randstad risesmart

2021 guide to severance & workforce transition:

banking and financial services industry.

human forward.

introduction.

Even before the disruptions of 2020, the banking and financial services industry was navigating tremendous change to meet the demands of today's digitally savvy consumers. So when an economic downturn and a large reduction in on-site banking operations became a reality, many businesses had no choice but to turn to workforce reductions.

To better understand severance in this current climate and to learn more about the trends that emerged over the past two years at banking and financial services organizations, we surveyed HR leaders – from HR managers to chief human resources officers – representing companies across the globe.

Where does this industry stand when it comes to severance and workforce transition practices?

trend 1: shrinking eligibility is a concern

While many organizations across nearly every industry surveyed made great strides in expanding severance eligibility, those in the banking and finance space showed little progress – and even some regress.

- 62% of banking and finance respondents said their organizations offer severance to all employees – the same percentage as in our 2019 survey.
- More than half (56%) reduced their eligibility benefits over the past two years.

trend 2: loyalty is paramount for employers

Banking and financial services companies are more likely than those in any other industry to require lengthy tenures to be eligible for severance and outplacement services.

- 31% of respondents said their organizations require five or more years of service time for severance eligibility.
- 64% said tenure is the top factor for determining the length of outplacement received by separated employees.

trend 3: redeployment is strong – but under-resourced

Employers are finding success using redeployment to meet evolving business priorities and keep more employees on board, but a number of respondents said their companies should leverage an external consultant's expertise for greater effectiveness.

- 74% of respondents rated their redeployment programs as effective or very effective, a 15% jump over our 2019 findings.
- 36% said partnering with an outside consultant would improve their program – nearly triple the number (13%) who said the same two years ago.

trend 4: employees who aren't heard express negative sentiments online

Maintaining a positive employer brand is contingent on consistently monitoring employee sentiment. For those in this space, not giving employees an internal sounding board – especially following a downsizing – can result in increased negative reviews online.

- 32% of respondents said their companies don't conduct exit interviews following a layoff.
- 57% saw an increase in negative feedback on employer review/rating sites (e.g., Glassdoor, Indeed) following a layoff, and 54% also noticed an increase in negative reviews on social media – the highest figure we saw from any industry.

severance policies & plans.

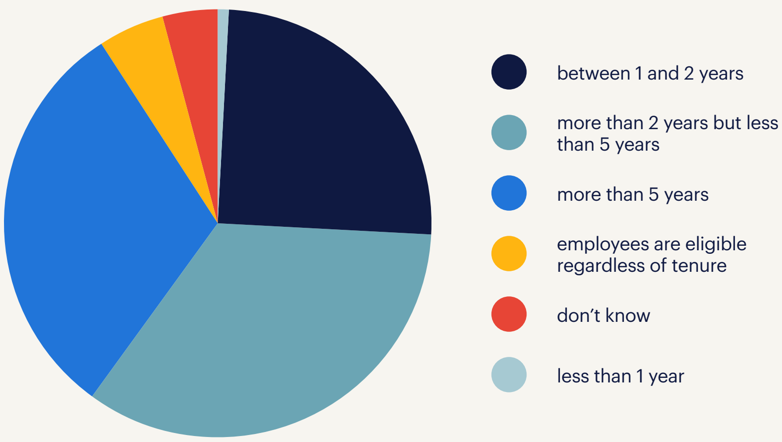
employee loyalty is key

As an industry with deep resources, banking and financial services companies show marked variations in generosity to separated employees. Lengthy tenures required for severance eligibility are more commonplace in this industry than in others.

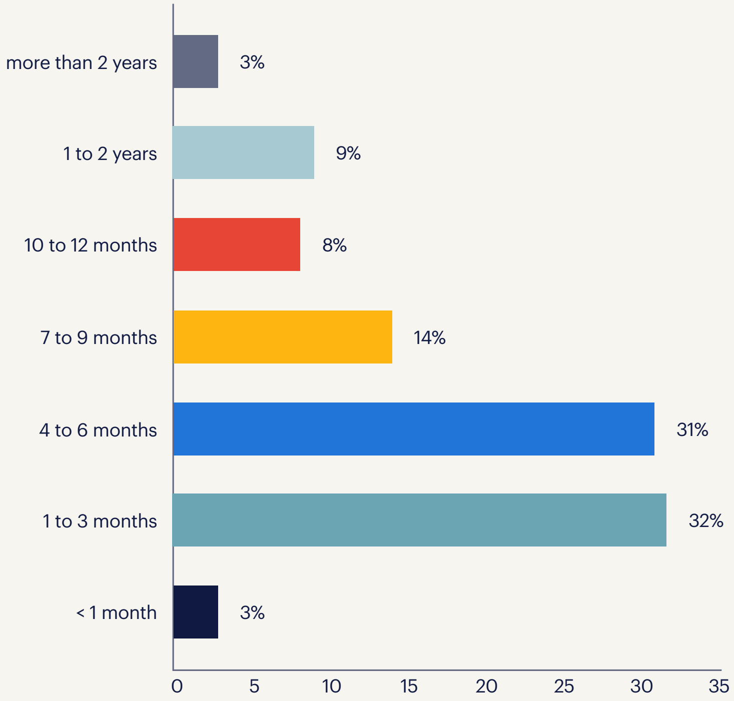
Thirty-one percent of banking and financial services respondents said their organizations require five or more years of service time – 6% more than the average for all industries. And just 1% said employees with less than a year of tenure are eligible, compared to 10% of all respondents.

However, those who meet this requirement for severance may be well rewarded for their loyalty: 12% of respondents said separated employees receive a year or more of severance – more than any other industry. Nonetheless, like other industries, about two-thirds of those in financial services offer somewhere between one and six months of salary as part of their severance.

how many years of service must an employee have to qualify for severance?



how many months of salary is typically offered to employees as part of severance?



weighing employee experience against business demands

Across all industries surveyed, 59% of employers made changes to severance to improve the employee experience – a lead of 11% over the second most popular reason, to better attract top talent.

In the finance sector, however, improving employee experience ranked third (53%). Companies in the space are leveraging severance more often to attract top talent (60%) and to reflect the new needs and demands of today's talent (55%). For these businesses, severance is not just about providing a better experience for their current employees – it's also a lever to improve talent acquisition.

no growth in eligibility

One of the most promising developments we saw across all industries over the past two years was a pronounced expansion of severance eligibility. However, in banking and finance, we saw the opposite.

Across all industries, there was a 20% increase in companies offering severance to all separated employees since our 2019 report. In banking and finance, only 62% of 2021 respondents said their companies offer severance to everyone – the exact number who said the same two years ago.

And that number was great two years ago. In fact, the industry tied for first place – with media and entertainment – in our 2019 survey. But today, banking and finance ranks 15th of the 18 industries we surveyed. That's a clear sign organizations in this space have a lot of work ahead to catch up with the media and entertainment sector, where 75% of businesses now offer severance to everyone.

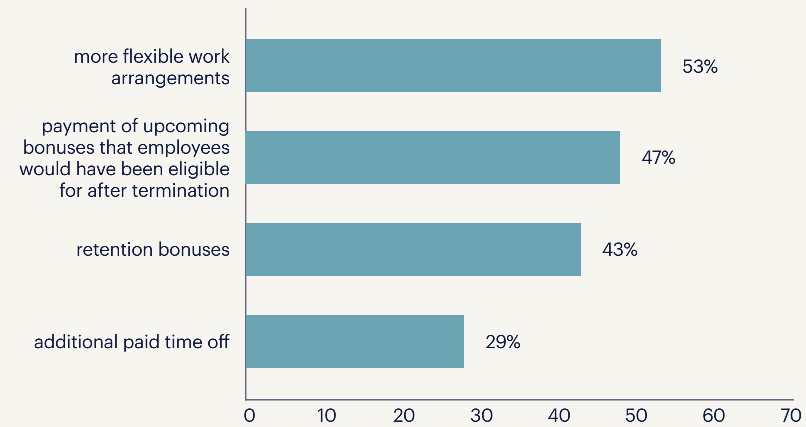
HR solutions.

retention is critical

Banking and finance employers already knew the challenges of landing hard-to-find talent – especially when it comes to recruiting a diverse workforce of millennial and Gen Z talent. So it's not surprising that respondents in this space noted additional measures in place to ensure their employers don't compound their hiring woes by losing top performers.

Another sign of the industry's deep need to retain their employees: Only 8% of employers offer no retention incentives at all, nearly half the 14% average of all industries.

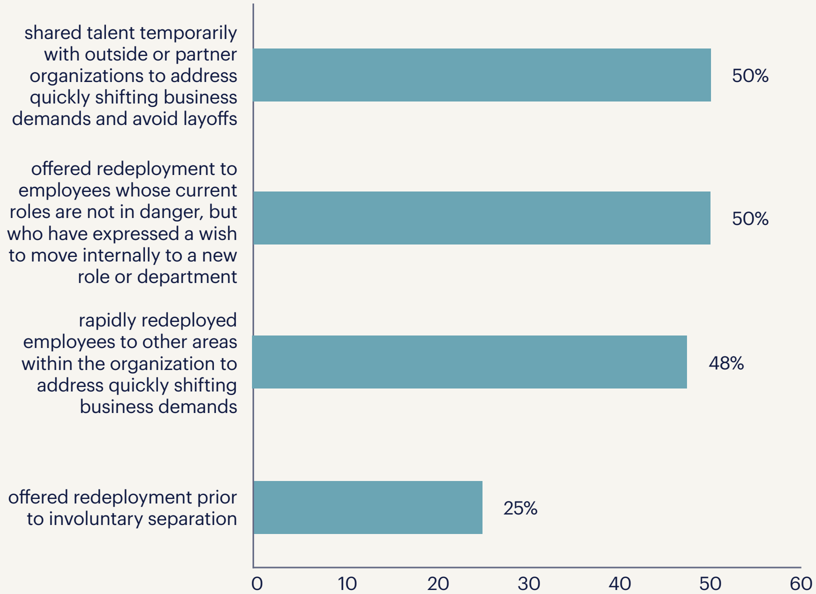
when considering a layoff, what retention incentives do you offer? (select all that apply)



redeployment brings agility – and challenges

Nearly three-quarters (73%) of banking and financial services organizations have redeployment programs, which have been focused on helping companies meet a mixture of business and talent demands.

if you have a redeployment program, how have you used it within the past two years? (select all that apply)

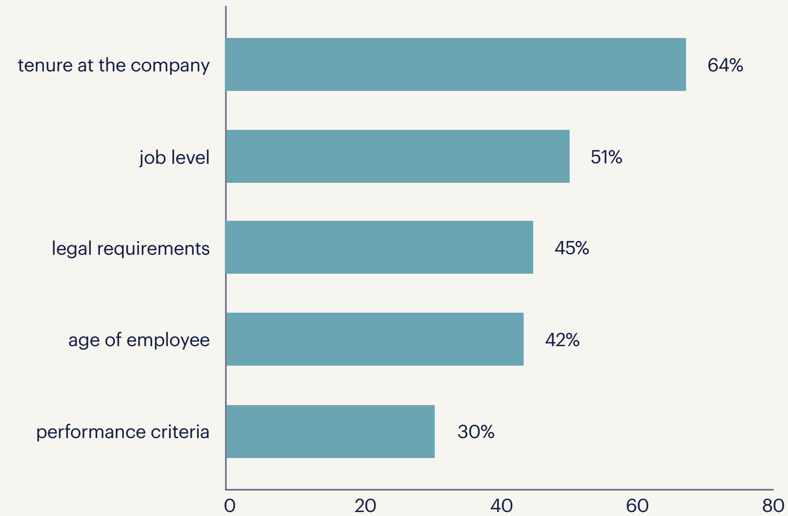


And while many companies are seeing successful outcomes – 74% of respondents rated their programs as effective or highly effective – tremendous efforts and resources are required to make redeployment programs optimal. The top areas for improvement are matching employees to job openings, providing career coaching and working with an outside consultant.

in outplacement, two roads diverged

Banking and finance again divert from our general findings when it comes to the factors determining the length of outplacement services offered to separated employees. Across all industries, job level was the primary factor, but in this segment, tenure tops the list at 64%. As we saw with severance eligibility, this is another sign employers in this space prize loyalty above all else.

which factors determine the length of time that outplacement services are offered to impacted employees? (select all that apply)



As to how long displaced employees receive outplacement services after a layoff, employers in this industry follow very different paths: 41% of respondents said their organizations offer one year of outplacement – the exact number who said their employers offer only one to two months.

With such a high percentage of firms offering outplacement services for a longer period of time, it's important to keep a tab on the effectiveness of the program to manage spend and maintain a positive brand. Yet, about one quarter of companies said their outplacement provider doesn't survey impacted employees for their feedback on their experience.

employer brand protection.

brand protection is critical – but the industry is behind

In today's candidate-driven market, employer branding has never been more important. Without a strong brand in place, organizations become vulnerable to negative reviews online, poor referral rates and decreased retention.

Despite the many benefits of a strong employer brand, 25% of respondents said their companies don't have a program in place to protect and improve it. That means the industry has some catching up to do, considering that only 17% of wholesale and retail employers have no such programs in place.

exit interviews: a missing piece of the branding puzzle

Likewise, nearly a third (32%) of banking and finance respondents said they still don't perform exit interviews following a layoff. And of those organizations, only 4% say they have other means to measure the sentiments and opinions of impacted employees – far less than the 11% who said the same across all industries.

Given the importance of these interviews in helping companies better understand their employees' experiences and the impact on employer branding, it's understandable that 57% of banking and financial services companies saw an increase in negative reviews on employer review sites following a layoff. Furthermore, 54% saw the same on social media – which, tied with tech employers, is the highest number reported by any industry.

conclusion.

Expanding redeployment and outplacement services. Strengthening retention incentives. Rewarding employee tenure. Our report's findings collectively point to a landscape in which banking and financial services companies are trying to do right by their employees during involuntary separation.

Even with tremendous strides made in several areas, organizations can still adopt new practices to improve their workforce transition processes. From prioritizing eligibility expansion to better gauging employee sentiment and leveraging the expertise of external partners, there are opportunities for banking and financial services employers to develop severance and workforce transition programs that proactively address their employees' needs and concerns while still moving their businesses forward.

about randstad risesmart

Randstad RiseSmart is the fastest-growing outplacement and career mobility provider, and an operating company of Randstad N.V. Our outplacement, career development, redeployment and contemporary tech and touch solutions strengthen employer brands, improve retention and re-engage talent. Today, we are a trusted partner of successful companies across more than 40 industries and deliver services in over 100 countries and 40 languages.

For more information, visit www.randstadrisesmart.com.

get in touch

To learn more about how to improve your organization's workforce transition offerings and enhance employer brand, contact us today.

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