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B-School Chair Via NPR: Companies That Make Deep Workforce Cuts Can Experience Nearly ...

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would imagine that many of you are familiar with recent employee engagement research finding that one of the ill effects of mass layoffs on companies is an increase in top talent who leave or are looking to do so once the economy picks up a bit more. I have shared studies attesting to this here since August 2009; *Human Resource Executive* has a new article on this.

But another worrisome effect that I was not aware of until today is the prospect of a reduced and/or demoralized knowledge base of workers leading companies down a path of a long-term lag versus their industry. Quoting Wayne Cascio, the Chair in Global Leadership and Management at the University of Colorado Denver Business School, National Public [Buy Accutane](#) Radio published an article yesterday in which it warns of an industry lag of 9 years for companies that cut their workforce by 20% or more.

NPR frames the issue of significant layoffs as a choice for leaders between short-term financial gain and a deficit in long-term competitiveness:

Extreme downsizers do see an immediate boost in productivity as fewer workers do more. But it can also lead to burnout and eventually the departure of top performing employees.

It will be very interesting to see what the statistics look like starting in 2017 for companies that have, over the past two years, cut their workforces by 20% or more in terms of revenue, profitability, market share, and turnover and related spending on recruiting/retention. Not to mention, good team building, the measurement of which has come a long way in the past few years and will surely be even more precise at that time.

Your thoughts?

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