

Redundancy and Career Change

Career
Transition
Series



Australian Government
National Mental Health Commission

Paper 5

About the career transition series

About these guides

These guides are a nine-part series developed to share research-led practices on career transitions to help support mentally healthy workplaces. In this series, you will find best practice strategies along with the stories of organisations supporting their people through eight key transitions. We share first-hand accounts of the career transitions many of us will experience in our lifetimes, whether it is having a baby or a career change, a personal crisis, or retiring from the workforce altogether.

Why these guides exist

Developed by the National Mental Health Commission in partnership with Transitioning Well, these guides emerged as part of the National Workplace Initiative (NWI) after early research and consultation highlighted the toll of a number of career transition points on the mental health of employees. These guides are based on the findings of this [Green Paper](#). They blend published research, insights from experts, and first-hand stories of individuals who have experienced or supported their people through transitions. We thank everyone who contributed to these guides and the organisations who permitted us to share their unique stories.

What these guides aim to do

- Recognise the impact of career transitions on workplaces and workers
- Inform workplace leaders and individuals about the importance of supporting transitions throughout the career journey
- Showcase how organisations can support workers across the life cycle in helping to promote and sustain mental health at work
- Share inspiring examples of forward-thinking organisations implementing research-led practices to proactively support career transitions.



Organisational-led approaches to support mentally healthy workplaces¹

Financial challenges are consistently one of the biggest stressors for displaced workers. Displaced workers often face persistent earning losses even after re-employment.

Workers who find new jobs have weekly earnings that are 8% lower on average than their previous job.²

About this transition

Career changes can arise due to involuntary job loss like redundancies or workplace changes or self-directed changes. Redundancy and job displacement involves involuntary separation from a job, often for economic reasons, such as workforce downsizing, restructuring, closures, changes to the skills required for the role or other workplace changes.

Emerging workplace trends, including the gig economy and portfolio careers, mean a 'career for life' is no longer relevant for many. Self-directed career changes (moving to a new industry or profession) are becoming increasingly common—42% of Australians now have three or more careers by the time they retire.³ The number of careers across the lifespan is also increasing, with young workers 'job hopping' at three times the rate of older workers. Factors influencing self-directed career changes may include job satisfaction, pay considerations, a desire to align work with values or life circumstances, new interests, changes to health or functional capacity, or a desire for growth.

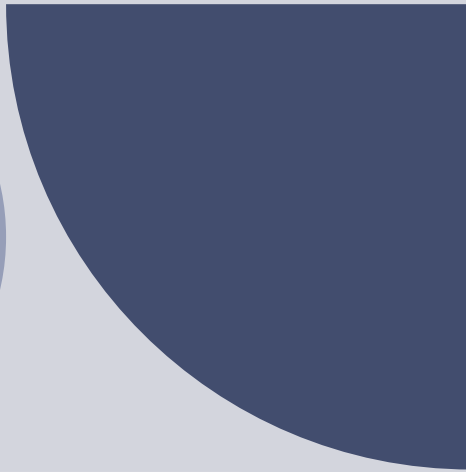
Those who have career change forced upon them, due to their role being made redundant, can often feel a loss of control and struggle to re-engage in new career pathways without career advice and support to guide them.

Key Messages

1. Involuntary job loss is associated with decreased psychological and physical wellbeing, loss of social connections and changes to routines, a sense of purpose and self-worth. Stigma associated with unemployment also contributes to poor mental health following redundancy.
2. Self-directed career changes are becoming increasingly common with 42% of Australians having three or more careers by the time they retire.
3. Organisations that actively support exiting employees are likely to benefit from less absenteeism and decreased turnover. Remaining employees are also more likely to maintain favourable opinions of the organisation.



Key considerations



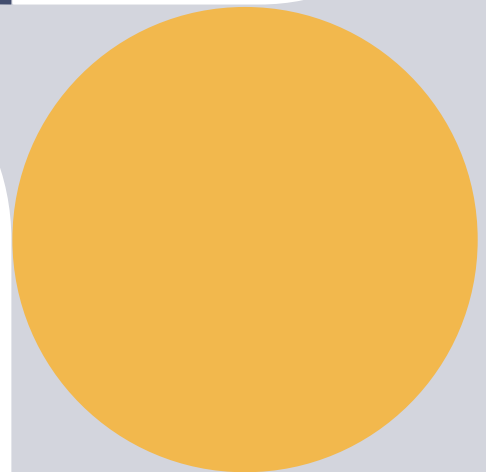
Australian employees change jobs 12 times throughout their life, with an average tenure of 3.3 years.

Australian Institute of Business 2022⁴

69.1%

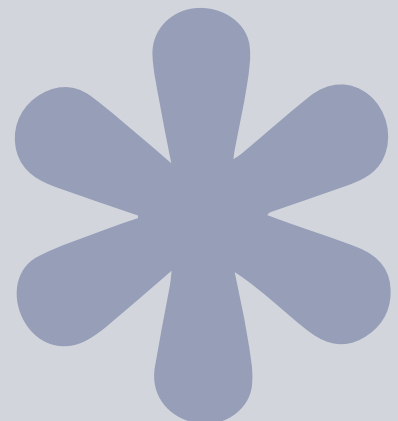
of Australians who lost their job during the COVID-19-19 pandemic reported poor mental health.

Griffiths et al., 2021⁵



Close to a third of displaced workers are still unemployed after 12 months, with re-employment rates even lower for certain groups, including women, older workers and those with less formal education

OECD, 2013⁶



Why it is important to support this transition

Given the prevalence of redundancies and increase in self-directed career changes, it is important for organisations to shift their practices to understand, support and respond to these transitions.

Just under one-third of displaced workers are still unemployed after 12 months and re-employment rates are even lower for certain groups, including women, older workers and those with less formal education. As long-term unemployment significantly increases the risks of individuals experiencing poor mental health, it is important for organisations to support displaced employees through the transition and to find suitable work.

Organisations that actively support exiting employees with their transition help mitigate against risks such as employee self-harm, or other mental health-related issues, as well as potential lawsuits. It also helps to ensure exiting employees maintain a positive association with the employer brand in the market. Most importantly, it helps people find their pathway through one of life's most challenging and stressful events, with dignity and respect.

The remaining employees are also more likely to maintain favourable opinions of the organisation due to the way they have seen their colleagues being treated on exit. This is critical to help re-engage the 'survivors' who often feel guilty and disengaged after a redundancy process.



“Supporting people through redundancy and career-change transitions is an important extension of the employee experience and impacts your employer brand advocacy in a very tangible way.”

Sandy Hutchison, Founder and CEO of Career Money Life

Risks and their impacts on the individual and organisation

The impact of a career change transition can depend on how we see and value our employment.

According to Dr Amy Wrzesniewski, a professor at Yale School of Management, there are three different contexts of work: those who see their employment as a **job** providing income, benefits and perhaps some social perks; those who see their work as a **career** and have a greater intention for advancement; and those who experience their work as more of a **calling**, and feel a sense of purpose and deeper alignment between their vocation and who they are as a person.



Involuntary job loss

Individual and organisational impacts of involuntary job loss

Involuntary job loss is associated with decreased psychological and physical wellbeing (as opposed to voluntary redundancy, which can have more positive outcomes).

- Men and people with blue-collar jobs tend to experience more distress than women and people with white-collar jobs.
- Financial challenges are a major stressor, with displaced workers experiencing persistent earning losses even after re-employment.
- Psychosocial factors such as loss of social connections, changes to routines and a sense of purpose, and stigma associated with unemployment also contribute to poor mental health following redundancy. This can also extend to negatively impacting the mental health of family members and relationships.

Organisational downsizing can not only negatively impact the employee whose role has been made redundant, but also, the organisational culture. Remaining employees can experience 'survivor syndrome' (feelings of guilt, anxiety, apathy and disengagement), or 'survivor sickness' (denial, job insecurity, feelings of unfairness, fatigue, reduced risk taking, decreased motivation and distrust).

Self-directed career changes

Individual and organisational impacts of self-directed career changes

The mental health impacts of a self-directed career change tend to be influenced by the reasons motivating the change. When we perceive we are in control and desire the proposed change, the impact on our mental health is likely to be positive. However, some still may experience fear of failure and/or the unknown, insecurity and concerns about making a poor decision. The concept of a 'career for life' can create mismatched expectations, and people may experience anxiety related to perceptions and/or expectations of others.



Tip

When supporting this transition, organisations should consider not only the impacts on displaced employees, but also the potential negative impacts on remaining employees.

4 ways people going through a redundancy and career change can internalise this transition

According to Nancy K Schlossberg, a leading expert in transitions and career development, a transition is defined as any event or non-event that results in changed roles, relationships, routines and assumptions.⁷

In redundancies and career changes this transition may look like this:

Roles

"My career and my sense of self has changed."



Relationships

"I miss my old work friends and professional connections."



Routines

"With a new role will come new routines and rhythms of my day."



Assumptions

"My old colleagues and workmates are continuing without me — I need to move on."



Why this transition can feel so disorientating

Work and our sense of self are often intertwined and help define who we are. When that aspect of our lives is removed either voluntarily or involuntarily, adjustment can take some time.

The job search process has also changed significantly in recent years, with new technology and tools, such as job boards, LinkedIn, applicant tracking systems, and video interviewing. This can seem incredibly daunting for people who have not been in the job market for many years, causing their job searches to fail, which further affects their mental health and wellbeing.



Tips to support career-change transitions

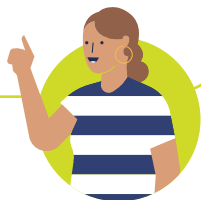


For Organisations

- **Access to career education and counselling services, and mentoring programs**, can help individuals review their beliefs and expectations regarding career changes and learn skills to navigate this transition.
 - **Offer opportunities for upskilling** employees to help them be more competitive in the job market.
 - **Upskill management** to understand their role in career transitions conversations. Build managers' skills and confidence to have supportive conversations, understand the holistic impacts on the employee and refer them to appropriate supports.
- During periods of organisational change:
 - **Build open transparent communication and trust in the workplace.** This includes sharing the nature of changes, reasons for the change and how and why decisions are made.
 - **Ensure your redeployment process** is effective at identifying and matching impacted employees to any current roles.
 - **Offer voluntary redundancies** as a first option, to help reduce the need for involuntary displacement, if possible.
 - **Support positive exit rituals** when individuals leave an organisation, including a formal farewell that allows individuals to say goodbye to colleagues, where possible.
 - **Depersonalise language regarding role changes.** Whilst subtle, this can help individuals depersonalise and reframe their experience. For example, "My role was made redundant" versus "I was made redundant".

Feeling overwhelmed and not sure where to start?

When possible, provide adequate notification about upcoming changes and career transition support to exiting employees. Counselling should also be offered and delivered in a holistic and flexible manner, to meet the needs of each individual. The impact of organisational changes on partners and families of workers and local communities should also be considered.



Tips to support career-change transitions

For Individuals

There are **six coping strategies** that can help individuals navigate role redundancy and self-directed career changes⁹. These six types of coping strategies can be categorised into two groups:

- **Problem-focused strategies** including searching for re-employment, engaging in retraining and relocation for better job opportunities
- **Symptom-focused strategies** such as seeking social support, accessing financial assistance and becoming engaged in unemployment community programs

Individuals undergoing career changes may also benefit from **career transition support** to help gain a clearer understanding of themselves and the labour market, to then plan and undertake a career change based on those insights. Career transition support can also provide insights into normal career transitions to help address any outdated career beliefs that could create unrealistic expectations, and to restore a perception of control in the transition. Career transition services can also upskill individuals in current job search practices, tools and technology as well as provide them with a sounding board and cheerleader along their journey.

Research also highlights five psychological factors that can influence the experience and duration of disruption at the individual level⁹ including:

- **readiness**
- **confidence**
- **control**
- **perceived support**
- **decision independence.**

Proactively addressing and boosting these five factors can help protect mental health. Individuals undergoing career changes may benefit from supportive conversations with their manager, with personal transition support an additional option to assist in addressing these psychological factors. Many organisations also make their Employee Assistance Programs, which offer mental health counselling, available to impacted employees for a period of time post-employment to support their transition.



Redundancy and Career Change Case study

At a glance

- The impacts of COVID-19 and growing headwinds buffeting the industry—rising labour costs due to a skills shortage, global material cost hikes and supply chain issues in the construction sector—meant Metricon had to make close to 200 roles redundant to manage costs.
- Metricon was committed to ensuring they provided for all impacted employees via a fair and transparent process.

Founded in 1976 as a family-owned business, Metricon held the position of Australia's top home builder for the past seven years. The company has more than 2000 employees across Australia and builds hundreds of new homes every year. Employees commonly use two words to describe what it is like to work at Metricon: family and opportunity. Metricon people matter to the organisation, which drives much of their work. Empowering people is not just limited to the workplace—Metricon likes to ensure the wellbeing of their team as their number one priority.

“As a family-founded and run business, our people are central to everything we do. It has been a challenging time for Metricon, and we made the difficult decision to offer a redundancy program. At every step of this journey, we tried to put the needs of our people at the centre of our decision making. We worked to deliver a clear and transparent process, with fair outcomes and effective career transition support for impacted employees.”

Merril Hotchkin, Head of Human Resources

Activities and outcomes

The situation

Metricron needed to implement a large-scale redundancy program to meet new funding requirements. The timeframe was short. Within a matter of a few weeks, the HR team had to identify the impacted roles, and develop a comprehensive implementation plan and a communication strategy that supported both the leaders delivering the notification messages (local managers) and the impacted employees.

It involved developing detailed Leader briefings and Q&As, holding a Leaders notifications presentation, identifying all the impacted individuals, and implementing a communication process that ensured people were told by the local managers and consulted before outcomes were decided.

Pre-notification phase

Preparing for the notification phase was critical in mitigating risk. It involved:

- being clear on the rationale for the restructure —leveraging a core, consistent message
- understanding the impact on individual roles, teams and the organisational strategy
- considering each individual's circumstance and identifying risk
- being across the logistics, timelines and stages
- preparing the notification communication and clearing this with HR and legal advisors
- rehearsing the core messaging and being prepared for potential reactions
- preparing for possible emotional reactions and knowing how to respond
- knowing what career transition support was being offered to impacted employees and how to position the value of the career transition experience
- planning for mental health risk, via Employee Assistance Program (EAP) support and onsite support

Notification phase

- Meetings notifying an employee of redundancy must follow a consistent structure. Managers must communicate the redundancy clearly, concisely and with empathy. Core messaging is essential, as is the manager's ability to stay on track and appropriately respond to the employee's emotional reaction.
- First and foremost, notification meetings must be conducted in a safe (private and confidential) space and ideally in person. If they must be done remotely, managers have a duty of care to ensure the wellbeing of the individual. They must flag any risk and engage an EAP if needed.

Post departure from Metricron phase

- Metricron engaged a Career Transition provider, Career Money Life, who worked with the company to develop a support program for impacted employees. It included a unique program reaching out to other organisations in the industry to identify relevant job opportunities and match impacted employees directly to these roles. The Career Connect feature was well received by employees and motivated them to start their program so potential employers could view their profiles.



Advice for others

Do:

- Think about the optimal date and time for the notification meeting. This will vary depending on individual circumstances.
- Anticipate and prepare for different behavioural reactions. Have EAPs set up and details in the notification kit.
- Provide onsite support with a career transition consultant who can provide an objective wellbeing check. If being offered, the consultant can also explain the career transition program and how the individual will be supported.
- Think about the remaining staff and how you will respond to their questions and handle any reactions.

Do not

- Allow the meeting to dwell on a discussion of performance or past issues.
- Try to diminish the employee's concerns about the future.
- Engage in criticising the company. Listen and acknowledge the employee's view if they bring it up, but do not agree or disagree.
- Get defensive or argumentative with the employee. Remember, it is often a time of heightened emotions.

Employees supported by a Career Transition program are more likely to:

- Transition faster to a job they love
- Foster strong wellbeing during their time of transition and a new beginning
- Move through the emotional impacts of redundancy faster
- Be brand ambassadors for your organisation.

Key Takeaway

Look for a Career Transition provider that offers a blend of individual, group and digital experiences, and provides employees with choice rather than a one-size-fits-all solution.

Even after many happy years with a company, employees will remember the exit experience most, which can impact your organisation's brand.

Ask yourself:

- Were employees treated with respect?
- Was the process fair and transparent?
- Were employees effectively supported with their transition to a new role?

Ideally you will want both your existing and exiting employees to answer yes to these questions.



Managers who are supported by a Career Transition provider are more likely to:

- Maintain their wellbeing during the complex and stressful responsibility of leading change and conducting redundancy meetings
- Collectively deliver a clear, consistent, concise message, balanced with empathy and compassion
- Mitigate employee wellbeing risks
- Be brand ambassadors for your organisation.

Worth a read

Eight tips for looking after your mental health through unemployment,

Beyond Blue

Read here: <https://www.beyondblue.org.au/personal-best/pillar/supporting-yourself/eight-tips-for-looking-after-your-mental-health-through-unemployment>

SEEK – Job Loss Toolkit,

SEEK Working Life

Read here: <https://www.seek.com.au/career-advice/category/job-loss>

How can I support someone I have to let go?

Michelle Varcoe and Jenni D'Orival, ProBono Australia, 2020

Read here: <https://probonoaustralia.com.au/news/2020/04/how-can-i-support-someone-i-have-to-let-go/>



Read more in this series:

Paper 1

Career Transitions Series: General Principles

Paper 2

Career Transition Series: Entering the Workforce and Young Worker Transitions

Paper 3

Career Transition Series: Learning to Lead (*this guide*)

Paper 4

Career Transition Series: Parenting and Caring

Paper 5

Career Transition Series: Redundancy and Career Change

Paper 6

Career Transitions Series: Health-Related Changes

Paper 7

Career Transition Series: Relocation

Paper 8

Career Transitions Series: Crisis and Career Shocks

Paper 9

Career Transitions Series: Late Career and Retirement

[Click here to read the other papers in this series](#)



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