

The Empathy Imperative Amidst Global Labor Market Transformation

H1 2026

The global labor market in 2026 is undergoing a fundamental shift that is reshaping both economic realities and how workers experience their careers.

As generative AI (GenAI) and geoeconomic fragmentation restructure the architectures of businesses, organizations are undergoing a period of structural churn estimated to impact 22% of current formal jobs by 2030.¹ Central to this transition is the human experience of workforce restructuring.

Here we highlight findings from Pelgo's 2026 double-opt in research survey of 5,000 unemployed Americans. This report synthesizes Pelgo's research with broader macroeconomic data to examine what we call the "empathy deficit" in modern workforce management. The findings make one thing clear: navigating job displacement humanely is no longer optional. Structural changes in the labor market have created widespread uncertainty for workers and employers alike, making psychological safety and human trust central to any effective outplacement strategy. Employers must thoughtfully equip displaced individuals with the resources to reskill and reenter a shifting job market.

Pelgo is focused on the emotional and structural challenges facing displaced individuals, delivering outplacement that meets the scale and complexity of today's macroeconomic and technological shifts. We are on a mission to build a comprehensive, cost-effective service for a future where career progression is no longer linear. This report, the first in a series examining how employee attitudes and labor trends are evolving, grounds that work in the data and forces reshaping how workers experience displacement today.

Across industries, organizations are navigating workplace restructuring at an **unprecedented frequency**.

Across industries, organizations are navigating workplace restructuring at an unprecedented frequency. While macroeconomic indicators from the World Economic Forum project a net gain of 78 million jobs by 2030, our primary study of 5,000 unemployed individuals reveals a profound disconnect between corporate restructuring logic and worker experience.¹ Nearly half of all laid off workers surveyed (47.78%) report that their departure was handled without empathy, creating a "reputational aftershock" that extends far beyond the initial exit date. Further, a majority of individuals struggle with maintaining consistent motivation to search for jobs, and many cite feelings of frustration and anxiety with their unemployment, highlighting the empathy gap in outplacement.

This deficit is not merely a cultural concern but a significant business risk. Research indicates that mishandled layoffs trigger a feedback loop of declining brand reputation, where displaced workers are now willing to share negative exit experiences on public platforms like LinkedIn and Glassdoor. Simultaneously, the internal fallout—characterized by "layoff survivor syndrome"—leads to a decline in productivity and reduced retention rate among remaining employees.

Organizations that fail to institutionalize empathetic transition management risk being locked out of the future talent market, as high-empathy organizations currently achieve revenue growth rates 56% higher than their peers.

Macroeconomic Drivers and the Architecture of Churn

The global labor market transformation is dictated by a convergence of five macrotrends: digital access, the green transition, economic volatility, demographic shifts, and evolving societal expectations. Broadening digital access is identified as the most pervasive enabler, with 60% of global employers citing it as their primary driver for transformation.¹ This infrastructure allows for the rapid diffusion of AI and information processing technologies, which 86% of employers believe will transform their businesses.¹

However, the speed of this technological adoption often outpaces organizational capacity for human-centric change management. As tasks move toward a projected split of one-third human, one-third machine, and one-third hybrid delivery by 2030, the clinical efficiency of AI-driven restructuring frequently bypasses the psychological needs of the workforce.¹



This creates a high-stakes environment where the "structural churn" of 170 million new roles and 92 million displaced roles occurs in a climate of high anxiety and low transparency.

The Foundations of Discontent:

Primary Study Analysis

Our research provides a granular view of the systemic failures in current offboarding protocols. The data indicates that the "empathy gap" begins with the notification process itself; respondents report being surprised by their layoff, a factor that significantly amplifies the resulting trauma and long-term disengagement.³ After a layoff, employees are seeking more from their departed organizations, and employers have an opportunity to meet this need and protect both their employees and their business reputation.

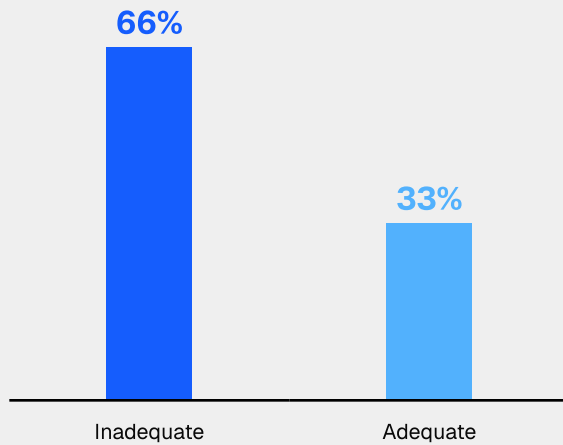
Emotional and Psychological Destabilization

The study finds that job loss in 2026 is a deeply destabilizing event that generates a persistent buzz of stress. Displaced workers reported high frequencies of frustration (29.42%), anxiety (25.50%), and a specific "unemployment shame" (22.02%) that ties their personal value to their employment status. This psychological burden has led to a motivation crisis, where 30.62% of those surveyed have largely stopped actively searching for new roles, and 34.68% report that their motivation varies from day to day. Despite this clear mental health crisis, only 17.68% of respondents indicated that their previous employers offered any form of mental health support during the transition.

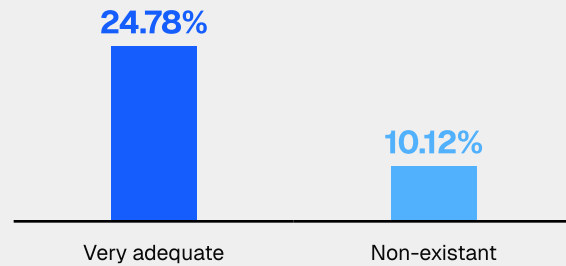
Preparation and Training Gaps

There is a stark misalignment between the skills employers demand and the support they provide to exiting staff. **A majority of respondents (66%) believe their employers failed to adequately prepare them with the training and development needed to navigate a market increasingly defined by AI.** Only 24.78% of workers felt their previous employer's training was "very adequate", while 10.12% reported that such support was entirely non-existent. This failure to provide "reskilling as a severance" leaves displaced workers at a disadvantage in a market where 40% of the workforce will require significant training by 2030.¹

AI Preparedness



AI Training



Relational Fallout and Employer Perception

The psychological destabilization of job loss fundamentally reshapes how workers view their former employers. Our study finds that 47% of displaced workers harbor negative sentiment toward their previous organization, with 20% characterizing that sentiment as significantly negative. This sentiment comes with a perceived lack of empathy during the transition. 48% of respondents reported that their layoff was handled without empathy, while 15% remained uncertain. **Combined, 63% of displaced workers exit with negative or ambivalent feelings toward their former employer, resulting in long-term resentment and reputational damage for organizations conducting layoffs.**

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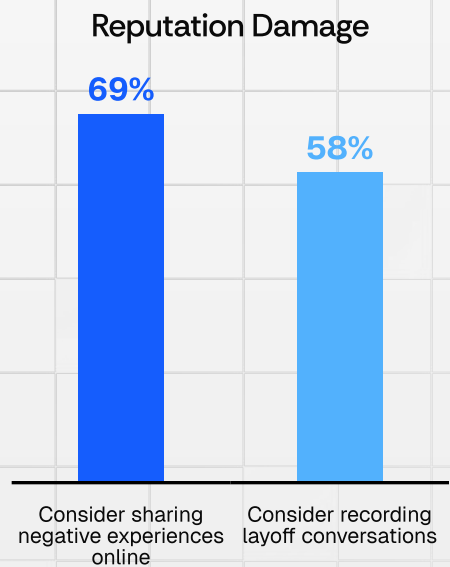
of displaced workers exit with negative or ambivalent feelings toward their former employer, resulting in long-term resentment and reputational damage for organizations conducting layoffs.

The Visibility Era: Reputational Risks and Recruitment

Organizational actions are increasingly held up to the scrutiny of the public, as employees, especially in younger generations, turn to social media to hold employers accountable for failing to follow their values around work-life balance or employee support. In the current "Visibility Era" a mishandled layoff is no longer a private HR matter; it is a permanent digital record that shapes public perception. The democratization of workplace storytelling through social media has removed corporate control over layoff narratives.

Every Reduction in Force is Now a "Public Brand Event"

Our findings show that the exit experience has profound impact on an organization's brand. **With 69% of employees willing to share negative experiences online and 58% of white-collar workers considering recording their layoff conversations, every reduction in force is now a "public brand event".**⁴ This transparency creates a "reputational aftershock" where negative perceptions continue to influence potential candidates and customers long after the restructuring is complete.



Impact on Future Talent Acquisition

The erosion of trust during a layoff directly impacts the organization's future talent pipeline. Companies with poorly managed exits face increased difficulty attracting top-tier talent and experience higher offer rejection rates. This is compounded by consumer behavior, as 73% of consumers actively avoid businesses that fail to demonstrate empathy in their operations.⁵ For 2026 leaders, protecting employer brand sentiment has transitioned from a niche HR concern to a primary business risk. Employers are right to prioritize this: reports have shown that organizations with poor GlassDoor reviews receive up to 30% fewer job applications.⁶ In an age where negative brand perception can easily propagate and harm future talent acquisition, handling layoffs with care is paramount.

Internal Fallout: Survivor Syndrome and Organizational Agility

The damage of an unempathetic layoff is not confined to those who leave; it severely undermines the productivity and commitment of those who remain. This internal erosion often negates the very financial gains the reduction was intended to achieve.

The Productivity Dive

The psychological toll on the remaining workforce manifests in tangible operational losses. Beyond a 20% decline in productivity, 77% of surviving employees report seeing more errors and mistakes at work.⁷ This climate of fear also discourages innovative risk-taking, as employees shift their focus toward "appearing indispensable" rather than being efficient—a toxic cycle that breeds emotional disengagement and tension-filled relationships.⁹ Team culture and morale, too, take a hit after layoffs: given the importance of workplace friendships to engagement on the job, the removal of one employee can severely affect morale across the team or department, especially if the departure is tense or handled poorly.⁸

Layoff Survivor Syndrome

Surviving employees who witness colleagues treated unfairly internalize this experience as evidence of their own future vulnerability. Following a round of layoffs, remaining employees undergo a measurable drop in engagement: confidence in leadership typically declines by 10.5%, and belief in future career opportunities falls by 12.1%.⁷

Further, surviving employees are 2.5 times more likely to leave voluntarily within the next year.⁷ Estimates suggest that organizations spend 50-200% of an employee's annual salary when trying to replace them, and this spend is especially pronounced when filling technical or leadership positions.⁸

In a labor market where attracting and retaining talent is a priority, losing key members can hurt an organization and end up costing – counteracting the cost savings that the layoff was intending.

The Economic ROI of Empathetic Management

Data from 2025 and 2026 suggests that empathy has transitioned from a "soft skill" to a measurable business driver with clear financial returns. Organizations that operationalize empathy achieve significantly better outcomes across all key metrics.

Revenue Growth and Attrition Costs

High-empathy organizations report revenue growth rates 56% higher than low-empathy peers.² Conversely, unempathetic U.S. organizations risk an estimated \$180 billion annually in attrition costs, as employees in low-empathy environments are 1.5 times more likely to change jobs.⁹

The Business Case for Outplacement

Professional career transition support—often viewed as a discretionary expense—provides a tangible return on investment.

- Re-employment Speed: Candidates using professional transition platforms secure new roles 40% faster, which reduces unemployment claim costs and protects the firm's alumni relations.¹²
- Litigation and Compliance: Comprehensive outplacement services reduce the risk of legal actions related to terminations by 80%.¹²

Employee Satisfaction

98%

of companies report that providing transition support had a positive impact on their workforce.¹³

The Digital Evolution of Outplacement Economics

Traditionally, the primary barrier to universal outplacement adoption has been the high per-employee cost of manual, legacy consulting models. However, the emergence of tech-powered outplacement platforms has fundamentally altered this dynamic. By leveraging AI-driven matching and automated career workflows, these platforms alleviate the traditional financial burden, allowing organizations to provide high-touch support at a fraction of the historical cost.

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This shift transforms outplacement from a luxury benefit reserved for executives into a scalable operational tool.



The transformation of the labor market is inevitable, but its success depends on bridging the gap between efficiency and empathy. Organizations must shift their perspective from managing "exits" to managing "transitions," recognizing that every layoff is a pivotal brand moment.

Conclusions

As we navigate the labor market of 2030, the strategic differentiator for firms will not be their AI capabilities alone, but how they support their human workforce through the friction of change. Closing the empathy gap is a prerequisite for organizational integrity and financial success.

By modernizing these transitions, organizations can signal a high standard of care and corporate empathy to their entire workforce. Those that treat employees as disposable data points will find themselves locked out of the global talent market; those that lead with compassion will build the resilient, innovative teams required for the future of work.

Pelgo addresses this gap through unparalleled outplacement that leverages AI to provide scalable services for an evolving labor market. To learn more about how to modernize your workforce transitions, reach out to Pelgo at hello@pelgo.com.

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ADDENDUM

More than just outplacement.

Personalized pathing for everyone.
Let's get your team the support they deserve.



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