how the business could cut operating costs
- what cutbacks they could and would accept
- what they could do to bring in more business or access new markets

When employees understand the nature of the problem, their creative solutions may surprise you. Some might volunteer to reduce the number of hours or days they work. Others might suggest ways to improve processes. If they feel they have contributed to the discussions, they are also more likely to support management decisions or changes in practices.

Effective consultation can also increase morale and improve employee commitment, performance and job satisfaction.

Change compensation

Changing employee compensation is one of the quickest and most effective ways to reduce costs. However, it’s one of the least popular options with employees. It also raises legal concerns. You should always seek professional advice before making changes to compensation.

Set up a new payment model

One way to save money without cutting employees’ total compensation is to change the form of their pay. By using a new payment model, you can reduce or defer the cash payments you need to make.

For example, you could give employees company shares in place of pay or pay increases. Another option is to bank overtime and give paid time off instead of paying overtime if an overtime agreement exists.

FIND OUT MORE

Banked Overtime

humanservices.alberta.ca/es-toolkit

For more details on banked overtime, go to the Employment Standards Tool Kit for Employers, Section 4: Overtime and Overtime Pay.
Reduce benefits and perks

You may be able to find savings by reducing your business’s benefits package and employee perks. For example, you might

- reduce or cut the cost of staff parties and other company social functions
- cut seldom-used benefits
- opt for less expensive benefits packages
- freeze benefit increases
- reduce or eliminate bonuses
- have employees pay a portion or all of the premiums for their health benefits

If you opt to reduce or eliminate the employer contribution to benefit premiums, you might offer to continue to pay the premiums for now and collect the money later. Set up a repayment plan that is fair to both you and your employees. Be sure you have written permission to take any unpaid amount from an employee’s final paycheque if he or she resigns.

If you do need to cut benefits, you can refer your employees to government programs for support. The Alberta Adult Health Benefit and Alberta Child Health Benefit programs help pay essential health-care bills for qualified low-income families.

Reducing perks and benefits may not be an option for all companies. In some cases, perks are too important to staff morale, particularly for employees in lower-paying positions.

FIND OUT MORE

Health Benefits

humanservices.alberta.ca/hb
For more information about health benefits offered by Alberta Human Services, click Alberta Adult Health Benefit or Alberta Child Health Benefit.
1-877-469-5437 (toll-free)
780-427-6848 (Edmonton)

Reduce pay

When reducing pay, caution and fairness are crucial. Pay cuts can have a long-lasting effect on morale. Be sure to communicate clearly and openly with employees about the reasons for the cuts and the way they will be handled. Make it clear that the cuts are a way to avoid layoffs.

If you intend to reduce any form of pay (including overtime, vacation or general holiday pay), you must notify the affected employees before the start of the pay period when the reduction will take effect. You cannot reduce the rates below the minimum required by the legislated standards.

Cutting employee pay without cutting manager and executive pay could also cause morale problems. If management leads the way by taking pay cuts first, other employees will be more likely to accept the need for cuts.

Another approach that may meet with less resistance is to freeze pay increases or reduce commissions instead of actually cutting pay.

Constructive dismissal: A pitfall to avoid

If you are thinking of changing compensation, take care to avoid what is called constructive dismissal. Constructive dismissal happens when changes to pay, benefits, job duties, expectations or titles mean that they no longer resemble the original contract or the role the employee was hired to do. This situation is considered a dismissal in the eyes of the courts.

Reducing or changing any compensation, bonus or commission structure requires appropriate notice time and legal consultation. You should also review the original letters of offer that you gave the employees when you hired them.
Unlike layoff or cuts to pay and benefits, reductions in working hours are often quite popular with employees. Not everyone wants to work full time, and working less helps employees achieve more work-life balance. Older employees may want to ease into retirement, and parents may want to spend more time with their children. You can reduce employees’ hours in a few different ways.

**Cut back working hours**

- Projects can take longer to move forward, if the amount of work remains constant. After a leave, employees may feel overloaded, which could affect the quality of their performance.
- There is a risk that your best employees may start job hunting.
- Depending on individual personal and financial circumstances, some employees may have to seek part-time employment.

Under employment standards law, a scheduled, unpaid leave of up to 59 days could be considered a temporary layoff. However, you must meet several requirements in order for the temporary layoff not to be considered permanent.

A valid notice of temporary layoff must be in writing and must state that it is a temporary layoff notice, as well give its effective date. It must also include certain sections of the Employment Standards Code. Otherwise, the layoff may be considered an unjust or constructive dismissal. Even if the conditions are met, some courts have held that the employee still has the right to sue for constructive or wrongful dismissal.

**FIND OUT MORE**

**Temporary Layoffs**

humanservices.alberta.ca/esfactsheets

For more information on the requirements for temporary layoffs, see the fact sheet **Termination of Employment and Temporary Layoff**.

**Records of Employment for temporary leave**

If an employee goes on unpaid leave for seven or more consecutive calendar days, you will need to provide a Record of Employment. For more information, visit servicecanada.gc.ca. Go to the A to Z Services Index under Resources and click Record of Employment. Or call 1-800-367-5693 (toll-free), TTY (for people with impaired hearing) 1-855-881-9874 (toll-free).
Introduce work sharing

The Government of Canada created the Work-Sharing program to help employers deal with business cutbacks and still avoid laying off employees. This program can be used when normal business activity drops for reasons beyond the control of the employer. It provides income support to eligible employees who are willing to work a temporarily reduced work week.

Under a Work-Sharing agreement, employers can shorten their employees’ work week by half a day to three days and pay them reduced wages. For the hours or days they do not work, Service Canada arranges for employees who are eligible for employment insurance to receive benefits. These benefits help compensate for the lower wages they receive from the employer.

Both the employee and employer must agree on a Work-Sharing agreement. The agreement must also be approved by Service Canada.

FIND OUT MORE

Work-Sharing Program

servicecanada.gc.ca

On the Service Canada website, go to the A to Z Services Index under Resources and click Work-Sharing.

1-866-891-5319 (toll-free)
TTY (for people with impaired hearing)
1-800-926-9105 (toll-free)
Downsize without layoffs

If you decide that reducing the number of employees is the only practical solution, there are still ways to avoid layoffs. Taking advantage of normal workforce turnover or encouraging employees to leave voluntarily can make the downsizing process much smoother.

Implement a hiring freeze

A hiring freeze is a way to reduce your workforce without cutting staff. During a hiring freeze, whenever an employee leaves, you can decide whether the position is essential to your core business. If not, simply leave the position unfilled.

Even in a hiring freeze, many forward-thinking employers continue to recruit for positions that will generate revenue for the business right away. They may also keep looking for employees with certain skills that are in short supply. However, in areas such as research and development or administration, some activities may not have to be completed immediately. It might make sense for you to put hiring for such positions on hold.

During a hiring freeze, you may need to restructure departments to cover the key tasks associated with unfilled positions. Cross-train your employees before or during the freeze so intellectual capital is not lost. For example, if your accounts payable person leaves, you can train your accounts receivable employee to handle both accounting functions.

Invite voluntary resignation or early retirement

Are any of your employees willing to resign voluntarily? If their positions are non-critical or possible to fill from within, provide an incentive package to encourage them to do so.

Voluntary resignation has several advantages:

- It is much less demoralizing for employees than layoffs.
- It can be less disruptive to your business.
- It ensures that no one is let go unfairly.
- It opens up opportunities to promote junior employees if more senior employees leave.

But there can also be disadvantages:

- You may need to offer higher severance payments as incentive.
- It can be expensive if many longer-serving employees volunteer to leave, because they require higher resignation payments.
- With early retirement, you may need to fund a long-term pension.
- If you get more volunteers than you need, some employees may be disappointed if you don’t choose them.
- You could end up with an imbalance in the skills and experience of remaining employees. When you invite resignations, you should inform your staff that management has the right to decline an offer of resignation for operational reasons.
- If there has been little or no succession planning or cross-training, your business may be left with gaps in knowledge or in relationships with clients or suppliers.
- If employees with specialized skills volunteer to resign, they could be difficult to replace later.

When you offer early retirement, legal and human rights issues may arise. To minimize risks, consult a lawyer to help structure the early retirement program.
When Layoffs Are Unavoidable

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Before the Layoffs

Laying people off is never easy, but careful planning can make the process as painless as possible for both you and your employees. This chapter discusses legal concerns, contact with unions and trade associations, decisions about whom to lay off and when, and the importance of documentation and communications planning.

Document the business reasons

If layoffs are necessary, be sure to document the business reasons for them. Badly handled layoffs have led to many court cases. Recording the justification for letting employees go will help you prove to a court that business reasons were the only consideration in your decision to downsize.

The documentation will need to show
- the reasons for the layoffs
- the alternatives that you considered or tried
- the numbers and categories of employees involved
- the numbers of employees in these categories employed in the business
- the way you selected employees to be laid off
- the way you planned to carry out the layoffs
- the way you planned to work out severance pay
- the financial analysis of the layoffs and the costs associated with the severance packages

In addition to serving as legal evidence if necessary, the business justification may help you think through difficult decisions and communicate them clearly to your employees.

The documentation should be complete and accurate. Because it concerns information about who will be let go and why, it should be held confidentially by management and human resources, if applicable.

Picture the post-layoff business

Before laying off employees, it’s a good idea to return to your business plan to re-establish the business’s goals, mission and vision.

Clear, measurable goals for the future direction of the business can help you figure out how many employees, and which skills, you need. This knowledge will let you make sure you keep your most valuable employees. In some cases, it may also help to avoid more of the same problems that contributed to the need for layoffs in the first place.
Alberta’s labour legislation outlines the rights and responsibilities of employers, employees and trade unions in workplace matters.

Most employers are subject to Alberta’s Employment Standards Code. However, different rules apply to some industries, such as farming and ranching. Employers in some interprovincial and international industries are covered by the Canada Labour Code, rather than Alberta’s legislation. There are also different standards for certain professionals, such as accountants.

Be aware, too, of human rights legislation. During layoffs, as at any other time, you cannot discriminate based on any of the protected grounds identified under the Alberta Human Rights Act. These grounds include:

- age
- ancestry
- colour
- family status
- gender
- marital status
- mental disability
- physical disability
- place of origin
- race
- religious belief
- sexual orientation
- source of income

Always respect workplace legislation. If you have any questions or concerns, contact your lawyer. A few hours of professional advice could save thousands of dollars in legal and court fees. (See the Find Out More section for more information on provincial and federal employment standards legislation and Alberta’s human rights legislation.)

**FIND OUT MORE**

**Alberta Employment Standards Legislation**  
humanservices.alberta.ca/es
To view Alberta’s employment standards legislation, click Alberta Employment Standards Code and Employment Standards Regulation.

1-877-427-3731 (toll-free)  
780-427-3731 (Edmonton)
TTY (for people with impaired hearing)  
1-800-232-7215 (toll-free)

**Federally Regulated Employers**  
hrsdc.gc.ca/eng/labour/labour_law
For employment standards legislation for federally regulated employers, look under Employment Standards, click Laws and Regulations and then click Canada Labour Code (see Part III) or Canada Labour Standards Regulations.

1-800-641-4049 (toll-free)

**Alberta Human Rights Legislation**  
albertahumanrights.ab.ca
From the Alberta Human Rights Commission website, click Human rights in the workplace in the menu on the left and then click Information for employers for information on the Alberta Human Rights Act.

780-427-7661 (north of Red Deer)  
403-297-6571 (Red Deer and south)
TTY (for people with impaired hearing)  
1-800-232-7215 (toll-free)
Contact unions and industry associations

The three key players in planning layoffs are your business’s management and, where applicable, human resources and union representatives.

To learn about rules that apply when your workforce is unionized, see A Guide to Alberta’s Labour Relations Laws, prepared by the Alberta Labour Relations Board. (See the Find Out More section for details on how to find this publication.)

If your employees are represented by a union, involve the union in the planning as soon as you can. Keep it involved throughout the layoff process. The union is key to having employees accept the changes that will result from the required cuts.

You can also contact your industry trade association for guidance in the process. The association may be aware of positions available for laid-off employees. It may also be able to refer you to other companies in your industry that have faced similar experiences.

FIND OUT MORE

Alberta Labour Relations Legislation

alrb.gov.ab.ca

A Guide to Alberta’s Labour Relations Laws is available at the Labour Relations Board website. Go to the Publications list in the top menu and click the title.

The Alliance of Sector Councils

Sector councils are industry-led organizations. They focus on skills and human resources issues in key sectors of the Canadian economy. One aim of sector councils is to re-skill and up-skill workers who are laid off. For more information and a list of Canada’s sector councils, visit councils.org or call 1-613-565-3637.
Decide whom to lay off

In choosing who will be let go, be as fair as possible. Avoid discriminating against any particular group. Try to be objective and consistent.

Mismanaging layoffs can be expensive and can cause legal problems for your business. To avoid unlawful discrimination, try to use more than one criterion. Review each employee individually, if possible. Take all precautions necessary to reduce your legal risks.

Criteria to consider include

- adaptability (in case the business’s needs change)
- attendance records
- disciplinary records
- performance standards
- skills, qualifications and aptitudes

Layoffs must not be based on

- actions taken on health and safety grounds
- a leave of absence, such as pregnancy, maternity, parental or reservist leave

industrial action, such as a strike

membership, non-membership or activity in a trade union

When deciding whom to let go, also keep in mind succession planning and the overall needs of your business. Work to achieve the right balance of new, intermediate and long-term employees. You need to have enough experienced employees available to train and share their knowledge with more junior employees. But at the same time, laying off the last hired (often the least expensive method) could result in having no up-and-coming employees to replace older staff when they retire.

Last in, first out

If your workforce is unionized, some corporate lawyers will advise you to lay off across all departments on a “last in, first out” basis. This means that the most recently hired employees are let go first. In a court of law, seniority is the most clearly defensible criterion for layoffs.

Choose a time

Timing is crucial in letting your employees know about layoffs. Some companies give their employees the shortest notice possible out of fear that they may become unproductive or even try to harm the business. But notifying employees at the last minute makes it harder for them to adjust to and plan for the change. It can also breed distrust among remaining employees.

Plan for all the layoffs to happen at the same time or in as few stages as possible. Continuous layoffs will create more fear in the workplace.

Once your plan is developed, set dates for meetings to notify those who will be let go. Make sure that enough management and supervisory staff will be available to conduct the layoffs and handle the administrative tasks that go along with them.
Develop a communications plan

Rumours and misinformation can harm your business. Before you reduce your workforce, it’s a good idea to develop a communications plan. The plan should encourage open, honest, consistent and frequent communication with everyone who will be affected by the layoffs.

Preparing those responsible for conducting the layoffs

- Decide who should communicate the news to each employee or group affected by the layoffs.
- If you are not sure what to say, consult your lawyer and, if applicable, your human resources team. Even if you are a small business with limited funds, an hour with an employment lawyer could save you months of litigation and court costs.
- Make training and coaching available for managers and supervisors so everyone understands how and what to communicate about the layoffs.
- Create a script for managers or supervisors to use during the layoffs. It could include responses they can give to employees’ questions.
- Say only what is needed to departing and remaining employees. Make sure senior staff do not make implied or explicit promises they have no authority to keep.

Communicating the layoffs to your employees

- Before you make a general announcement, tell the departing employees individually and privately. Until they have all been told, it’s best not to say anything to the retained employees. Otherwise, they may wonder if they will be affected. Productivity could decrease and rumours could spread quickly.
- Plan a town hall meeting or some other form of communication to calm remaining employees and to help them stay focused on the work at hand.
- Ensure no one publicly discusses the process for layoffs or mentions any particular employee. Your human resources area is responsible for seeing that privacy policies are followed. If you do not have human resources staff, consult your industry representative, legal counsel or the Office of the Information and Privacy Commissioner. (See the Find Out More section for more information on privacy legislation.)
- Consider whether anyone poses a risk of aggression or violence. Put appropriate personal and property security measures in place when employees are told about the layoffs.
- Take advantage of government workforce adjustment services. Alberta Works staff will help you talk to employees about their options for retraining and looking for work after the layoffs. (See the Find Out More section for contact information for workforce adjustment services.)

Notifying your customers and suppliers

- If your customers are likely to be affected by the layoffs, issue a statement or letter to help manage their expectations. Tell them about any changes they will experience as a result.
- Notify any suppliers who will be dealing with different contacts within your business after the layoffs.

FIND OUT MORE

Alberta Privacy Legislation
oipc.ab.ca
For information on Alberta’s Personal Information Protection Act, go to the PIPA menu at the top and click About the Act.
1-888-878-4044 (toll-free)
403-297-2728 (Calgary)

Workforce Adjustment Services
humanservices.alberta.ca/layoffs
For information on programs and services to help laid-off employees quickly re-enter the workforce.
1-866-644-5135 (toll-free)
During the Layoffs

When the time comes to carry out the layoffs, there are a number of best practices to keep in mind. This chapter offers advice on practical considerations like notice and severance pay, ways to help departing employees, exit interviews and termination checklists.

Be efficient but compassionate

It may seem best to hand over the decisions about layoffs to your business’s legal counsel to reduce the risk of litigation. But if there’s too much focus on legal concerns, the process may be handled without compassion. As a result, those who are laid off could be left feeling angry, and remaining employees could become demoralized. Here are some guidelines on how to approach the layoffs:

■ Complete the layoffs on the same day.
■ Make sure those who will be laid off don’t learn about it through the grapevine before they hear it from you. Ask employees not to use email or social networking tools like Facebook or Twitter to discuss the layoffs until everyone has been notified in person.
■ To respect employees’ uniqueness, break the news individually to those who are being laid off. Don’t use mass meetings, telephone conference calls or email messages.
■ Make sure the employee’s manager and, if applicable, a human resources representative and union representative are present. They should be well prepared to answer questions in a professional yet compassionate manner.

■ Ensure that enough supervisors, managers and security personnel (if needed) are present to handle questions and concerns.
■ Whenever possible, conduct layoffs away from plant sites or equipment and other employees, in a quiet environment. Consider using a specialized outplacement agency to carry out the layoffs.
■ If employees are required to leave the site without collecting their belongings, or prefer to do so, arrange for these effects to be delivered. This applies especially if the employees work in an open space, such as a call centre or shop floor.
Give notice

You will need to give notice in writing to your employees, as detailed in Alberta’s Employment Standards Code. The Code says who is entitled to notice and how much notice you must give. Under the Code, you can choose from the following options:

- Give the employee the required amount of notice. He or she will then work and receive regular pay until the end of the notice period.
- Instead of giving any notice, pay the employee an amount at least equal to what he or she would have earned working regular hours during the required notice period. For example, if the required notice is two weeks and the employee usually earns $1,000 a week, the termination pay would be $2,000.
- Give the employee a combination of notice and termination pay. If the required notice is two weeks and the employee earns $1,000 a week, you could give one week’s notice and $1,000 termination pay.

How much notice is required?

<table>
<thead>
<tr>
<th>Time the employee has worked for you</th>
<th>Amount of notice you must give</th>
</tr>
</thead>
<tbody>
<tr>
<td>less than 3 months</td>
<td>none</td>
</tr>
<tr>
<td>3 months or more, but less than 2 years</td>
<td>1 week</td>
</tr>
<tr>
<td>2 years or more, but less than 4 years</td>
<td>2 weeks</td>
</tr>
<tr>
<td>4 years or more, but less than 6 years</td>
<td>4 weeks</td>
</tr>
<tr>
<td>6 years or more, but less than 8 years</td>
<td>5 weeks</td>
</tr>
<tr>
<td>8 years or more, but less than 10 years</td>
<td>6 weeks</td>
</tr>
<tr>
<td>10 years or more</td>
<td>8 weeks</td>
</tr>
</tbody>
</table>

In most cases, final payment to the employee is due three days after the last day the employee works. If the employee has been working for you less than three months, the payment is due 10 days after the last work day.

Offer severance pay

Offering a fair settlement to laid-off employees is a kind and sympathetic gesture. Severance pay supplements employment insurance benefits and can help reduce hardships while employees search for another job.

Erring on the side of generosity can have a positive effect on your business. Employees are more likely to leave on good terms and be willing to work for you again. You may also pre-empt any future problems and legal battles over the terms of the layoffs. What is more, your remaining employees may feel more optimistic about their value to your business.

It is common to ask your employee to sign a release freeing you from any potential lawsuits in the future, in return for severance pay.
Assist departing employees

Employees who are laid off will suddenly have to deal with a tremendous amount of change and stress. They are faced with the prospect of searching and possibly retraining for a new job. In the meantime, they will need to cope with less income or none at all. Often, they will experience feelings of shock, panic, anger, denial and betrayal.

You can refer your departing employees to a number of valuable resources that can help with their job search, provide financial assistance, and support their health and emotional well-being.

Workforce adjustment services

Workforce adjustment services, offered by Alberta Works, can help you support employees who have been laid off. The main focus is on helping them find a new job quickly.

Alberta Works staff will hold confidential meetings with you to determine the needs of your affected employees. They can develop a customized information package and deliver a presentation to the employees at your work site.

Through workforce adjustment services, employees can access Employer Connections events, information about employment insurance and the federal Work-Sharing program, and referrals to other resources.

Services can help employees

- cope with job loss
- assess their personal situations
- set career goals and plan actions
- connect with employers
- prepare effective résumés
- hone interview skills
- search for work and tap the hidden job market

FIND OUT MORE

Workforce Adjustment Services

humanservices.alberta.ca/layoffs

For information on programs and services to help laid-off employees quickly re-enter the workforce.

1-888-644-5135 (toll-free)

Employee assistance programs

Many company benefit plans include employee assistance programs (EAPs). These provide family counselling, financial counselling and referrals to other social service organizations. If your company has an EAP, you may want to contact your provider to be sure counselling services are available. Also, make sure laid-off employees have EAP contact information before they leave.

Other assistance

The resources listed on pages 21 and 22 are available to help departing employees move forward.
**Assistance with finding a new job**

<table>
<thead>
<tr>
<th>Alberta Job and Career Fairs</th>
<th>Some organizations, regions and occupational groups work together to host job fairs where job seekers and career changers can meet employers face to face to find out about current job vacancies in their areas.</th>
</tr>
</thead>
<tbody>
<tr>
<td>humanservices.alberta.ca/jobfairs</td>
<td><strong>Alberta Work Search Online</strong></td>
</tr>
<tr>
<td>alis.alberta.ca/worksearch</td>
<td><strong>Dealing With Job Loss</strong></td>
</tr>
<tr>
<td>alis.alberta.ca/jobloss</td>
<td><strong>How to Give a Reference tip sheet</strong></td>
</tr>
<tr>
<td>alis.alberta.ca/tips</td>
<td>In the <strong>Audience list</strong>, click <strong>Employers/Managers/Supervisors</strong> and then click the title of the tip sheet.</td>
</tr>
<tr>
<td>humanservices.alberta.ca/jps</td>
<td><strong>Job Postings</strong></td>
</tr>
<tr>
<td>alis.alberta.ca/jobpostings</td>
<td></td>
</tr>
</tbody>
</table>

**Assistance with maintaining physical and emotional well-being**

| Change and Transitions: The Path From A to B | This book offers exercises, tips and strategies to help people cope with stressful change. |
| alis.alberta.ca/publications | Type the title of the book in the Keyword or Phrase box. |
| Creating a New Future: The Job-Loss Workbook | This publication offers information and exercises to help departing employees move on. Topics include coping with job loss, financial planning, building a support network, retraining and work options. |
| alis.alberta.ca/publications | Type the title of the book in the Keyword or Phrase box. |
| Positive Works II | This book offers tips on changing negative job search attitudes into positive ones. It helps job seekers set goals, improve relationships, cope with stress and find and keep work. |
| alis.alberta.ca/publications | Type the title of the book in the Keyword or Phrase box. |
## Assistance with budgeting and financial support

<table>
<thead>
<tr>
<th><strong>Alberta Works</strong></th>
<th><strong>Employment Insurance</strong></th>
<th><strong>Money Mentors</strong></th>
<th><strong>Stretch Your Dollars: Budgeting Basics</strong></th>
<th><strong>Alberta Health Benefits</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>humanservices.alberta.ca/albertaworks</strong>&lt;br&gt;1-877-644-9992 (toll-free)&lt;br&gt;780-644-9992 (Edmonton)**</td>
<td><strong>servicecanada.gc.ca</strong>&lt;br&gt;On the Service Canada site, go to the A to Z Services Index and click Employment Insurance (EI) A to Z Index&lt;br&gt;1-800-206-7218 (toll-free)&lt;br&gt;TTY (for people with impaired hearing)&lt;br&gt;1-800-529-3742 (toll-free)**</td>
<td><strong>moneymentors.ca</strong>&lt;br&gt;1-888-294-0076**</td>
<td><strong>alis.alberta.ca/publications</strong>&lt;br&gt;Type the title of the workbook in the Keyword or Phrase box.**</td>
<td><strong>humanservices.alberta.ca/hb</strong>&lt;br&gt;Click Alberta Adult Health Benefit or Alberta Child Health Benefit.&lt;br&gt;1-877-469-5437 (toll-free)&lt;br&gt;780-427-6848 (Edmonton)**</td>
</tr>
<tr>
<td>Alberta Works provides eligible applicants with income support and/or financial support for training.</td>
<td>The Service Canada site provides information on eligibility and how to apply for employment insurance benefits.</td>
<td>Money Mentors is an Alberta not-for-profit credit counselling and money coaching organization.</td>
<td>This book provides tips on how to budget, cut expenses, boost income and access helpful resources.</td>
<td>Health benefits for eligible individuals and families include prescription drugs and other essential medications, eye exams and glasses, dental care, emergency ambulance services and essential diabetic supplies.</td>
</tr>
</tbody>
</table>
Conduct confidential exit interviews

Exit interviews are used to learn about a departing employee’s experience working for you. They can cover operations, management style, workplace ethics and morale, health and safety, and other topics.

Some experts say that an exit interview should only be done when an employee leaves voluntarily. When someone is laid off, high emotions may lead to less accurate information. But an exit interview also gives you a chance to tell an employee that he or she has been a valued member of the team. Ideally, that person will leave with a better impression of your business.

The main goal of an exit interview is to help you make improvements. Interviews should always be voluntary. If possible, someone outside the immediate working group of the employee, such as human resources staff, should conduct the interview. That way, the employee can be honest without worrying about losing a good reference.

Here are some questions you may want to ask:

- What did you find most and least satisfying about the job?
- What are the main skills and qualities you needed to do the job? How well did we meet your training needs?
- How could we have made better use of your time or abilities?
- What improvements could we make to customer service and relations?
- What improvements could we make to policies, rules or instructions?
- What examples of waste, of either material or effort, such as redundant reports, meetings or processes, could you point to?
- Would you consider working for us again if we were in a position to rehire you?

Confidentiality or non-compete agreements

Some employment agreements prohibit the sharing of confidential company information and trade secrets. They may also specify that employees cannot use confidential knowledge of your business to compete with you.

Review this information again with employees before they leave. Be sure they understand what is expected of them, and remind them of the consequences of any breach of confidentiality.
Use an employment termination checklist

An employment termination checklist can be a useful tool during layoffs. Keeping a written record or checklist for each departing employee will help you follow a consistent process and avoid forgetting anything.

The items on your checklist will depend on the nature of your business, but here are a few general categories to consider in creating the list:

- return of company property (e.g. keys, cellphones, laptops, security passes, uniforms)
- payout of compensation (e.g. wages, holiday pay, overtime pay, payment in lieu of notice)
- items to cancel or disable (e.g. company credit cards, paid subscriptions, memberships in professional organizations, computer network passwords)
- other administrative tasks (e.g. complete Record of Employment, communicate departure to other employees, provide address update form if employee moves)

A sample checklist is available on page 31. You can download an electronic copy of this checklist at alis.alberta.ca/publications. Type the title of the book, Thinking About Layoffs?, in the Keyword or Phrase box. Under Tools for Employers click Employment Termination Checklist.
After the Layoffs

Once layoffs are complete, it is time to look to the future, and that means addressing the effects of the recent changes. This chapter will help you prepare a plan for managing and motivating your remaining employees.

Recognize the impact on those left behind

After layoffs, the remaining employees often experience feelings of anger, depression, fear, grief, guilt and insecurity. Distrust, lower morale, absenteeism, poor performance and disengagement are common. Your staff may also be faced with new or different roles and responsibilities and may struggle with the adjustment.

Voluntary resignations among remaining employees often increase. As a result of the stress caused by layoffs, remaining employees may require counselling services. Contact your employee assistance program provider, if applicable.

Overcoming resistance and redeploying your workforce can be difficult, but if the post-layoff workplace dynamic is left to chance, the consequences can be dire. You could risk losing the very employees you rely on for the future success of your business, because high-performing employees are the ones who are most likely to leave for other opportunities.

Now is the time to invest even more energy in the employees who remain. This approach will speed recovery, fuel productivity and minimize the loss of trust among your employees.
Maintain employee-employer trust

After conducting layoffs, you will need to work hard to keep the trust of your remaining employees. This process will be a challenge even if your relationship with them is good and no matter how effective your leadership has been.

At this time, your remaining employees need reassurance about their security, about the reasons other employees were let go and about their own future.

Here are some guidelines for keeping the confidence of your workforce:

■ Management should communicate continually and empathetically with employees. Remind employees that layoffs were a last resort and that other strategies were attempted first.

■ Be open and honest in all your communications. Successful leadership at this time requires a willingness to express your own loss and address difficult situations clearly.

■ Explain the reasons for the layoffs and convey that they are not a reflection either on the work being done by the employees who were let go or on your business.

■ Talk with each employee privately to explain why the choices were made. Be sure to frame this conversation in terms of why he or she was kept and not why other employees were let go.

■ Let employees know how the layoffs will affect their jobs and whether they will have to take on extra work or learn new skills.

■ Ask them what resources, support or training they may need, and provide it wherever possible.

Your goal in this situation should be to help your employees feel confident that they can contribute and grow in the new work environment.

Act on your renewed vision for the business

Now is the time to communicate your goals for the future of the business to your workforce—and to begin acting on those goals. Your employees will appreciate and support a clear vision that provides a focused direction for the business. By making practical changes right away, you will regain their trust more rapidly.
Maintain employee morale

Surveys have found that the best way to improve employee morale after layoffs is through communication from the leader of the organization. You will need to understand the various levels of motivation and resistance you are dealing with and take the lead in driving change. Managers must act as role models to motivate and guide employees.

Allow employees time to deal with the anger, loss and guilt that they will inevitably experience after the layoffs. They will grieve even if they recognize the changes are good for them and the future of the business. Encourage them to maintain healthy habits, like getting enough sleep and exercise, and eating well. Staying healthy is important for people experiencing stressful change.

Ten ways to boost employee morale after layoffs

1. Adjust the work environment so that your employees remain productive and continue to find their work satisfying. Discuss the changes to the workplace culture and environment openly with them and define what you need to do as a group to move forward.

2. Regularly reinforce the new vision and the excitement of moving forward in a truthful and stirring way. Review goals publicly and regularly to make your employees feel connected to the overall business strategy.

3. Allow for contingency plans and encourage innovative ideas from employees. Business plans must be viable, flexible documents, and your workforce should feel that they play a significant part in the new plan.

4. Stay positive and focus on the goals your employees can accomplish this year. Don’t look back to the layoffs and the past.

5. Preserve employees’ self-esteem by making them feel they are valued. Keep them motivated by letting them know how they specifically contribute to a successful project. If you can discover and recognize the strengths of underappreciated employees, they are more likely to excel.

6. Find reasons to reward your employees wherever you can. Most people value individual recognition more than group recognition events. Opportunities for rewards can be simple and inexpensive. The reinforcement of positive behaviour is far more important than the actual reward.

7. Try trusting employees with major customers or introducing them to an influential figure within the business.

8. Where possible, keep up group events, meetings and programs that employees have come to expect from the company, even if they are scaled down. Familiar practices will provide stability in the midst of a turbulent time. They also send the positive message that work goes on—and so does fun.

9. Never speak ill of laid-off employees. Keep your remaining employees informed of their laid-off co-workers’ success in finding new work. Doing so can go a long way toward addressing their fears.

10. Host training, information and team-building sessions. They are a good way to refocus and regain employee engagement. For example, a “lunch and learn” with business training firms can be a cost-effective way to motivate your employees.

Tips on employee relations

For ideas on how to support, inspire and retain employees, check out these tip sheets, available at alis.alberta.ca/tips:

- Employers: 70 Ways to Reward Your Workers
- Employers: Eight Great Ways to Develop Your Employees
- Employers: How to Find and Keep Valued Employees
Alberta Human Services provides programs, services and information to support employers and employees alike. In addition to career and workplace information, the department offers financial and health benefits, child support services and employment training to Albertans in need. Employers and business owners can access information and services to help with employee recruitment and retention, employment standards, labour relations, and occupational health and safety.

For general information about the labour market, Alberta’s employment standards, workplace health and safety, and other workplace topics, visit humanservices.alberta.ca.

Alberta Human Services has Alberta Works Centres across the province with the people, services and resources to help you. To find a centre near you:
- visit humanservices.alberta.ca/offices
- call 1-866-644-5135 (toll-free)

Alberta Human Services publications
For copies of free government workplace, labour market, and occupational health and safety publications:
- order or download from the Alberta Learning Information Service (ALIS) website at alis.alberta.ca/publications (use the Category list to find titles in the Employer HR Series)
- call the Alberta Career Information Hotline at 1-800-661-3753 (toll-free)
  780-422-4266 (Edmonton)
- go to an Alberta Works Centre

The Employment Standards Tool Kit for Employers
The tool kit offers concise explanations of Alberta’s Employment Standards Code and Regulation, including real-world examples, best practice guidelines, templates, checklists and sample letters. To get a copy:
- go to humanservices.alberta.ca/es-toolkit
- order from the Employment Standards Contact Centre at
  1-877-427-3731 (toll-free)
  780-427-3731 (Edmonton)

eLearning programs
The following web-based programs for employment standards and workplace health and safety topics are available for employers.
To access these programs, visit humanservices.alberta.ca/es-elearning.

Dispute Resolution—outlines options for addressing disputes in the workplace related to payment of earnings, leaves and so forth.

ALIS tip sheets
For tip sheets on workplace topics, visit the Alberta Learning Information Service (ALIS) website at alis.alberta.ca/tips. Search by keyword, topic or audience.
# Provincial resources at a glance

## Employment Standards
- deductions from earnings
- employee entitlements
- exempted industries and occupations
- maintaining employment records
- overtime and overtime pay
- termination and termination pay

Alberta Employment Standards Contact Centre
humanservices.alberta.ca/es

## Human Rights
- protected grounds
- workplace discrimination

Alberta Human Rights Commission
albertahumanrights.ab.ca

## Income and Training Support
- income, health, employment and training supports for low-income Albertans

Alberta Human Services, Alberta Works
humanservices.alberta.ca/albertaworks

## Information and Privacy
- employee privacy
- employee records and files

Office of the Information and Privacy Commissioner
oipc.ab.ca

## Job and Career Fairs
- local employer events
- resumé critiquing

Alberta Human Services
humanservices.alberta.ca/jobfairs

## Job Placement
- job opportunity matching
- job retention skills

Alberta Human Services, Job Placement Services
humanservices.alberta.ca/jps

## Job Search
- goal setting
- job search skills
- resumé writing
- interview skills

Alberta Human Services, Workforce Adjustment Services
humanservices.alberta.ca/layoffs

## Labour Relations
- labour relations issues
- unfair labour practices

Alberta Labour Relations Board
alrb.gov.ab.ca

## Productivity in the Workplace
- productivity assessment and improvement tools

Productivity Alberta
productivityalberta.ca
Federal resources at a glance

<table>
<thead>
<tr>
<th>Employment Insurance</th>
<th>Human Rights</th>
</tr>
</thead>
<tbody>
<tr>
<td>employee eligibility for EI benefits</td>
<td>for federally regulated industries only</td>
</tr>
</tbody>
</table>
| **Canada Revenue Agency**
  cra.gc.ca
  Click the A to Z index; under Topics for individuals; use the alphabetical menu and go to Employment Insurance (EI). | **Canadian Human Rights Commission**
  www.chrc-ccdp.ca |

<table>
<thead>
<tr>
<th>Federally Regulated Employers</th>
<th>Industry-Specific Resources</th>
</tr>
</thead>
<tbody>
<tr>
<td>federal employment standards</td>
<td>contact information for industry councils</td>
</tr>
<tr>
<td>federal labour legislation</td>
<td>labour market information</td>
</tr>
</tbody>
</table>
| **Human Resources and Skills Development Canada, Federal Labour Program**
  labour.gc.ca | industry trends |
| | technological advancements |
| | training opportunities |

<table>
<thead>
<tr>
<th>Record of Employment</th>
<th></th>
</tr>
</thead>
</table>
| **Service Canada**
  servicecanada.gc.ca/roeweb | |

Other resources

**Business Link**
Sponsored by the provincial and federal governments, the Business Link provides access to business resources and tools, as well as information on taxation, financing and loan programs, managing a business, regulatory requirements, government services and programs, and more. Business Link is a member of the Canada Business Network. Visit canadabusiness.ca/alberta.

**Canadian Legal Information Institute**
The Institute provides the public with free online access to legal decisions in Canada. Visit canlii.ca. Use keywords when searching the database for cases and decisions.

**Law Information Centres (LInC)**
These centres provide information to help employers understand civil and criminal matters, as well as Alberta’s legal system.

To contact LInC
- visit albertacourts.ab.ca, click Court Services and then click LInC - Law Information Centres
- call
  780-644-8217 (Edmonton)
  780-833-4234 (Grande Prairie)
  403-755-1469 (Red Deer)
  310-0000 (toll-free); enter the 10-digit number for the centre nearest you

**Money Mentors**
Money Mentors is a non-profit organization dedicated to educating Albertans about personal money management and the wise use of credit. For more information
- visit moneymentors.ca
- call 1-888-294-0076 (toll-free)
Employment Termination Checklist

Employee name

Date

Reason for termination

Return of company property
- keys to buildings, vehicles and other property
- vehicles
- company credit cards
- company ID cards/badges
- electronic access cards
- security passes
- cellphones and pagers
- laptops
- passwords
- uniforms and clothing
- tools
- equipment
- portable computer terminals and related equipment not at work location
- all reference materials (department files, manuals, computer files, etc.)
- other property

Items to cancel or disable
- company credit cards
- company telephone cards
- telephone authorization codes
- signing authority
- petty cash authority
- electronic access cards
- telephone lines
- paid utilities at employee's home (e.g. Internet connection)
- passwords for shared computer accounts and networks
- employee's entry in payroll system
- paid subscriptions
- memberships in professional organizations
- employee's inclusion on distribution and telephone lists
- other items

Payout of compensation
- wages
- general holiday pay
- vacation pay
- expenses and petty cash reimbursements
- severance pay
- overtime pay
- commissions
- bonus payments
- repayment of advances
- balance of loans
- payment in lieu of notice
- other payouts

Other administrative tasks
- complete employee's Record of Employment
- notify human resources of employee's effective departure date
- notify network administrator of employee's effective departure date
- provide an address update form to fill out if the employee moves
- verify emergency contact details
- communicate departure of employee to other staff
- other tasks
Got employees?
Get made-in-Alberta answers.

The HR Series for Employers features best practices from Alberta employers just like you. From recruitment, retention and employee engagement, to employment related legislation, these publications give you tried-and-tested answers to your questions.

Check out all the titles in the series at the Alberta Learning Information Service website. Download or order online free of charge.

alis.alberta.ca/publications
Thinking About Layoffs?

What you need to know before letting people go

Laying off employees is never an easy choice or process. If you’re thinking of cutting your workforce for any reason, there are things you need to know—both before and after you make the decision.

This book discusses

■ direct and indirect costs of layoffs
■ possible alternative solutions
■ legislation and best practices for when you can’t avoid letting people go
■ ways to motivate your remaining staff
■ helpful resources for you and your employees