



# Health in Restructuring

## Innovative Approaches and Policy Recommendations

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**Health in Restructuring:  
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## Health in restructuring: Innovative approaches and policy recommendations

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*This report reflects the views only of the authors, and the Commission cannot be held responsible for any use which may be made of the information contained therein.*

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## Executive Summary

The health dimension of enterprise restructuring is a widely neglected area of research, intervention and public concern. The HIRES expert group (supported by DG Employment in the PROGRESS programme) has examined and discussed a wide range of experience from different countries and from related European projects (DG Research, ESF, DG Employment, DG Health and Consumer Protection) in which the members of this group have been involved over the last decade. In addition to this established expertise, the HIRES group also analysed empirical evidence on the health impact of organisational restructuring, including evidence about the effectiveness of steps taken to limit the adverse health effects. Finally, external experts from company and regional levels were invited to give presentations in a series of workshops in 2008, further enhancing the range of experience the group could call on.

Restructuring is taking place in every competing organisation and therefore affects all European societies. Restructuring is understood to mean organisational change that is much more significant than commonplace changes. Restructuring affects at least a whole organisational sector or an entire company rather than peripheral alterations to a business. These can manifest themselves in the forms of closure, downsizing, outsourcing, offshoring, sub-contracting, merging, delocalisation, internal job mobility or other complex internal reorganisations. Besides or through its effects on employment, restructuring also has a vast impact on the health of employees, organisations and communities. Moreover, health is a central aspect that feeds back into company employment and productivity. Thus, maintaining health is a central challenge for all actors within the processes of restructuring and it is this often neglected aspect of organisational transitions that the HIRES expert group has addressed.

The HIRES expert group attempts to answer the following questions: What data is available for monitoring the prevalent forms and effects of organisational restructuring at the European and national level? How are the effects of restructuring on individual health and organisational performance interrelated? What European policies might guide restructuring processes to reduce the negative health effects of restructuring best? How can the different groups of actors cooperate best to maintain organisational, employee and community well-being? Which innovative restructuring approaches optimally account for the issue of health?

A lack of specific knowledge regarding the effects of restructuring on the health of employees has been recognised by the HIRES group as problematic. This deficit of understanding had already been diagnosed in earlier DG Employment projects, such as the MIRE project: Monitoring Innovative Restructuring in Europe, 2005-07. Accordingly, the HIRES report lists some available sources of surveillance data on the topic of restructuring from the European and some national levels. The quality and relevance of these monitoring systems for the issue of health in restructuring is limited, as is their coverage within the EU. An overview about the scientific evidence about re-

structuring effects on individual health and organisational performance is also provided.

The most prevalent notion of restructuring remains that of a crisis which puts current working conditions and indeed employment at stake. On top of the challenges and struggles due to the changes in the organisational routines itself, this causes uncertainty and irritation at all organisational levels even when jobs might in fact be less insecure than perceived. Therefore the proactive incorporation of restructuring as a “normal” tool of organisational development should bring the following issues onto the agenda permanently: For the employees to decrease the issue of job insecurity, two strategies seem to be advisable:

- a) joint efforts of the individual employee and the organisation to secure sustainable employability, which limits the severity of potential job loss and
- b) transparent and fair decision processes in preparation for and the course of an organisational restructuring to limit the uncertainty.

The project aims to raise awareness of the health implications of restructuring on the directly affected victims in the case of downsizing, on those remaining in the company after downsizing (survivors) and on the managers responsible for guiding and executing the process of restructuring. The health effects go beyond these groups as they also affect the families of victims and survivors as well as the communities in which the restructuring occurs as a whole. The HIREs group would like to broaden the perspective of the traditional research on unemployment to all groups affected by the required social and economic changes.

As this report shows, these groups also need public attention and support. It concludes that occupational transitions often exceed the personal resources available to cope with these challenging life events. Therefore, we have developed the concept of a “social convoy” in occupational transitions, whereby society as a whole and all actors involved have to take on a social responsibility to allow for a smoothening of this process.

The HIREs Report discusses existing and required policies for the European level and reviews the role of institutions across Europe. The roles of all relevant social actors are critically reviewed. Our proposal for a social dialogue on health in restructuring is accompanied by specific suggestions for the active participation of each social group within the restructuring processes.

The tools, instruments and practices, as well as the considerations regarding the roles of social actors and OSH institutions presented in the HIREs Report are of use to: employers, other social partners and policy makers on a European, national and regional level. Our plea for a re-prioritization of health in restructuring may contribute to the reinternalisation of the health costs involved into the debate on restructuring. The present financial markets crisis – the effects of which on the real economy can, at present, be only roughly estimated on a very preliminary and vague basis – will reinforce the necessity to carefully monitor and manage the process of restructuring by using and

applying tools, instruments and practices that may help ensure less socially damaging changes.

The report summarises the current state of affairs in terms of good practices, innovative tools and instruments to secure individual health and organisational performance in restructuring. The MIRE project already showed how health can become a central issue prior to or during restructuring which needs to be addressed by the organisation and other institutional bodies responsible for managing or supporting the restructuring. Following this line, the HIRES project gathered and discussed cases of good practice in regard to the issue of health in organisational restructuring to subtract specific lessons to be learned and practices to be adopted. The innovative aspects and specific lessons learned from the selected cases in regard to health prevention are in short:

- Socially sensitive restructuring (like the ILO-SSER concept demonstrates) is a first step to secure individual health during restructuring.
- “Healthier restructuring” needs conscious stakeholders, especially shareholders and leaders.
- Organisational change is always a potential stress factor: Redundancies are often integral to restructuring.
- Employees stress levels as early warning signs indicate the need for health specific prevention efforts.
- Health monitoring and prevention need to be coordinated on the basis of concrete protocols.
- “Healthier restructuring” needs a proactive health policy.
- A proactive health policy needs collaborative health management within the organisation.
- External collaborations can be utilised to guarantee a proactive health policy.
- Organisational restructuring and related health effects can have a major impact on the community level.

The evidence examined by the HIRES group demonstrates categorically that the process of restructuring can have a significant detrimental effect on the health of employees who are affected, including the so called survivors of restructuring (those who remain in the company after restructuring). It is also clear that there are steps that can be taken by employers and other social actors to help mitigate the negative effects of restructuring on the health of employees and be of benefit to those employees, the employer and wider society.

Based on the experience of the expert group, analysis of the case studies and that of the external experts who shared their experiences with the HIRES group, we have derived a set of 12 recommendations for a future European framework for the development of healthier ways of enterprise restructuring. Thus, we want to enlarge the predominant concept of health in restructuring that narrowly limits itself to the economic dimension of organisational change. We attempt to draw the attention to the outcome

of a counterproductive neglect of long-term effects on the health of individuals and the economic performance of companies and societies as a whole.

The 12 HIRES policy recommendations refer to the following areas:

1. Monitoring and evaluation
2. Direct victims of downsizing: the dismissed
3. Survivor reactions and organisational performance
4. Managers responsible for the restructuring process
5. Organisational anticipation and preparation
6. Experienced justice and trust
7. Communication plan
8. Protecting contingent and temporary workers
9. New directions for Labour Inspectorates
10. Strengthening the role of Occupational Health Services
11. Specific support for SMEs in restructuring
12. New initiatives needed in Europe: CSR, routine health promotion, discourse on career change and employability

A concept of enterprise restructuring that aims at preserving certain features of a European social model of employment relations with the new demands of a globalised competition has to take into account not only economic indicators of the health of a company but also the individual effects of restructuring on the workforce. Moreover, such a concept needs also to reflect on the considerable impact on the long-term competitiveness of the economy. This new understanding broadens the perspective from a unilateral shareholder perspective to a more balanced view on the interests of all stakeholders involved. Such a broadened perspective has the goal of a socially responsible restructuring.

The HIRES recommendations, even though they are based on comprehensive material and broad knowledge, have to be brought down to the national, regional and company level for the relevant issues to be refined. It will therefore be the main task of the follow-up project of HIRES – which has already found the support of DG Employment, the HIRES PLUS project – to contextualise the results in the light of concrete experience and backgrounds of 13 countries including a wider range of countries from Western and Eastern Europe. By translating our expertise to the different national levels, different stakeholders and actors, as well as OSH institutions a process of dissemination and consultation can take place that has the potential to enrich the HIRES concept and to increase awareness of these issues in more member states of the EU.

# 1. Introduction

## 1.1 The rationale and the actual background of the DG Employment project “Health in Restructuring” (HIRES)

The DG Employment project “Health in Restructuring” (HIRES)<sup>1</sup> intends to put the health dimension on the European agenda for the thorough going changes in the European labour markets that are leading to major restructurings. In other words, the main goal of the HIRES project is to stimulate and inform discussions of European policy makers as well as companies’ share- and stakeholders to develop a new understanding of organisational restructuring. As a central aspect of this new understanding, the project attempts to commit the relevant actors to permanently and constructively incorporate the issue of individual and organisational health into the restructuring process. The HIRES project will demonstrate that this will lessen the health burden for the individuals while being economically beneficial. As the actual financial crisis and its impact on the “real” economy that developed in the course of the HIRES project will centrally affect our work we will include some preliminary considerations regarding its effects as well.

### *The aims of HIRES*

To achieve this goal, the HIRES project has generated policy recommendations and advocates tools and practices on the basis of scientific evidence and examples of restructuring practice. The recommendations are grounded on:

- a comprehensive documentation of empirical evidence of the effects on health and well-being of survivors, “victims”, and the related community due to organizational restructuring,
- likewise a documentation of the relations between restructuring effects on health and productivity,
- a critical investigation of the current state of affairs in terms of approaches, tools and instruments for the health management in restructuring,
- a review of restructuring examples from various European member states to define gaps between good and common practice and, in addition, to highlight examples of good practice for healthy change management,
- a critical analysis of the roles of all relevant social actors in restructuring as well as the description of innovative tools and practices,

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<sup>1</sup> The expert group was co-ordinated by Thomas Kieselbach; project management: Andries Oeberst (both IPG, U Bremen, Germany); project partners: Elisabeth Armgarth (HRM Ericsson, Sweden), Sebastiano Bagnara (U Sassari, Italy), Marc DeGreef (Prevent, Belgium), Anna-Liisa Elo (U Tampere/FIOH, Finland), Stephen Jefferys (WLRI, Metropolitan U, UK), Cateljine Joling (TNO, The Netherlands), Karl Kuhn (BauA, Germany), Karina Nielsen (NRCWE, Denmark), Nikolai Rogovsky (ILO, Geneva), Benjamin Sahler (ANACT, France), Greg Thomson (UNISON, UK), Claude Emmanuel Triomphe (ASTREES, France), Maria Widerszal-Bazyl (CIOP-PIB, Poland).

- a catalogue of existing and newly developed policies which may need to be amended and a review of the role of institutions across Europe in this regard.

To pursue these objectives the HIRES project gathered European experts on restructuring and health from social sciences, national institutes, companies, unions and other social actors. The five workshops held by the expert network during 2008 consequently focussed on: the empirical evidence on health effects of restructuring, common (OHS and HR) tools and practices for health in restructuring, examples of good restructuring practice, roles of social actors and relevant European social frameworks.

Doing so, the HIRES project addressed the questions and objectives raised in the PROGRESS PROGRAMME “*Restructuring, Well-being at Work and Financial Participation*” launched by the DG Employment, Social Affairs and Equal Opportunities of the EU Commission in 2007 (SEC, 2008). In particular the network focused on “*Working Conditions: Adaptation to change and restructuring, health and safety, and well-being at work*”.

With restructuring we mean an organisational change that is much more significant than commonplace changes. These changes should affect at least a whole organisational sector or an entire company in the forms of closure, downsizing, outsourcing, off shoring, sub-contracting, merging, delocalisation, internal job mobility or other complex internal reorganisations.

Finding ways to cope with the challenges of the globalised market conditions and the increased competition with countries outside of the EU, which have different regulations regarding employment, industrial relations and Occupational Health and Safety (OHS) standards, has primarily lead the debate on enterprise restructuring in the EU.

The concept of health has been employed in restructuring predominantly in a rather narrow sense, i.e., in the sense of the “healthy organisation” in regard to the economic dimension of global competition. What has been widely neglected, however, is the concept of individual employee health – the health of those, who as a result of restructuring are forced to leave the company after the organisational change, the “victims of layoffs”, and of those who remain in the company after restructuring, the so-called “survivors-of-layoffs”. They experience considerable stress levels as well due to the changed requirements, new task designs with new routines and increased job insecurity. The first group, the victims of downsizing processes, has received broader attention in the traditional unemployment literature with the specific focus of the EU discourse on the risks of social exclusion being associated with the experience of dismissal and the threat of remaining long-term unemployed. The second group did not receive much attention up to the last decade as this also was a rather new topic of research.

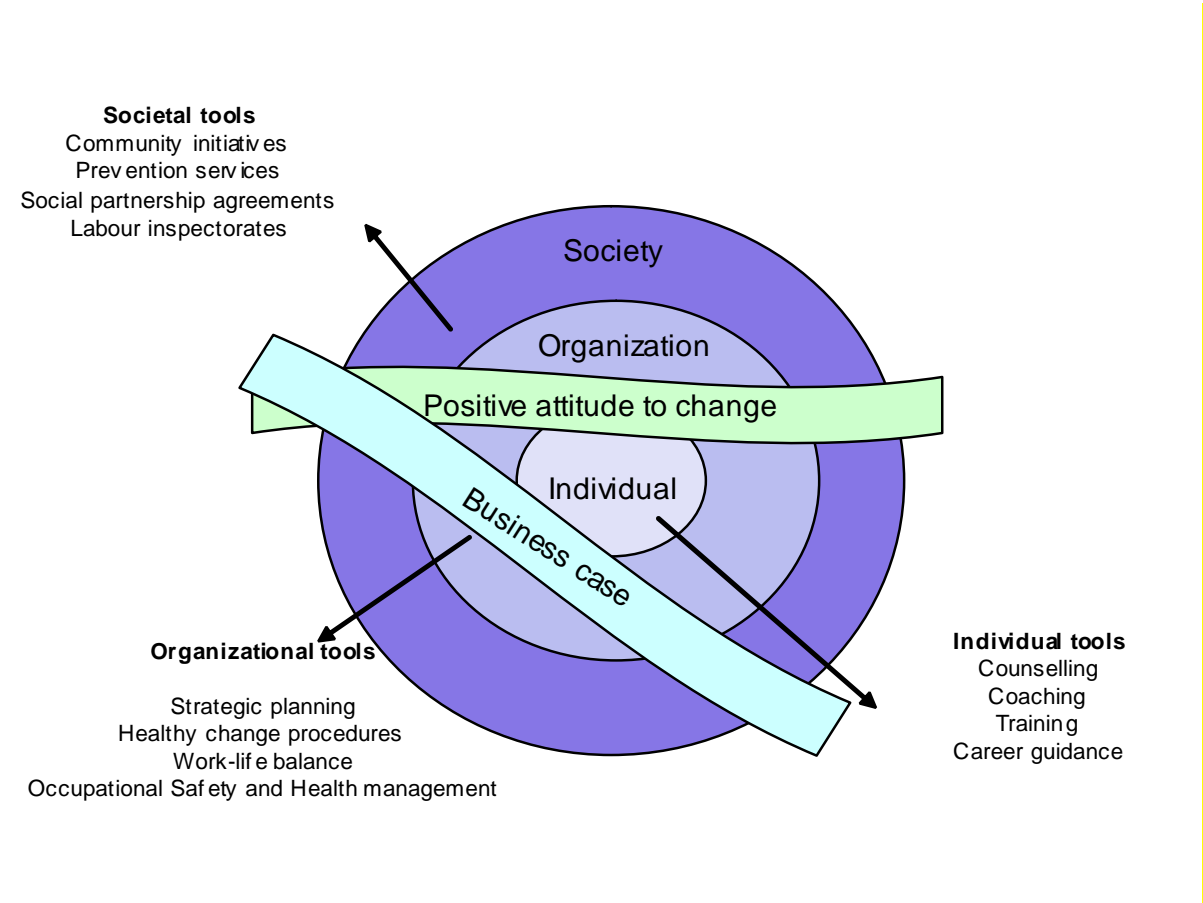
Restructuring is a period of turbulence at any level of an organisation. It also affects the management and the top governance levels. Managers may end up being either victims or survivors, but they certainly always enter a period of power struggle that initi-

ates well before restructuring is openly declared, and continues throughout the whole restructuring process.

Indeed, restructuring has to be seen as the outcome of a process by which the governance of an organisation comes to admit and recognises that something has to be changed. Along this process, it has to be established not only what has to be done, but also what did not lead to a successful outcome and who was responsible for it. Thus it determines who will guide the restructuring process.

This is not a matter of pure, rational decision making, but often it is perceived as a “social war”. It implies to setting up strategies, building up power alliances, preparing tactics, finding scapegoats, battling, winning and losing, cheating, and diffusing false or partial information. The main reasons why communication processes seem so confusing before and during restructuring – and practices like mobbing are often adopted – are rooted in such power struggles. Miscommunication and those negative practices mentioned above are symptoms that a struggle is taking place, which has ‘commanders’, but also involves ‘soldiers’ who seldom know for whom and with whom they are fighting. Sometimes they even are not aware of the war they are in. Our recommendations try to address these issues in order to avoid as much as possible these organisational side effects of restructuring. Unfortunately, these phenomena are rarely considered in discussing and studying restructuring, although they play a crucial role both in the resulting balance of power and the type of solution chosen.

**Fig. 1.1: The onion model**



But besides members of the organisation under restructuring several other groups have to be taken into account in regard to the health effects. These are the families of the victims and of the survivors as well as the communities that are indirectly affected. Thus, tools, instruments and practices that aim to minimise the adverse effects of restructuring on health may target several layers – inside and outside the organisations. To provide an overview of such interventions the HIREs expert group developed the ‘onion model’. This outlines three levels. 1) The societal level – which includes both EU, national and community strategies for considering health in restructuring. Actors at this level include the labour inspectorates, the social partnership agreements and prevention/occupational health services. This level is described in chapter 3. 2) The organisational level which includes the design, management and organisation of work within organisations. These include occupational safety and health management, strategic planning and healthy change practices. These are described in the beginning of chapter 4 and finally, 3) Individual level practices – these include initiatives directed towards the individual employees, e.g. coaching, counselling and training. These are also described in chapter 4.

It is important to note that it is a joint responsibility between the partners outside the organisation, the organisational management and the employees to join forces to ensure a restructuring process with as little detrimental effects as possible. As such it is important to promote a positive attitude to change and that attention is paid to the necessity of change to ensure the organisations’ survival. An overview of the onion model is presented in figure 1.1.

#### *The actual financial and economic crisis and its effects on restructuring*

The restructuring of work organisations is commonplace across Europe. This is the result of long term trends. Consequently, restructuring is likely to increase in prevalence irrespective of the current global financial crisis. Enterprises in most European countries are facing the same external pressures that lead to continuous turbulence and change in markets and increasing intensity of competition. There are some convincing reasons to expect such turbulence to continue and intensify, among them: globalisation of markets, commerce and financial flows; deregulation and trade liberalization; rapid technological changes; the shift from an industrial to a knowledge- and information-based economy; the threats to environmental sustainability; changing expectations and value systems.

However, restructuring and its impact now has an added relevance and urgency in the public debate due to the global financial crisis – a crisis that is already causing recession in the economies of many countries. Banks are restructuring or are nationalised as a direct result of the crisis. Other enterprises are restructuring in response to the economic recession brought about by the global financial crisis. Many governments are now intervening directly with financial packages on an unprecedented scale in an effort to ameliorate the effects of the recession.



On the other hand, if governments are prepared to use hundreds of billions of dollars<sup>2</sup> of taxpayers' money to ameliorate the recession there may be scope for other forms of intervention aimed at protecting workers. The most obvious example of this is the meeting of the G20 group of nations in November 2008 which has called for a 'broad' policy response to the global financial crisis. Some analysts have linked this process to the Bretton Woods agreement which set the post-war architecture for global finance. While at a more local level, some organisations have already articulated demands for both government and employers based on the crisis in the financial sector. One thing seems clear, a purely financial response to the global financial crisis and the consequent recessions in so many economies is unlikely to satisfy the people across Europe, who will not only suffer the consequences of the recession in terms of job losses and reduced living standards, but will also have to pay for the financial intervention in terms of higher taxes or reduced public spending in the long term.

The prescriptions for dealing with the negative health impacts of restructuring set out in the HIREs Report are particularly relevant at a time when the global economy faces the most dramatic downturn since the 1930s<sup>3</sup>. It may be argued that the nature of the crisis and its financial impact is such that employers who are fighting for their very survival can ill afford to worry about the health impact of restructuring. Yet, as the HIREs report shows, the effects can be very tangible and damaging both for the individual, the employer and wider society.

Potentially the effect on health of restructuring in the current economic crisis could be of pandemic proportions. The International Labour Organisation claims in their report 'Global Employment Trends January 2009' that registered unemployment could increase in 2009 by up to 51 million people globally.

Concerns about the impact of the crisis on jobs can already be detected on the streets in demonstrations in Iceland, Greece, France, Russia, Great Britain and Ireland. It is difficult to detect a single coherent set of demands in these demonstrations. However, the underlying themes are clear people are worried about their welfare, but all they see Governments doing is propping up the banks.

Their frustration is perhaps understandable. Most commentators blame the banks for causing the crisis by high risk lending that has left them exposed and unable to maintain liquidity. Faced with the so called 'credit crunch' most governments have had little option but to support the very institutions responsible for the crisis. In October 2008 European governments have pledged over €1.5 trillion to support the banking system. Even this may not be enough according to the financier George Soros speaking at the World Economic Forum in Davos in January 2009, where he suggested that a further \$1.5 trillion still needs to be injected into the banking system.

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<sup>2</sup> US national debt is forecast to reach \$10 trillion in the financial year 2008/9 as a result of the intervention packages agreed by the US Government. The EU are proposing a coordinated intervention in the same financial year of €200 billion (decision taken on November 26, 2008).

<sup>3</sup> IMF World Economic Outlook. October 2008.

People who now face uncertainty about their employment are naturally asking what government is doing for them. Supporting the banks may be a necessary answer, but it is not seen as a sufficient answer.

From a policy perspective, an intervention at a European level that addresses the immediate issue of the negative health impacts of restructuring, at a time when the scale and pace of restructuring will increase dramatically, and also recognises that the costs of the negative health impact of restructuring would otherwise be picked up by hard pressed public provision, seems attractive. It is therefore both timely and appropriate to look at the policy implications of the link between health and restructuring taken up by the HIREG Group.

Current economic and financial crisis presents new challenges to policy makers, enterprise managers, as well as workers. It re-emphasizes importance of their joint efforts to minimize social and economic costs of restructuring. It seems like this crisis, due to its creeping nature, will result in a combination of permanent and crisis-like restructuring. Therefore, the effects on workers and health outcomes will be multiplied to a new proportion.

Particularly destructive effect can be predicted for SMEs and workers, employed by them. This is a result of a lesser security and protection that such enterprises enjoy, combined with the consequences of policy of some European countries to create new, not always well protected jobs through facilitating financial assistance to potential entrepreneurs, which was not necessarily supported by adequate skills and capacity building.

Thus, current crisis calls for the research agenda that will build upon the recommendations contained in this report and will also move forward by encouraging research in a number of areas, including:

- relative importance of policy-level and CSR response to crisis,
- effectiveness and efficiency of the government intervention in industrial, financial and enterprise restructuring, and its implications for the workforce,
- the role of social dialogue in handling the consequences of crisis,
- the relationship between the way restructuring is carried out and the structure of corporate ownership,
- policy efforts to provide assistance to SMEs and their workers.

The empirical evidence points to manifold psycho-social risks in the different phases of the restructuring process. The poorer mental health and distress already in the anticipatory period together with riskier health behaviour is associated with relevant changes in organisational behaviour, such as reduced job satisfaction, increased absence and intention to leave, as well as increased accident and injury rates. Those who leave the company often report better mental health than those remaining (survivors), whereas those who had to leave and remain unemployed show a wide variety of dete-

rioration of their health (with special focus on depressive disorders) also contributing to a reduced employability in the future.

A concept of enterprise restructuring, that aims at preserving certain features of a European social model of employment relations with the new demands of a globalised competition has to take into account not only economic indicators of the health of a company but also the individual effects of restructuring on the workforce which will show a considerable long-term impact on the competitiveness of the economy as well. This new understanding broadens the perspective from a unilateral shareholder perspective often pursued in the restructuring efforts to a more balanced view on the interests of all stakeholders involved in the full process of company adaptation and accommodation to the globalised economy with the goal of socially responsible restructuring.

A central reason for this shift can be seen in the empirical evidence that restructuring processes which neglected these issues often produced a vicious circle of restructuring that included a counterproductive loss of productivity after restructuring, as the ILO has indicated. This relevant outcome can be seen as a supplementary motive for the increased attention in these mechanisms of a responsible management driven by enlightened self-interest. The development of closer links between change management and stress prevention interventions based on already existing health promotion approaches can be seen as a constructive response.

This additional perspective brought into the PROGRESS programme of DG Employment in the 2007 call was strongly stimulated by results received in an earlier ESF article 6 project on “Monitoring Innovative Enterprise Restructuring in Europe” (MIRE). Although not focussing on the health dimension of restructuring from the beginning it resulted in pointing to the often neglected health aspects of these changes, and searched for ways of analysing processes where the effects and approaches to influence the health of the workers in a positive way in order to help them to adapt to organisational changes had been thoughtfully taken into consideration. By analysing barriers and potentials of taking the health issue into the agenda of the management of complex organisational changes there was one striking result that the full process could be managed in a smoother way and the outcomes could be achieved more effectively in case that the health dimension was considered from the beginning as a relevant issue and if it was integrated into the social dialogue of the social actors. This also produced the advantage of changing the notion of restructuring as an accident (due to the limitation to actual crisis management) towards a continuous process of organisational adaptation. In case that such a strategy is linked with a company and social strategy of a policy of sustainable employability it might open new ways of harmonizing the European model with the demands of the new labour markets.

## 1.2 Social convoy in occupational transitions

As the ESF project MIRE detected a wide lack of preventive strategies in Human Resources Management (HRM) and Occupational Health Services (OHS) and of specific knowledge regarding the individual effects of restructuring on the dismissed and the surviving employees, it was considered to be helpful to gain additional evidence regarding the effects and the possibilities to influence such a process in a more balanced way. This can lead to the reduction of the hysteresis effect of unemployment ('the longer the unemployment lasts the more barriers to re-employment will develop') and help to overcome barriers to organisational change. At the same time it contributes to a socially responsible concept of a "social convoy" of occupational transitions that de-individualizes the transition itself by including the partial responsibility for these transitions into the concept of Corporate Social Responsibility (CSR), thus facilitating the coping process of the individuals involved (Kieselbach, 1998a).

The rationale of the concept of a social convoy in occupational transitions was developed especially for those who have to leave the company as a consequence of restructuring was based on the following assumptions (Kieselbach, 2004):

- Job loss and unemployment are capable of exceeding the personal resources necessary for the successful overcoming of these critical life events.
- Outplacement/replacement is part of a proactive strategy of primary prevention: anticipation of and knowledge about potential psycho-social damages will facilitate the process of coping with occupational transitions.
- Professional help as a form of social support in the process of the employment transition can alleviate the unemployment stress, allow or facilitate a constructive transition and prevent the development of psycho-social barriers to re-employment, thus reducing periods out of employment.
- The relationship between the professional as helper and the employee in transition as recipient of help will be more effective if their social interaction and the offer of help are based upon a legitimate claim and not on the self-definition of being in need of help.
- Effective professional help leading to appropriate re-employment can be experienced in retrospect as a form of retributive justice in the process of dismissal that is viewed by the affected employees as a form of social injustice (in the dimensions of experienced distributive, procedural and interactional justice).
- The assumption of social responsibility on the part of the dismissing company can contribute to the de-individualization of job loss and can also exert a positive influence on the survivors-of-layoffs remaining in the company.
- The integration of professional counselling in occupational transitions into a broader framework of sustainable employability including social and individual aspects (interactive employability) could create a more flexible and more competitive workforce that will not experience occupational transitions as a personal failure.

The increasing frequency of job interruptions or transitions by phases of non-employment, like unemployment, requalification and/or continuing education requires

new coping competencies like personal initiative, self-reliance, and self-organisational skills as relevant individual prerequisites for coping with the challenges of the actual labour markets (Frese, 1996). On the side of society, however, we have to develop new concepts of a “social convoy” (Antonucci, 1985) for such transitional processes that are capable of buffering occupational transformations and discontinuities which exceed individual coping resources.

Individual coping with unemployment depends heavily on the attribution of blame and responsibility. People who have lost their jobs often gain the impression that the way they cope with unemployment and how they surmount it is only and exclusively considered a problem of personal responsibility. However, individual coping skills could experience significant support, when they are supplemented by organised offers of help which express that the individual responsibility, that should still remain central, is accompanied by various forms of social responsibility.

Outplacement counselling is organised as an external counselling and guidance which focuses on:

- labour market options,
- improving the individual coping with job loss and career re-entry,
- analysing potentials and deficits to be bridged by additional qualification measures.

These counselling concepts are based on the assumption that the efforts and expenses due to detailed guidance and counselling will turn out to be a useful investment. Such company-related counselling sometimes forms an integral part of employment contracts, guaranteeing employees the entitlement to counselling and guidance in the case of later separation from the organisation. Positive aspects of existing outplacement concepts are that they signal a degree of responsibility for layoffs on the side of the enterprises which are otherwise seen as being inevitable. Also they provide dismissed employees with the perspective of social support, with the help of professional counsellors, and with the opportunity to make extended use of the learning potential which is also inherent in such situations.

The aim of outplacement is to develop a concept for exiting the organisation in a manner regarded as fair by both sides (employer and employee) and to facilitate the transition into new employment (s. Kieselbach, 1997). Within a support framework that helps the individual to cope with redundancy on the basis of consultations with the individual - but also in conjunction with his family members - the individual's skills, abilities, competencies, and weaknesses are analysed, employment opportunities are discussed, and specific strategies for job applications are developed.

#### *A plea for a change of discourse regarding occupational transitions*

If society provides support and guidance to people going through transitions imposed to them by industrial restructuring, this can be experienced by those affected as a form of compensation for subjectively experienced inequity. Counselling for the unemployed in the form of guidance through a transition must be freed from any stigmatis-

ing effects in order to ensure that the inhibitory barriers among the unemployed vis-à-vis seeking or accepting help are broken down.

Defining the relationship between the unemployed and society in terms of legitimate claims would greatly alleviate the psychosocial situation of the unemployed. They would no longer be the object of altruistic care and benefits, but partners requiring counselling and guidance during a transitional phase in their employment history (cf. Montada, 1994). A fundamental basis for their relationship towards society and its institutions would be the assumption that the costs of industrial restructuring - essential for maintaining the competitiveness and long-term survival of the economy - must be borne by the society as a whole on the basis of the solidarity principle and not thrust upon those individuals who are personally affected by such changes.

From the mental health perspective, the proposed change in discourse towards a normalisation of employment transitions involving temporary phases of unemployment might well produce a climate in which having to cope with the potential stressor job loss causes less psychosocial damage to the quality of life of the affected individuals.

The adaptation to a thoroughly changed economic reality that has already increased the frequency of individual occupational transitions should not be imposed in a unilateral way on the individual. The resulting personal problems of an increased degree of corporate efficiency, which implies a higher flexibility with regard to the labour market, should be accepted as being within the responsibility of the overall society and those companies undergoing processes of economic restructuring that include profound changes of their work force. Organisations have to develop environmental features that not only emphasise efficiency criteria but also facilitate individual attempts of coping with these new occupational demands without exceeding individual resources.

These considerations lead to an integrative concept of outplacement/replacement as a means of taking over social responsibility from side of the company, the labour administration, and the social services. Although also the individual has to develop new skills to cope with the increasing frequencies of occupational transitions, such as job loss, the burden of industrial restructuring cannot be borne by the individual alone. Often the personal resources of individuals are exhausted by the frequent requirements for adaptation. Therefore, concepts of a "social convoy" (Antonucci, 1985) have to be developed for facilitating transitions out of work, through (re)qualification, and back to work. Transition counselling creates advantages for the unemployed as well as for the organisation.

The health aspect of restructuring can be considered as central because health itself is a crucial part of employment and likewise being relevant for the future performance of companies. Not only those who fall out of the company after restructuring can form a health burden for society in the future but also those who remain and develop increased health problems will produce higher costs for the health system of which the health insurances are only one part. Therefore new social actors have come into the debate like the company-based health insurances in Germany which showed great interest in becoming active with their specific competencies in the restructuring process.

## **2. Restructuring and health: Reviewing present research**

Over the last decades, the rate of enterprise restructuring has reached a level such that many workers face almost permanent change in the workplace. The objective of the process is generally strategic advantage or improved organisational performance. And yet, in many cases, restructuring does not keep its promises. Restructuring, notably downsizing, does not always boost profitability or productivity. Far from it, often its net economic effect is actually negative (Cascio, 2002, see box 2.3). Moreover, restructuring also entails various side effects. The most striking form of restructuring being closure or downsizing, the most obvious effect is job loss and subsequent loss of economic wealth on the side of redundant workers. And job cuts not only lead to loss of economic wealth of workers that have been laid off. There is a growing body of evidence that downsizing and redundancy also has a considerable impact on the health of workers, notably of those that remain unemployed (Kieselbach, Winefied, Boyd & Anderson, 2006). They display more health problems, demonstrate riskier health behaviour and suffer from higher morbidity and mortality rates (Kieselbach & Beelmann, 2006). In the most extreme form, loss of gainful employment is even associated with a higher than average number of suicides (Eliason & Storrie, forthcoming 2009a; Keefe et al., 2002).

However, the health impact of restructuring extends well beyond the effect of layoffs. First of all, it is becoming increasingly clear that those workers that ‘survive’ downsizing – in the sense that they get to keep their job – may suffer severe health effects too. This has been labelled “layoff survivor sickness” (Noer, 1993, 1997). Secondly, the concept of restructuring is not limited to downsizing and – its ultimate form – closure of enterprises (see box 2.1). Restructuring should not be considered only as a temporary ‘crisis’. It has become a permanent feature of work as a result of the introduction of new management techniques (just in time management, team work etc.) and various forms of increased flexibility (temporary workers, pay rolling, etc.). These forms of restructuring all entail specific risks to health and safety.

A typology of various forms of restructuring and of how restructuring may influence the health of workers as well as the health of organisations (2.1), is provided. Data on the prevalence of restructuring on the European and on some national levels is highlighted (2.2) in this report. The typology is underpinned with empirical findings concerning the health of workers (2.3) and a discussion of the effects on organisational health (2.4).

### **2.1 Definition and typology of restructuring**

Restructuring is often associated with ‘crisis’-like events such as closure, downsizing and layoffs. This, at any rate, is the way restructuring is often depicted in public media. Still, this media picture is but a freeze frame of a process that starts well before the eventual closure or downsizing takes place, and extends way past this crisis-like phase.

Even if it is clear that the job losses that result from closure or downsizing inevitably leads to psychological distress on the side of the workers that have lost their jobs, the health effects *before* and *after* the crisis are too often overlooked. Mergers or take-overs, for example, may not always lead to job loss, but the mere announcement of an upcoming merger will stir uncertainty and fears among the workers about the future. The mere *fear* of job loss may cause distress no less real than actual dismissal. Also, after the crisis many employees may experience symptoms of a post-traumatic disorder – what has already been labelled survivor sickness. It is therefore important to distinguish the respective phases of restructuring: pre restructuring/plan announcement, execution of restructuring (mostly with job loss), and post restructuring (Paulsen et al, 2005).

### **Box 2.1: Typology of restructuring**

- *Relocation*: The activity stays within the same company, but is relocated to another location within the same country.
- *Offshoring/delocalisation*: The activity is relocated or outsourced outside of the country's borders.
- *Outsourcing*: The activity is subcontracted to another company within the same country.
- *Bankruptcy/closure*: An industrial site is closed or a company goes bankrupt for economic reasons not directly connected to relocation or outsourcing.
- *Merger/acquisition*: Two companies merge or a company is undertaking acquisitions which then involve an internal restructuring programme aimed at rationalising organisation by cutting personnel.
- *Internal restructuring*: The company undertakes a job-cutting plan or other forms of restructuring that are not linked to a type as defined above.
- *Business expansion*: A company extends its business activities, hiring new workforce.

*Source*: European Monitoring Centre on Change

Moreover, it is not just the 'crisis-like' types of restructuring that may entail health effects. Increasingly, operational restructuring has become a steady state aimed at permanent improvement of organisational performance and competitiveness. This is being achieved, or at least inspired, by various forms of Human Resource Maximisation (management techniques such as just-in-time management, functional flexibility, team work and so on), flexible work arrangements (such as temporary contracts and pay rolling), as well as networks of production (such as subcontracting or the use of 'self employed'). Clearly, these forms of performance maximisation may give rise to *work intensification* and fatigue. They may also lead to increased *job insecurity*: not only for those that work on a temporary basis, but also for those that still have a steady job but fear becoming outsourced or subcontracted as well. Finally, the permanent changes in the structure of companies may also undermine day to day OSH management, meant to control 'common' risks inherent in work, such as occupational accidents or exposure to poor working conditions. Three pillars that form the basis of OSH management are given specific consideration. First, the main responsibility for health



and safety lies with the employer (art. 5 Framework Directive<sup>4</sup>). Restructuring however, especially the introduction of network-types of co-responsibility, often leads to an increasingly confused division of responsibilities. In these situations it may not be clear who the competent employer is. Second, the employer is expected to call in the help of competent persons or services (art. 7 FD). This is often done by enlisting external occupational health services. However, as shall be elaborated below, it is clear that various groups of ‘non-core’ workers do not have access to these health services. A third pillar under the OSH management system is worker participation – including, among other methods, by involving worker representatives in OSH policy making (art. 11 FD). This worker participation does indeed seem to contribute to better OSH policy (Walters & Frick, 2000; Popma, 2008). However, the influx of temporary workers or the mixing of workers from various employers in one production facility may turn out to be a barrier to effective representation of all workers involved. This in turn may stifle the influence of workers in OSH policy.

### **Box 2.2: Adjacent concepts of restructuring**

**Organisational change** refers to the overall nature of activities, (e.g. their extent and rate), that occur during a project that aims to enhance the overall performance of the organisation. The activities are often led by a change agent, or person currently responsible to guide the overall change effort. The activities are often project-oriented (a one-time project) and geared to address a current overall problem or goal in the organisation.

**Organisational development** refers to the evolution of the organisation during the overall organisational change activities. For example, evolution of its members to be able to resolve a major problem, achieve specific project goals and/or overall organisational goals. Organisational development is an outcome of organisational change activities.

**Change management** refers to the implementation of a certain approach or methodology to ensure the organisational change effort is successful, including ensuring a clear vision and/or goals for the project, and to modify systems in the organisation to more effectively achieve the goals. Change management activities can range from a planned, structured and explicit approach to unplanned and implicit approaches.

**Change agent** is the person who is responsible for a current change effort. The role can be performed by different people at different times. For example, an internal or external consultant might first perform the role, but work in such a way during the project that the role ultimately is adopted by someone else inside the organisation.

**Organisation Development (OD)** is a field of research, theory and practice dedicated to expanding the knowledge and effectiveness of people to accomplish more successful organisational change and performance. Various perspectives on the field are held by different people, depending on their particular values and skills. For OD projects to be highly effective, many people assert they must be systems-based in design and highly humanistic in implementation.

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<sup>4</sup> Council Directive 89/391 EEC of 12 June 1989 on the introduction of measures to encourage improvements in the safety and health of workers at work

From the various types of restructuring two aspects of central relevance may be accentuated here:

- The possibility of job loss that – if realized – is mostly followed by intensification of work: these types of restructuring may lead to stress, grief, prolonged insecurity, and increased work load.
- Permanent vs. crisis like restructuring which, to a different extent, may lead to work intensification, task ambiguity, and a permanent state of job insecurity.

It will be clear, from this typology, that restructuring may be harmful to the health of workers, notably as a result of sometimes long periods of stress. These effects will be described in more detail in paragraph 2.3. Restructuring may also convey harm to the health of the organisation as a whole, however, and this should not be overlooked.

First, individual health may lead to absenteeism, with direct financial effects (e.g. sick pay) as well as effects on productivity. Also, (permanent) restructuring may erode workers' motivation and as a result lead to poor performance. Second, as has been stated earlier, organisational confusion may lead to disorganisation in OSH management, leading to poor OSH performance. The effects on organisational health will be explored in paragraph 2.4.

## **2.2 Measuring the prevalence and effects of restructuring on health at the EU level**

The only available measure of the prevalence of restructuring at the EU level is the European Restructuring Monitor (ERM) (Storrie, 2006; Storrie & Ward, 2007). This collects data from newspaper reports of restructuring involving job losses or gains of more than 100 employees and job losses of ten per cent of the workforce at worksites employing more than 250 people. In the period 2002-2006, 3.556 cases have been reported with total job losses of 2.8 million employees with most cases (more than 700) with job losses of 600.000 reported in the UK. More than 50 per cent of restructuring involved internal reorganisation and 20 per cent of cases involved worksite closures. However, the collection of data is limited as the ERM only covers large enterprises and those that are reported in the media. Furthermore, data is not collected on the effects of restructuring on health and well-being of employees.

### **2.2.1. National monitoring of restructuring: Prevalence and effects in Western Europe**

Although there is relatively little systematic monitoring of restructuring at the European level, national initiatives have been developed that examine the effects of restructuring, either through register data or national surveys. In the following section some of these results will be described. More detailed descriptions of the cases can be found in the annex.

*Prevalence of restructuring:* The Netherlands Working Conditions Survey included questions in 2007 on restructuring. It was found that 16 per cent of respondents had in the past year experienced major restructuring. Eight per cent had experienced downsizing with compulsory redundancies. In the Danish Work Cohort Study (DWECS) information on restructuring in terms of company takeover (e.g. mergers) was included in 2000 and 2005. This revealed that few company takeovers took place (seven per cent in 2000). Danish register data from the period 1994 to 2000 have been used to explore the prevalence of downsizing (where more than 30 per cent of staff are laid off) and company closure (Geerdsen, Høglund & Larsen, 2004). This revealed that only around two per cent of Danish companies close every year and 10 to 11 per cent downsize. However, this concerns mostly just small organisations and therefore only about four per cent of the total workforce were affected by closure or downsizing. In Germany, the BIBB/BAuA Survey includes questions on restructuring and was last carried out in 2005/2006. This revealed: 45 per cent had experienced changes and restructuring over the past two years; 42 per cent had experienced dismissals and downsizing; and 40 per cent reported an increase in hiring freelancers as well as contingent and temporary workers.

*Effects of restructuring:* In Sweden, register data have been used to analyse the effects of company closures. This was done by examining the effects of company closures over a 13 year period (1987-2000). Comparing employees who had been displaced due to company closure with a control group who had not been subject to this, Eliason and Storrie (forthcoming 2009b) combined data from the Hospital Discharge Register, the Register-Based Labour Market and the Income and Wealth Register to examine the effects of job loss due to company closure on hospitalisation. The study found that only men aged 35-49 had an increased risk of stroke. Alcohol-related hospitalisation increased for both men and women. It was furthermore found that marriage had a protecting effect for women but a negative effect for men, possibly because women have higher parental responsibilities whereas men have more financial responsibilities.

Also, the higher education had a protective effect, possibly because people with higher education find it easier to find a new job. Also, mortality rates were examined (Eliason & Storrie, 2004, forthcoming 2009a) combining the Cause of Death Register with the Hospital Discharge Register and the Register Based Labour Market Statistics. Analyses revealed a higher overall mortality risk for men four years following company closure. This was mainly due to fatal suicides, alcohol-related conditions and cardiovascular diseases. The results indicated that the loss of a job hit hardest those that were already vulnerable, i.e. company closure and dismissal may be the final blow to a difficult life and the results suggest that stress from job loss exacerbated, or aggregated, already existing disease rather than initiate new disease or disorder (as only shorter term effects were found).

Also the Finnish 10-Town study in which four out of ten municipalities experienced restructuring found an increased mortality rate among victims of downsizing (defined as more than eight per cent staff reductions). As in Sweden, the cause was found to be

due to cardiovascular disease. The Finnish study also found sickness absence to be 2.3 times higher in downsizing municipalities. They further found it was the long-term sickness absence that increased. Short-term sickness absence which may not be entirely related to actual sickness or at least of the less serious kind decreased. For those that remained in employment early disability rates were higher in restructuring municipalities. Also effects of psychotropic drugs increased. Male survivors were 50 per cent more likely and female survivors were 12 per cent more likely to be prescribed such drugs. Sleeping pills were the most often prescribed drug for men and anxiety drugs most often prescribed for women.

The Finnish 10-Town study also found that downsizing led to impaired self-rated health. Employees exposed to major downsizing (more than 18 per cent staff reductions) were more than twice as likely to report poor health after four years. In the Dutch study, restructuring was significantly related to emotional exhaustion even in restructuring without staff lay-offs (and thus little reason for job insecurity). Emotional exhaustion was found to be related to psychological job demands. It was also found, however, that autonomy and an innovative climate buffered the negative effects of restructuring on emotional exhaustion. In the German study BIBB/BAuA, 61 per cent of those that experienced restructuring always perceived this to be associated with increased stress and work pressure, while 60 per cent experienced stress and work pressure in cases of dismissals and downsizing.

In the Danish Work Environment Cohort Study, it was possible to make a comparison of the experiences of four groups: survivors of restructuring, willing victims (those that left on their own accord), unwilling victims (compulsory lay-offs) and employees who had not experienced restructuring at all. It was found that even survivors five years after the restructuring continued to experience higher levels of job insecurity than those who had not been exposed to restructuring. Low levels of self-efficacy and lack of social support from colleagues at the time of restructuring were found to predict job insecurity five years on.

Eliason and Storrie (2004) also examined future employment for victims of company closure. They found lower employment and higher unemployment rates among dismissed workers both in the short and the long term. These results are in contrast to the Danish register study mentioned above. In this study it was found that 75 per cent of victims of company closure or downsizing were reemployed after one year and 88 per cent had found other employment after four years. These levels are similar to employees that have not experienced such restructuring. In fact it was found that employees from downsizing companies had a higher level of reemployment. Victims did, however, experience a minor income decrease, mainly due to the fact that employees from diminished sectors (such as textile) had to change occupation.

Several studies point to the importance of considering cultural differences both in terms of labour market conditions, e.g. general unemployment rates but also labour market regulation practices such as the flexicurity model which will moderate the effects of restructuring. However, the different forms of restructuring and different defi-

nitions (e.g. downsizing defined as eight per cent reductions in staff in Finland and 30 per cent reductions in Denmark) makes it difficult to compare results across borders.

### **2.2.2. National monitoring of restructuring: Prevalence and effects in Eastern Europe**

In the Eastern European (EE) countries, restructuring was – primarily – a consequence of the transition from central planning to a market economy starting at the end of the 1980s and the beginning of the 1990s. This transition was associated with large scale privatisation of enterprises. Another important contextual factor of restructuring in this region was the recent accession to the EU: hence, the necessity of complying with EU standards and regulations, and building up a competitive enterprise. A further specificity of the restructuring processes in EE is connected with the fact that these countries had a lower level of economic development in comparison to EU15, with a different economic structure (e.g., high employment in agriculture).

*Prevalence of restructuring:* Privatisation of enterprises – and restructuring processes strictly connected with it – was especially intensive at the beginning of the transformation period. However, the privatisation process continues. In Poland, for example, in the period 1990-2007, 7.364 state owned enterprises were included in the privatisation process (Statistical Yearbook of Poland, 2008) but around 1.800 (almost 30 per cent of economic activity) still remained under public ownership. In some sectors, the privatisation process will only begin, for example in the sector of energy and railways (Voss et al., 2007).

On the basis of the data collected in the frame of the European Restructuring Monitor (notwithstanding the earlier mentioned limitations of that data) it can be assessed that restructuring processes in the EE countries are more intensive than in the “old Europe”. Out of 9.429 cases of restructuring in the EU reported in the ERM (2009), more than 33 per cent was from the EE countries. Taking into account lower population number in these countries (21 per cent of the EU27 population), it can be assessed that an average employee experiences restructuring of his/her firm more often than an employee from Western Europe. However, in the EE, restructuring are relatively more often connected with job creation than in other EU countries (out of 1,87 million planned job creation in the period 2002-2009, 52 per cent was in the less numerous EE countries), and relatively rarely – with job reduction (out of three million planned job reductions, 18 per cent was in the EE).

The direction of restructuring processes finds its reflection in sectoral employment change. On the basis of the analyses of employment in 2003-2007 presented in European Restructuring Monitor (ERM Report 2008), the characteristic trends for the EE countries are for example: decline in agriculture employment, employment growth in some manufacturing sectors (the opposite trends can be observed in the EU15), significant increase of employment in the construction sector (NMS-2: 69.7 per cent change).

*Effects of restructuring:* The positive side of restructuring in the EE is accompanied by large hazards. Job loss in the EE has a stronger negative individual impact than in the EU15. This situation is caused by an underdeveloped active labour market policy in the new member states. When an employee loses a job as a result of restructuring, they do not have good prospects of quickly securing work. The analysis of the percentage of people who have lost their job up to one year before the interview in 2005 (ERM Report 2008) provides a good illustration. In the new member states these percentages are higher (men/women: 16 per cent/18 per cent) than in EU15 (men/women: ten per cent/16 per cent). The results *indicate* that in the EE there are greater *difficulties* in reemployment after job loss. The greater risk of remaining unemployed and insecurity is also caused by low levels of social security compensations that increase the risk of poverty as a consequence of job loss.

British researchers (Stuckler, King & McKee, 2009) have carried out an analysis of the relationship between mass privatisation and mortality rates in the post-communist countries. Twenty-five countries were included in the analysis: the ten EE, other countries of the region (e.g., Albania, Croatia) and some countries of the former Soviet Union (e.g., Belarus, Ukraine, Georgia, Kazakhstan). Data for mortality for the period from 1989 to 2002 have been taken from the UNICEF database and concerned working-age men (from 15 to 59 years of age). Two measures of mass privatisation were taken into account: whether a country implemented a mass privatisation (defined as a programme transferring at least 25 per cent of large state-owned enterprises to the private sector within two years), and the index of progress in privatisation developed by the European Bank for Reconstruction and Development (EBRD). To isolate the effect of mass privatisation, several potential confounders (e.g., GDP, trade and price liberalization indices, democratisation index, population dependency) have been taken into account in the regression analyses of mortality. Results showed that mass privatisation programmes were associated with a 12,8 per cent increase in adult male mortality. The second measures of privatisation from EBRD have yielded similar results. When 25 countries were divided into two sub-groups: countries of the former Soviet Union and non-former Soviet Union, it transpired that the former were more likely to have implemented rapid mass privatisation programmes (OD=6,75). Simultaneously, in these countries, the association between the EBRD privatisation index and increases in mortality was roughly twice as strong as in countries that did not undergo rapid privatisation. In EE countries, where the privatisation process was more gradual, the greater progress in privatisation was associated with a neutral or slightly favourable effect on mortality rates from 1991-2002. So, it can be concluded that the pace of privatisation is an important factor that has an impact on its health effects.

There is no comprehensive data on health effects of restructuring in the EE countries. However, there are some indirect indicators of health hazards caused by intensive restructuring in Eastern Europe. One of them is high job insecurity: in all these countries high levels of job insecurity have been observed. According to ESWC 2005 (Parent-Thirion et al., 2007) between 15 and 32 per cent of respondents (depending on coun-

try) reported job insecurity in NMS-10. This is in contrast to lower rates in EU15, with between five and 21 per cent.

## **2.3 The effects on individual health**

Work is known to be a central determinant of individual health (Schabracq, 2003). Especially during phases of organisational restructuring, individual health may be at risk (NIOSH, 2002; Osthus, 2007; Probst, 2003; Virtanen et al., 2005). This subchapter will assemble some of the empirical findings in scientific literature. Paragraph 2.3.1 will depict the effects of restructuring as an actual ‘crisis’, notably when it results in job loss. Job loss, however, not only affects those who have been laid off but also the ‘survivors’ of downsizing (2.3.2). Paragraph 2.3.3 will then deal with the health effects of an *anticipated* restructuring, notably of *job insecurity*. Paragraph 2.3.4 then will briefly deal with some of the effects of permanent re-organisation.

The effects may be measured on the basis of various indicators. In OSH research, some of the most common indicators are accident rates, absenteeism rates, morbidity and mortality rates. One may also use more general indicators of physiological and psychological well being. To establish links between restructuring and *individual health*, these indicators could be observed before, during and after a restructuring episode. For clear evidence, such data would have to be compared cross-sectionally to employees – ideally from the same company and sector that did not experience a restructuring process or have not been dismissed in the course of a restructuring event. However, there is little research that actually fits these methodological requirements.

### **2.3.1 Restructuring as crisis: The effects of job loss**

Three forms of restructuring are directly linked with job loss: closure, downsizing or relocation of an enterprise. A focus on core markets or a change in production profile may explain closure or downsizing. In other cases, the decision to close or relocate an enterprise is the ultimate outcome of tactical actions to reduce costs or increase productivity – notably outsourcing or off-shoring – or merely defensive forms of cost cutting (Grosfeld & Roland, 1997). Obviously, closure may also result from a last attempt to ward off bankruptcy.

The health impact of *job loss* (as well as, more generally, unemployment) has been described extensively (Dooley, Fielding & Levi, 1996; Kieselbach, Winefield, Boyd & Anderson, 2006; Kieselbach & Jeske 2007; Bohle, Quinlan & Mayhew 2001). Many of these studies reveal an *association* between job loss and various indicators of ill health. This association should be dealt with carefully, though. It could very well be that those that lose their jobs or cannot find a new one are the workers with pre-existing health problems (the selection hypothesis). It therefore follows that additional statistical effort may need to be taken to distinguish the causal effects of dismissals from effects of selection for dismissal based on the health record of the individual (Kieselbach & Beelmann, 2006).

### **Box 2.3: Effects of layoffs and responsible alternatives**

Cascio discussed in his pioneering book “Responsible restructuring: Creative and profitable alternatives to layoffs” (2002) a series of misleading assumptions regarding the effects of restructuring. The most prominent are: laying people off during restructuring will lead to an increased profitability and productivity of the company. Very often this could not be verified in reality. This led the author to a plea for looking more thoroughly for alternative solutions to downsizing in the enlightened self-interest of the company itself.

The “Layoffs and Job Security Survey 2001”, conducted by the Society for Human Resource Management, reported that only 32 per cent of respondents indicated that layoffs improved profits (Society for Human Resource Management, 2001).

The American Management Association surveyed 700 companies that had downsized in the 1990s. Productivity rose in 34 per cent of those companies, but in another 30 per cent, it fell (Cravotta & Kleiner, 2001). These results are consistent with those reported in another study of 250,000 manufacturing plants by the US National Bureau of Economic Research. That study concluded that the productivity-enhancing role of employment downsizing has been widely exaggerated. While some plants did downsize and post healthy gains in productivity, even more (including many of the largest facilities) managed to raise output per worker while expanding employment. They contributed about as much to overall productivity increases in manufacturing as did the successful downsizers (Business Week, 1994).

The effects on the survivors had been broadly neglected and underestimated in the past (as they were assumed to be happy survivors). A study by Right Associates, however, found that 70 per cent of senior managers who remained in downsized firms reported that morale and trust declined. Several other studies corroborate these findings, with similar results (Appelbaum, Everard & Hung, 1999; Mirvis, 1997; De Vries & Balacs, 1997).

Moreover, the health consequences of survivors were addressed in this book. A study of 300 large and midsize firms was conducted jointly by Cigna Insurance Company and the American Management Association. Over a five-year period, stress-related disorders among workers at downsizing companies showed the greatest increase among all kinds of medical-related claims. These included mental health and substance abuse, high blood pressure, and other cardiovascular problems. The increases across companies varied from 100 per cent to 900 per cent – that is, as much as a nine fold increase. The same survey revealed that supervisors comprise five to eight per cent of the American workforce, but this group is at a greater risk of being laid off and of developing a stress-related disability.

*Source:* Cascio, 2002

Still, in cases of total enterprise closure the selection hypothesis does not hold (Keefe et al, 2002). And it is clear from numerous studies that job loss has serious effects on psychosocial health (e.g. Murphy & Athanasou, 1999; Weber, Hörmann & Heipertz, 2007). Also, various studies have investigated the underlying causal pathways between job loss and health effects; such as psychological distress, depression, and anxiety. Psychosocial health problems are associated with cardiovascular problems, including high blood pressure, increased rates of immune suppression, metabolic syndromes, and obesity (Hollederer, 2003; Kieselbach & Beelmann, 2006; Weber & Lehnert, 1997).



Downsizing related job loss also correlates with a 1.5 times higher prescription rate of psychotic drugs for males (Kivimäki et al., 2007) and other changes in health behaviours. An increased risk of drug use, bad diet, physical inactivity, and a poorer standard of sleep are all associated with job loss (Bohle, Quinlan, Kennedy & Williamson, 2004; Weber, Hörmann & Heipertz, 2007).

Some of the explanations for the correlation between job loss and health problems have been described. For example, job loss is shown not only to increase distress, but also to decrease self esteem, self efficacy beliefs, and emotional stability (Bardasi & Francesconi, 2004; Kivimäki, Vahtera, Ferrie, Hemingway & Pentti, 2001; Kieselbach, 2000; Osthus, 2007; Weber, Hörmann & Heipertz, 2007). Together with social deprivation and a profound identity loss, this might lead to a downward circle into long-term unemployment. The more central the meaning of work has been for the individual, the higher the likelihood of an identity loss. Such cases are hard to remedy. Other factors, for example perceived social stigmatisation or isolation, might further boost the negative effects of job loss (Egger et al., 2006).

A second form of restructuring connected to job loss, or at least a breach in employment status, is outsourcing and subcontracting. Outsourcing and subcontracting first of all will entail job insecurity for the core workers that formerly were employed in the outsourced activities – be it as feared or actual job loss, as a transfer of workers to the subcontractor, or as a transfer to a new position within the core enterprise. Contract change to a more insecure or unstable employment is associated with a 2.5 times higher risk of ill health (Virtanen et al., 2005).

To be sure, jobs that have been cut among core workers will result in new jobs for employees in the contracting firms – hence maybe a zero sum situation where net employment is concerned. Still, even in the case of such a zero sum the health effect of outsourcing and subcontracting may clearly be negative. A review of research on the health effects of outsourcing summarizes that, in 90 per cent of the studies a negative association was found between outsourcing and occupational health and safety (Quinlan, Mayhew & Bohle, 2001).

### **2.3.2 Restructuring as crisis: Survivor sickness**

It is quite clear, then, that restructuring processes that involve job loss may have detrimental effects on those that have been dismissed or outsourced. Another aspect often overlooked, is that those workers that get to keep their jobs may not always be considered the lucky ones from a health perspective. There's increasing evidence of the existence of what has above been labelled 'layoff survivor sickness' (Noer, 1997). Some workers that remain experience feelings of guilt ("Why was I spared?") and some experience continued uncertainty ("Will I be out next?"). Employees in a post-restructuring context may be wary about the future direction of the organisation and may experience a decline in trust (Lee & Teo, 2005). Even if the future of the enterprise has been secured by the layoffs, survivors of these layoffs will have to adjust to a new working situation. They often find that their job has been deeply modified, and

increasingly experience role ambiguity (Tombaugh & White, 1990; Kivimäki et al., 2001).

Furthermore, in most cases the aim of restructuring is rationalisation of production – an incessant change in the quest for efficiency. The intended outcome of rationalisation is usually that more work is to be done in less time. This may be achieved by a more efficient production, but it may also be achieved by simply having the same amount of work being done by less staff – hence, downsizing. This rationalisation comes at the cost of increased work load or work intensity. Increased work intensity, notably when combined with lack in autonomy, is a major source of stress, burnout and other threats to mental health. Also, it entails higher physical strain. In fact, work intensity has risen constantly over the last two decades – at least in Europe (Houtman, 2007). Not only may work pressure lead to a higher work load, rationalisation also leads to the cutting out of idle time, hence leaving less time for recovery of the mental and physical demands. It has been found that downsizing tends to increase the physical demands that especially female and low income employees are facing, whereby increased physical demands are a precursor of musculoskeletal problems (Kivimäki et al., 2001).

Also, work pressure is found to be one of the causes of occupational accidents (Smulders, 2003). Work pressure may lead to haste and inattention, and may also entice workers to circumvent safety precautions. Another common cause of occupational accidents is fatigue, and it is clear that the aforementioned increase in work load leads to more accidents being caused by tiredness. Mental overload may also cause accidents. A last link between rationalised production and occupational accidents may be understaffing, notably in production plants. Insufficient staff numbers may threaten risk control in so called ‘peopleless’ plants, where it may prove more difficult to control unforeseen events with fewer people. Also, understaffing in the health-care industry has been linked to epidemic staphylococcal infection and increases in catheter-related bloodstream infections, both marked by a high case-fatality rate (Quinlan, Mayhew & Bohle, 2001, p. 348).

In sum, it has been found that workers that lucky enough to find a job elsewhere report better health and less psychological distress than those that remain after the downsizing. Deterioration of health was most likely in employees that had survived a major downsizing operation (Kivimäki et al., 2003). Even if there is, as yet, little data about the effects of restructuring on its survivors, the findings in this field are quite clear. Downsizing has shown to increase rates of trauma (Vahtera, Kivimäki & Pentti, 1997), cardiovascular mortality (Vahtera et al., 2004), and psychotic drug prescriptions (Kivimäki et al., 2007) for survivors of downsizing. Overall, a worsened work related health condition due to downsizing events has been observed (Osthus, 2007). One of the more pronounced effects of downsizing is that it seems to worsen and uncover pre-existing health problems. It is shown that downsizing increases musculoskeletal sickness, especially among older workers and workers that already had poor conditions of health before the restructuring took place (Kivimäki et al., 2001; Vahtera, Kivimäki &

Pentti, 1997). Also, it was found that downsizing episodes nearly double the number of disability pensions among employees who kept their jobs (Vahtera, Kivimäki, Forma et al., 2005). Finally, an increased use of nicotine (Weber, Hörmann & Heipertz, 2007) and alcohol (Frone, 2008) has been associated with survivors.

### **2.3.3 The anticipation of restructuring: Job insecurity and distress**

There is ample evidence that employees have a sense of insecurity during the restructuring process taking place in an organisation. The most striking empirical evidence for the connection between these two phenomena, i.e., the objective fact of restructuring and the sense of insecurity refers to downsizing, mergers and acquisitions. However, it can be expected that all other forms of restructuring, because they imply future changes and related ambiguity, are associated with experienced insecurity as well. Job insecurity is regarded as one of the most important mediators in the relation: restructuring/health. In other words, it is assumed that a restructuring process leads to health deterioration as it creates job insecurity which, in turn, leads to ill health effects. Hence, in order to know what the possible consequences of restructuring in relation to health are, it is worth looking at the results of studies on the relationship between job insecurity and health.

The detrimental health effects may already occur well *before* the actual closure or relocation of an enterprise or other forms of restructuring. The mere announcement that jobs might get lost in the near future in itself induces anxiety and psychological distress. Low perceived employment security is associated with poor health (Virtanen et al., 2002). Perceived job insecurity is shown to increase blood pressure as one of main the risk factors for coronary heart diseases (Weber, Hörmann & Heipertz, 2007).

The announcement of restructuring alone may lead to reduced motivation among workers as well as a breach in the psychological contract, which in turn is associated with higher levels of absenteeism (Freese, 2007). On the other side, it is likely there will be higher levels of *presenteeism* – sick employees that do go to work despite their ailments. As it is found that workers in bad health are fired more often than healthy workers, sick workers may be tempted to work on even if this is detrimental to their recovery, thereby aggravating their health problems in the longer run (Quinlan, 2007). For those who stay employed downsizing leads to four times higher ill presenteeism (Theorell et al., 2003) especially in temporary workers (Vahtera et al., 2004).

Another effect of looming job loss is that those that have the best chances on the labour market are likely to voluntarily trade in the foundering enterprise for another employer. More often than not, this may result in an increased workload for those employees that have not yet left the company. This increased work load not only may result in psychological or physical overload, but may also entail occupational accidents due to hasty work or fatigue on the part of the workers.

Even in cases where there is obviously no short term threat to workers in terms of job loss or where restructuring may even strengthen the position of their own firm (e.g., in a case where the own company merges with or takes over another firm) workers may

eventually experience ill health. First of all, it is most probable that a merger or acquisition is in the long run aimed at reaching synergy. In practice, this will often result in job cutting – notably on the side of the enterprise that has been acquired. This will entail a high degree of uncertainty and distress during the period right after the restructuring, when management has not yet disclosed its future plans. Second, the workers of all enterprises involved may be doubtful as to the anticipated synergetic effects. Mergers may falter, or the acquiring party may have overstretched its financial span – thus leading the enterprise into financial problems, and subsequent job loss. This doubt may result in uncertainty. Third, merging two or more divisions of the former autonomous companies, in order to reach economy of scale, will probably imply a shifting to and fro of departments – and of the respective employees. This may first lead to quantitative insecurity (fear of job loss) or at least to qualitative insecurity (fear of deterioration of tasks within the company). Also, after synergetic shifting of departments, employees may experience role ambiguity. Role change and conflict increases in work demands and time pressure at work are all associated with general decreases in well-being (Probst, 2003).

### *Individual health*

The conceptualizations of job insecurity are different in various studies. Some researchers have adopted a global view and defined job insecurity as an overall concern about the continued existence of the job in the future (Sverke et al., 2002; De Witte, 1999). There are two kinds of global measures: those focusing on cognitive aspects, i.e., perceived probability of job loss (e.g., Mohr, 2000) and those focusing on emotional aspects, i.e., fear of job loss (e.g., Johnson, Messe & Crano, 1984). There are also global measures which combine both aspects (Hellgren & Sverke, 2003). Other measures consider job insecurity as a multidimensional concept which, in addition to the threat of job loss, encompasses factors such as threats to various job features, for example position within an organisation or career opportunities (Kinnunen et al., 1999; Ashford, Lee & Bobko, 1989; Greenhalgh & Rosenblatt, 1984).

**Mental health:** Several studies indicate a close relationship between job insecurity and a deterioration of mental health. In these kinds of studies, mental health usually was measured with the General Health Questionnaire (Goldberg, 1979), measuring non-psychotic mental health symptoms (such as sleeping problems, anxiety, depression and others). In some studies other indicators of mental well-being were used, like burnout (Lim, 1996), job induced tension (Dekker & Schaufeli, 1995) and depression (Ferrie et al., 2001; Pelfrene et al., 2003). The meta-analysis of Sverke et al. (2002) included 37 surveys from 1980-1999 with 14.888 respondents. The average correlation between job insecurity and mental ill health was  $r = -.24$ . In other words, the higher job insecurity, the worse mental health was.

A national survey of a representative sample of paid employees in Taiwan (Cheng et al., 2005), including 14.691 subjects, showed a strong association between job insecurity and mental health, even after controlling age and other characteristics connected with job insecurity, such as job demands, control and social support. Similarly, a study

on a national sample of Norwegian employees (N=729) showed a significant relationship between job insecurity and mental health complaints, such as sleep problems, anxiety, tiredness, etc. (Størseth, 2006). This relationship was partially mediated by job dissatisfaction and work motivation. Partially it was a direct relationship. In another large national survey, the Belstress study (Pelfrene et al., 2003), which comprised a sample of 19.419 Belgian workers, men perceiving high job insecurity were twice as likely to report depressive mood compared to respondents with low perceived insecurity (OR=2.10  $p<.001$ ) and about 1.5 times more likely to report fatigue (OR=1.52) and sleep problems (OR=1.37  $p<.001$ ).

The relationship was also confirmed by longitudinal studies, which unequivocally showed that job insecurity should be treated as a cause of ill mental health (Ferrie et al., 2001). The impact of job insecurity on mental health is more frequently reported in men than in women (Ferrie et al., 1998; De Witte, 1999; Kinnunen et al., 2000; Pelfrene et al., 2003).

There is also data pointing to the effect of job insecurity on *job exhaustion*. Finnish employees with high insecurity displayed significantly higher job exhaustion one year later (Kinnunen et al., 1999).

**Physical health:** The above mentioned Sverke's et al. (2002) meta-analysis included 19 studies with a total of 9.704 respondents. The average correlation between the two variables was  $r = -.16$ , which means that the higher job insecurity, the worse physical health was. The researchers took the respondents' reports of their health into account and stated on this basis that high job insecurity is connected with *worse self-reported health*, more frequent *somatic complains* (e.g. *headaches, spinal aches*) and the appearance of *long-lasting illnesses*. Some studies found the above relationships only for men (Kinnunen, Nätti & Happonen, 2000) others also for women (Ferrie et al., 1998).

Moreover, it was found that chronic job insecurity might be connected with *heightened systolic and diastolic blood pressure* in men (Ferrie et al., 1998, 2001; Kinnunen, Nätti & Happonen, 2000), with significant increase in *BMI* in both genders (Ferrie et al., 1998, 2001) and with *ischaemia* (Ferrie et al., 1998). The Belstress study (Pelfrene et al., 2003), observed an adverse effect of job insecurity on total cholesterol – a cardiovascular risk factor.

### *Organisational health*

A healthy organisation is one that attains business and social aims. It is possible when employees identify with organisational goals and work effectively and harmoniously for this goal. Moreover, achieving organisational goals can be a source of satisfaction and personal development. Below, some results of research on the relationship between organisational behaviours and job insecurity are presented.

**Job satisfaction:** Many studies have focused on the relationship between job insecurity and *job satisfaction*. The meta-analysis by Sverke et al., (2002) summarizes 50 studies on this relationship, with the total number of 28.885 respondents. The average correla-

tion between job insecurity and job satisfaction was rather high ( $r = -.41$ ): The higher the job insecurity, the lower the job satisfaction.

Social relationships: The longitudinal study of Kinnunen et al. (2000) points to a very important effect of job insecurity, the deterioration of *social relationships* within an organisation, both among colleagues and with superiors. A cross-sectional study of 807 employees in the US (Probst, 2005) showed that job insecurity is related to lower co-worker and supervisor satisfaction. However, it was also found that greater participative decision-making opportunities were connected with fewer negative consequences in this area (Probst, 2005).

Organisational commitment and trust: Perceived job insecurity is especially strongly related to *trust of organisation*: the average correlation is  $r = -.50$  (Sverke et al., 2002; Ashford et al., 1989). This indicates that threat of job loss significantly impinges the psychological contract between an organisation and the employee and the trust on which this contract is based. As it could be expected, such a situation also brings about a *feeling of inequity*, which is an additional stressful factor, besides job insecurity itself (Kalimo et al., 2003). Moreover, cross-sectional studies have indicated several times the relationship between job insecurity and *lower organisational commitment*. In the Sverke et al. meta-analysis (2002), the average correlation between these variables was  $r = -.36$ . However, this relationship could not be confirmed in longitudinal studies (Roskies et al., 1993).

Absenteeism and turnover intention: The more insecure employees are, the more frequently they engage in work withdrawal behaviour, such as tardiness, absenteeism or turnover (Probst, 1998). The relationship between perceived job insecurity and *turnover intention* seems to be especially interesting: persons who fear job loss are at the same time more inclined to quit. The correlation between both phenomena is commonly confirmed. The average correlation in 26 studies included into the meta-analysis Sverke et al. was  $r = .28$ . The psychological rationale of such behaviour is clearly understandable in view of the results of the study from Hellgren et al. (1999), which showed that a turnover intention correlates only with qualitative job insecurity in the sense of anticipation of changes in important job features, whereas it does not correlate with quantitative job insecurity defined as anticipated job loss.

Job performance: Some studies (e.g., Armstrong-Stassen, 1994) have shown that perceived job insecurity is related to lower job performance. Others, however, did not confirm this relationship; showing instead that job insecurity may be good for productivity (Probst, 1998). As a result, in the Sverke et al. (2002) meta-analysis of 12 studies on the job insecurity – performance relationship, both phenomena were not significantly associated.

The above discrepancies may be a result of at least two reasons:

- First, it is probable that this relationship has a different form depending on which aspect of performance is taken into account: a qualitative or a quantitative one. In a laboratory experiment carried out by Probst (2002), it was found that although par-

ticipants faced with the threat of layoffs were more productive, nevertheless the *quality* of their work was lower.

- Second, it is likely that the relationship between performance and job insecurity is U-shaped. Brockner et al. (1992) indicate that employees with rather low levels of job insecurity and those with high levels of job insecurity exhibit the lowest work efforts. The former because they are not afraid to lose their job, the latter due to the feeling of helplessness (they do not feel that they can change their situation through high work effort). Moreover, Brockner's et al. study (1992) also showed that employees with moderate levels of job insecurity exhibited the highest degree of work efforts.

Even when the above factors are taken into account it should be expected that high job insecurity is connected with a lower performance level.

Safety behaviour: Probst and Brubaker (2001) were among the first who studied the association between job insecurity and occupational safety outcomes. They have found that job insecurity is related to *safety motivation* and *safety knowledge* through job satisfaction (mediation effect). In other words, employees who perceive their job as insecure are less satisfied than employees with high job security and, in turn, less willing to observe safety procedures and improve their knowledge of industrial safety. This results in a decrease in safety compliance, which in turn leads to an increase in job-related accidents and injuries. The Størseth's study (2006) carried out on a national sample of Norwegian employees pointed out a similar mechanism: people with high job insecurity are more prone to risk taking behaviours at work. Obviously, such a tendency can favour accidents and injuries.

It should be noted, however, that a study carried out by Parker, Axtell and Turner (2001) found that job insecurity was positively related to safe working. According to Probst (2002) a possible explanation of the above contradictory results lies in the organisational emphasis on safety – in contrast to this production plays the key role. When the organisation is seen as valuing production, employees make efforts to retain high productivity whilst being threatened by job cuts. But when the organisation takes safety seriously employees may choose to focus on safety. They are aware that safety outcomes may be considered during the downsizing process. Accordingly, as organisations undergoing restructuring mainly focus on production – not on safety – we can expect employees will also focus on productivity at the expense of safety. As a consequence, the negative relationship between job insecurity and safety behaviour can be explained.

#### **2.3.4 The OSH effects of permanent restructuring**

As has been stated, crisis-like restructuring processes are the ones that jump to the eye, but nowadays a subdominant form of permanent restructuring is taking place in virtually every firm. Three varieties may be discerned here: First, various forms of optimisation of the use of human resources (just-in-time management, team work, job rotation and internal flexibility); second, the use of flexible work arrangements (numerical

flexibility, such as short term contracts and the use of temporary workers and job mobility); third, increasingly complex structures of subcontracting relations, co-maker ship and production chains. These forms of restructuring, albeit not so obvious as restructuring entailing job loss, do themselves also have various effects on the health and safety of workers (Delbridge, Turnbull & Wilkinson, 1992; Landsbergis, Cahill & Schnall, 1999).

### *Work intensification*

As already noted earlier, most if not all forms of restructuring are aimed at enhancing organisational performance and competitiveness. This may lead to work intensification, stress and fatigue, as also noted previously. The very nature of the 'just-in-time' concept infers a considerable increase in work pressure is inherent. Working to tight deadlines is a major source of stress, and a system that has continuous deadlines as one of its core features will lead to incessant stress. Working to tight deadlines has increased considerably over the last decades (Parent-Thirion, 2007, p. 58). A second effect of just-in-time production processes may be an increase in night work. If not for reasons of just-in-time production, at least the introduction of night shifts is a means to optimize the use of costly production facilities. Night work, however, is strongly associated with health disorders (Knutsson, 2003; Dembe et al., 2005). Night shifts are also known to have a much higher incidence of occupational accidents (Harrington, 2001; Åkerstedt et al., 2002; Jettinghoff, 2007). Certainly, the number of workers in night shift has not risen significantly over the last decades (European Foundation, 2006). Changes in regard to company controlled working time flexibility (towards shift work, unpredictable working hours or overtime work) have been found to decrease psychosocial and physical well being (Janssen & Nachreiner, 2004) and might also lead to a work-life imbalance which can often result in sleeping disorders (Bohle, Quinlan, Kennedy & Williamson, 2004).

A recent review of job design restructuring (Bambra, Egan, Thomas, Petticrew & Whitehead, 2007) reveals that teamwork tends to bring about improvements in the working environment (in terms of decreased job demands, increased job control and social support) and also improvements in health. The positive effects were primarily found in production. Restructuring into lean and just-in-time organisation was associated with decreased job control, autonomy, and skill utilisation. Depression and job anxiety increased. In one just-in-time study, social support and group cohesiveness increased. Restructuring that introduced autonomous work groups tended to increase control and autonomy but the effects on health were less apparent.

The authors conclude that the mixed effects may be due to the fact that the health aspect was not considered in restructuring. Those organisations where the objective of restructuring was improvement in health did in fact report positive effects on the working environment and on health. Poor implementation (most studies did not examine whether restructuring was successfully implemented or whether managers and employees supported change) and conflicting external demands may have moderated restructuring efforts.



### *Flexible work arrangements*

Since restructuring efforts seek to enhance profits, productivity, sales – its structural effects besides job cutting often show a tendency to increase the amount and the intensity of precarious work (Janssen & Nachreiner; 2004, Siegrist, 1998). Precarious work has been defined to be a combination of a low level of certainty over job continuity, low individual control over work (notably working hours), a low level of protection (against unemployment or discrimination), and a low level of training (Rodgers & Rodgers, 1989).

Over the last decade, the number of workers employed under flexible or precarious arrangements (fixed term contracts, self employed, temporary agency workers) has risen quite drastically. Also, dismissal law tends to be relaxed in various countries. This numerical flexibility may enhance competitiveness, but it shifts the burden on the flexible worker. Review of various studies on the OSH-effect of precarious employment found that 14 of 24 studies regarding temporary work found a negative association with OSH (Quinlan, Mayhew & Bohle, 2001, p.- 346). Another study found that the higher the instability of employment the more it is associated with morbidity/mortality (Virtanen et al., 2005).

More specifically, numerical flexibility (notably fixed term contracts) leads to increased job insecurity. Workers in labour markets which exhibit a high probability of transition between employment and unemployment also show high levels of job insecurity (Pacelli et al., 2008). Low perceived employment security is associated with poor health across three indicators, especially among women (Virtanen et al, 2002). In general, the level of psychological distress and psychological morbidity is high among fixed term employees (Virtanen et al, 2005). Fixed term contracts may also lead to high levels of presenteeism – it was found that despite lower levels of self rated health, there is increased attendance during sickness among temporary employees (Virtanen et al, 2003; Benach, Gimeno & Benavides, 2002). It is found that downsizing increases the number of medically certified sick leaves by factor 2.3 (Vahtera, Kivimaki & Pentti, 1997) for permanent employees but not so for temporary workers (Vahtera et al., 2004). This may be explained by fear of job loss. It is worth repeating here, that presenteeism can lead to a deterioration of health in the long term.

Also, workers with non-permanent status report higher levels of job dissatisfaction, more fatigue, backaches and muscular pain than workers holding permanent full time contracts (Benach, Gimeno & Benavides, 2002; Virtanen et al., 2005). Part-time workers with permanent contracts, however, report higher levels of health problems than part-timers in non-permanent employment. Self-employed workers appear to be worst off of all, yet report in sick the least. Furthermore, contingent workers are much more prone to occupational accidents (Storrie, 2002; Leertouwer, Martens & lommers, 2002). If controlled for age, especially length of employment, the association between employment status and number of occupational injuries loses statistical significance (Benavides et al., 2006). This indicates that lack of experience is one of the root causes for the high injury rates among flexible workers. This may also be concluded from the

finding that the incidence of occupational accidents is much higher the first four months on the job (Davies & Jones, 2005). Another explanation, however, may be that flexible workers receive less training than core workers (Parent-Thirion, 2007; Fabiano et al., 2006). Also, in general, workers in contingent position are over represented in jobs requiring little prior education. More specifically, they work more often in hazardous workplaces and have to handle dangerous goods.

A final explanation for the relatively poor OSH situation of temporary workers may be that they have less access to OSH professionals, that they elude health monitoring over longer stretches of time, and that they also may be overlooked by workers' representatives in matters of OSH policy.

### *Complex production networks*

In addition, there are indications that workers in subcontracting firms are more prone to occupational risks than workers in core enterprises. In the most extreme form, shifting down responsibilities in the field of health and safety is a deliberate strategy to dodge regulations or liability (Johnstone, Mayhew & Quinlan, 2003). But in *bona fide* cases of outsourcing or sub-contracting too, OSH risks may be encountered. One of the reasons for this is disorganisation on the work place where various firms are working in one production site. Another reason may be a clouding of responsibilities in OSH management: this has been one of the reasons for introducing specific regulations for temporary worksites in construction<sup>5</sup>, but multi-employer sites are now a general phenomenon in various other industries too. Also, OSH management systems appear to be much more effective in larger companies than in SMEs. The same goes for health surveillance by OSH professionals. With the growth of small companies due to outsourcing and subcontracting, the number of employees protected by OSH management or health surveillance will decline. Also, smaller companies do not always meet the legislative threshold for worker participation (Johnstone, Quinlan & Walters, 2005).

Obviously, these considerations also hold for self-employed workers. In many countries, self employed workers fall outside regulatory protection. For these reasons, it is not surprising to find that self-employed workers report worse conditions in almost all health indicators (Benach, Gimeno & Benavides, 2002; Venema et al., 2007). Also, they show lower levels of absenteeism, which may be an indication of the aforementioned phenomenon of presenteeism. It should be noted here that self-employed workers are not a homogeneous group; they span from 'disguised wage workers' in various high risk sectors, who de facto experience little autonomy (a serious risk to health) to genuinely autonomous self employed that may have less problems avoiding dangerous work.

Another population at risk may be workers in subcontracting companies in developing countries, as is the case in off-shoring. Off-shoring describes the relocation of (parts of) business processes from one country to another – usually from the industrialized

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<sup>5</sup> Council Directive 92/57/EEC of 24 June 1992 on the implementation of minimum safety and health requirements at temporary or mobile construction sites

countries ('the west') to the east or south. There are indications that, in some cases, particularly hazardous work is being exported to developing countries. Also, workers outside the established market economies may experience less legal protection. Apart from the lower standards in legal protection or intentional *shifting* down of occupational risks, off-shoring is haunted by a *blurring* of OSH-management responsibilities. In intricate chains of production, it may not always be clear who is responsible for health and safety, or who is to be held liable in case of actual harm (Kryvoi, 2007).

Moreover, as has already been noted, subcontracting may lead to blurred responsibilities in OSH management – even more so in international chains of production. Tools such as chain management and certification of subcontractors (e.g. SA 8000) may be devices to better control health and safety conditions in subcontracting firms, but obviously the problem of controlling conditions in intricate chains is much more complicated than in just one production facility. Finally, it should be noted that other elements of OSH management are much weaker in international chains. Where OSH responsibilities are not easy to pinpoint, it is also more difficult for workers representatives to influence OSH policy of the company – let alone in countries where in general worker representation is less likely due to the weak position of trade unions. Also, workers in facilities in developing countries may have less access to OSH professionals.

## **2.4 The organisational health effects of restructuring**

Following the definition above it is surprising that work health promotion is not self evidently pursued by every employing organisation, since work is best described as a central environmental demand. Contrarily, manifold national and trans-national institutions and policies aim to advocate healthy working conditions. Still, only 25 per cent of European employers offer health promotion or wellness programs at the workplace (Buck Consultants & Vielife, 2007). The main reason for this short-coming is that organisational health (correspondingly described as the degree to which an organisation is capable of acting upon its organisational values and reaching its organisational goals), only reflects upon individual health when it is perceived to be positively linked to the organisational goals (Kirsten, 2008). Thus, to make the business case for individual health promotion at the workplace, clear evidence for its effectiveness on productivity, sales, and profit (or any combination thereof) is crucial. In this regard national policies can make a huge difference as to be seen for example in the United States, where 86 per cent of all (respondent) employers offer health care promotion or similar at the workplace. Contrary to most employers from the majority of European countries, companies in the US are directly affected by health care needs, because they have to provide insurance for their employees (Buck Consultants & Vielife, 2007; Kirsten; 2008). Under these circumstances unhealthy employees directly influence company profit. Reinforced with evidence on cost-benefits, estimates of prevailing risks amongst employees of the particular company and examples of successful work health programs the initiation of continuous work health promotion is self-evident. The

business case for work health promotion is much more challenging in a less reinforcing environment such as Europe.

Restructuring always aims at securing or increasing organisational economic health – meaning its performance and profit. This can be done by means of strategic restructuring moves, such as expanding the customer base via a merger or take over, or by operational restructuring (cost cutting, enhancing performance efficacy etc.). In order that the planned organisational restructuring becomes as effective as intended, the costs of the restructuring process have to be limited. But as the restructuring effects on individual health already suggest, each restructuring entails several short term and long term costs for the organisation. These costs not only concern the direct costs of layoffs due to severance pay or pension and benefit payouts, but also various side effects – some of which have been touched upon already.

One problem in getting these messages across to the employers and shareholders is that their time perspectives tend to be short term in regard to restructuring goals; while the scientific data suggests that most health problems will only become clinically evident in the longer term. This will be reflected in productivity, turn-over rates, sick leave or occupational disability rates. For the related research this indicates a need for more longitudinal studies following the “survivors” of restructuring events over periods longer than a few months. An alternative to expensive longitudinal studies could be “shortitudinal” studies using “early warning” signals for health problems (psychological and behavioural precursors of morbidity as stress symptoms) as outcomes.

Because many of the reported individual effects also translate into organisational performance changes, however, the individual responses to restructuring can be linked to organisational health in various ways. Not only long term effects on employee health but also short term reactions that deteriorate organisational performance are to be identified.

#### **2.4.1 Linking individual reactions to restructuring and organisational health**

Changes in the work environment are always a stressor and individual stress and burn-out may lead to absenteeism even in the short term. This directly affects profitability due to productivity impairment, sick pay and sometimes direct health care costs. Obviously, absenteeism may also give rise to bad performance due to understaffing as well as overburdening of the workers that have to step in for their sick colleagues. The involvement of temporary workers to set off the sick workers is often quite expensive and may not always lead to the same performance. Second, as has been noted earlier, job insecurity may lead to (unhealthy) presenteeism (Aronsson, Gustafsson, Dallner, 2000), which once again leads to bad performance.

Rates of health related absenteeism of course constitutes a direct link between individual and organisational health. Other effects more indirectly point towards the negative impact that restructuring can have on productivity. Decreases in trust and commitment affecting turnover rates and task persistence may arise from ill communication of

change. One possible reason for this may simply be differences in the restructuring phase perception of relevant organisational member groups.

### *Restructuring phases and time perspectives of actors*

A restructuring episode can be differentiated into procedural phases. This differentiation is of interest in allocating the relevant processes and effects in time. And it helps explain why even restructuring proposals that have the best intentions – for example, saving part of an organisation from being cut totally – can easily provoke irritation and opposition. This is often due to the fact that the company management and the executors of change are normally already in the executive phase of restructuring when the other employees are to be informed about the planned changes (phase 1). This phase-asynchronism bears two potential problems: a) since the executors of change already had time to adjust to the new challenges, the need of affected employees to also adjust to the changes is often neglected. Additionally b) if the planning of restructuring processes does not involve representatives of the employees from the beginning as well, this will leave them with a lack of perceived control and participation. Both these perceptions are likely to decrease the acceptance of the change processes to be announced.

As a consequence, the morale and commitment of the surviving employees might continue to deteriorate after the restructuring. On top of an impaired product quality and productivity, the turnover rate – especially among qualified employees – often increases. Additional costs might originate from increased absenteeism and sick pay. In case of layoffs, the institutional memory and innovativeness can be dramatically impaired. This can have fatal consequences – especially for knowledge intensive businesses. In the long run, facing a rebounding business cycle, lack of trained staff will require new hires and extra training efforts. The hiring of qualified staff will be dramatically hindered at a workplace that is perceived as insecure and unfriendly.

Additionally, restructuring that produces role conflict, perceptions of increased work demands, time pressure and job insecurity leads to less job satisfaction, loyalty and organisational commitment, while on the other hand turnover intentions increase (Naus, 2007; Paulsen, 2005; Probst, 2003). More specific, if employees perceive the restructuring processes to be at least in part a break of social contracts this dramatically decreases trust, loyalty, and job satisfaction (Reader & Grote, 2000).

Next to the negative effects that restructuring might have on productivity, it may also negatively influence marketing. The image of an irresponsible employer is a bad reputation for each brand and can clearly affect sales. Public debates about the human costs of cut offs can affect an organisational image negatively and therefore might result in decreasing sales (if product consumption is at least partly under public control) and in disadvantages for hiring qualified staff from the labour market (if the labour market is competitive). Also, if a whole community is significantly affected by strategic cut offs, the local climate might indirectly influence the remaining employees negatively and public engagements could also foster wider image loss.

### **2.4.2 Effects on middle managers**

Finally it is worthy of note that as well as the suffering often felt by the direct victims of restructuring, the executors of change also face an amount of distress and workload that negatively affects their well-being and performance. Therefore, increased symptoms of stress and burnout may also be found for the middle managers as they will mainly have to communicate the course of restructuring and to deal with all irritations and negative responses from the workforce.

The middle management is often ‘caught in the middle’ between their responsibilities to implement senior managers’ decisions and their responsibilities to ensure the health and well-being of their staff (DeWitt, Trevino & Mollica, 2003). Especially laying off staff who may be long-term colleagues or even friends may have detrimental effects on managers themselves (Kets de Vries & Balazs, 1997). In a qualitative study it was found that sleep disturbance was the most commonly reported health complaint (Maki, Moore, Grunberg & Greenberg, 2005). Both men and women reported a number of physical and psychological health complaints. Emotional instability was especially prone in women, and female managers in particular reported using alcohol as a coping mechanism to relax.

Being the bearer of bad news – even if one’s own job is not at risk – may also have detrimental effects. A recent study by Grunberg, Moore and Greenberg (2006) found that managers who had given warning notices were more likely to suffer from physical health problems and lack of sleep than managers who had not had to lay off staff. These effects were found to be due to increased emotional exhaustion and job insecurity. These results are interesting because they show that even if the managers themselves may not be directly at risk of losing their jobs, experiencing the fragility of their subordinates’ job security has a significant contamination effect.

### **2.4.3 Making the business case for considering health in restructuring**

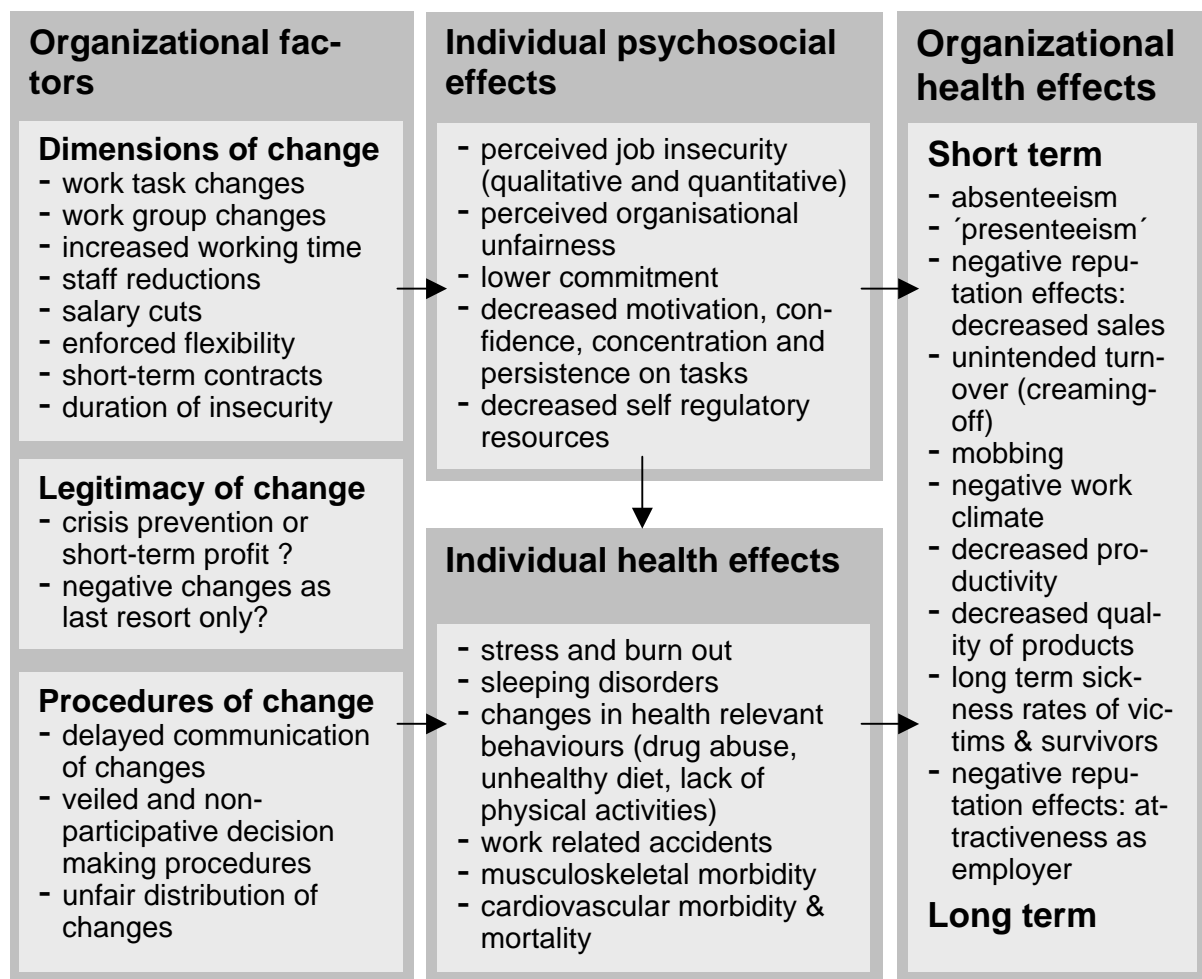
Towards making the case for a health friendly restructuring all available arguments should be collected and combined to demonstrate the positive impact and outcomes of taking into account of health during restructuring processes. The business case for a healthy restructuring process is the one place where all facts listed above in this chapter are documented and linked together into a cohesive story on:

- Why is health friendly restructuring needed (issues & opportunities, e.g. fig. 2.1 in this regard)?
- How will the effort solve the issues or opportunities facing the organization?
- What are the recommended solutions?
- How do the solutions address the issues or opportunities?
- What will happen to the business if the “making the case” effort is not undertaken (the do nothing scenario)?
- When will the solutions be deployed?

- How much money, people, and time will be needed to deliver the solution and realize the benefits?

Working out the business case forces the responsible change agents to sit back and reflect on all of the work they have so diligently completed. By documenting everything together in one story, it is easy to link the issues to the solution and the benefit, and identify where the business would be without doing it. The development of the overall business case simplifies the development of the financial justification, and will usually identify short-comings of the solution. This analysis also is useful for your leadership team to prioritise this project against the many other initiatives in the business that may require capital investment. The final important role that the business case plays is to provide a *consistent message* to many different audiences. It is a high level view of the entire restructuring and enables all organizational bodies affected by the effort (customers, management, operations, research & development, service, sales, accounting, finance, region and community etc.) to be knowledgeable about the changes.

**Figure 2.1: Restructuring risks for individual and organizational health**



Optimising the use of limited resources is one of the biggest challenges facing any decision-maker. As restructuring is mostly driven by economic reasons, economic assessment is a vital tool. It can enumerate the potential costs and value the anticipated

benefits of a proposed programme, policy or regulatory initiative, and reflect trade-offs inherent in alternatives. An integrated economic analysis of such impacts can capture the hidden costs and benefits of policy options, as well as the synergies and institutional economies of scale that may be achieved through complementary policies that support a more health oriented restructuring process. The business case provides a framework for planning and management of the business change. Organisational benefits and costs can be related to the factors mentioned in fig. 2.1. Thus, making the case implies the use of different economic tools to account the different consequences internal and external on the human resources, the organisation and the organisational environment.

### *To fix the price of restructuring*

Companies generally use various known calculations as the basis for the decision when investing in new machines or inventories. However, it is not that common to do the same when investing in restructuring even though the purpose of both investments are the same: e.g. to improve profitability and productivity. The outcome of an investment that is very much dependent on people is by many regarded as unreliable.

There is of course a relation between personnel (competence, commitment, etc) and economy (costs, profitability, etc). However, very seldom it is possible to show any direct relation between a personnel change and the effect on the economy. Often you have to make a detour by clarifying the effect of a personnel change on the work or activity by e.g. improved quality or shorter lead-times. When the relation between personnel and work/activity is clarified, then it is usually easier to find the price-tags for the activities.

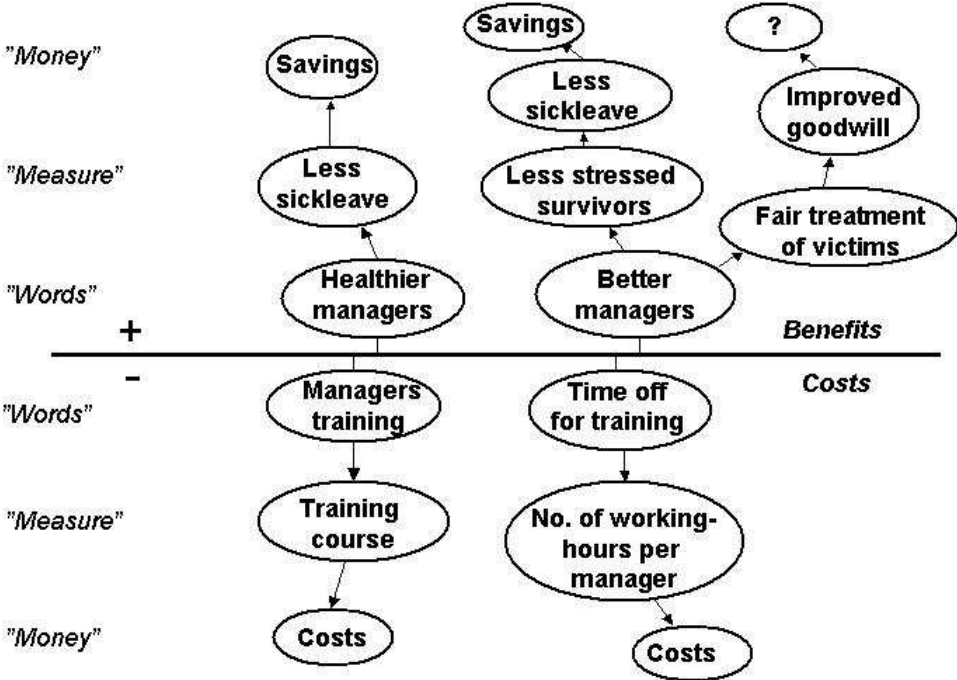
A simplified example is shown in figure 2.2. To inform people about an imminent downsizing, the management will be trained in handling personal crises. Below the line in the middle of the figure the costs or investments for the company, are shown and above the line the benefits or return. To calculate the effect of the training, you only have to describe the difference before and after the training. Everything else is unchanged.

The analysis in the figure does not claim to be complete. It only shows a structured way to tackle the analysis. You start by describing the costs and benefits in words, thereafter try to find how and what to measure, and last to calculate the costs and benefits. Of course, it is not always possible to find a price tag. But at least you will be aware of that. But, you will now have most of the information necessary to make a cost-benefit calculation.

But finding the right price tag for the health effects of restructuring is only one of the problems in making the related business case. Another important issue is the timing of considered effects especially in view of communicating the case to the different organizational bodies and other related actors.



**Figure 2.2: Simplified example on management training**



Finally it may well be that the organizational costs due to individual health effects are simply very low. Especially in companies where the human capital is limited cost benefit analyses can therefore conclude that the unhealthy restructuring is more beneficial. For such and similar reasons the legislative perspective becomes important as an approach to establish the business case for health in restructuring. The following chapter will therefore focus on European frameworks relevant in this regard.

## **3. European social frameworks and roles of social actors**

### **3.1 General policies of prevention and promotion**

#### **3.1.1 Origins and definitions**

Occupational safety and health is a cross-disciplinary area concerned with the work related safety, health and welfare of employees. As a secondary effect, it may also protect family members, employers, customers, suppliers, nearby communities, and other members of the public who are affected by the workplace environment as well.

Since 1950, the International Labour Organisation (ILO) and the World Health Organisation (WHO) have shared a common definition of occupational health. It was adopted by the Joint ILO/WHO Committee on Occupational Health in 1950 and revised in 1995: *“Occupational health should aim at: the promotion and maintenance of the highest degree of physical, mental and social well-being of workers in all occupations; the prevention amongst workers of departures from health caused by their working conditions; the protection of workers in their employment from risks resulting from factors adverse to health; the placing and maintenance of the worker in an occupational environment adapted to his physiological and psychological capabilities; and, to summarize, the adaptation of work to man and of each man to his job.”*

For the ILO, according to the international convention 155 (article 3) on Occupational Safety and Health, adopted in 1981, “the term health, in relation to work, indicates not merely the absence of disease or infirmity; it also includes the physical and mental elements affecting health which are directly related to safety and hygiene at work.”

For the European Union, safety and health at work now constitutes one of most established and most important social policy sectors. As early as 1951, the European Coal and Steel Community set about improving the safety of workers, a concern which the Treaty of Rome extended to all employed people. As a result, a substantial corpus of legislation aimed at raising standards of safety and health has developed since the late 1970s, and especially since the Single European Act was adopted in 1987.

#### **3.1.2. The framework directive of 1989**

In 1989, at the instigation of the Commission, the Council adopted a Framework Directive on the introduction of measures to encourage improvements in the safety and health of employees at the workplace. The Framework directive of 1989 and five of its individual directives lay down the principles for the introduction of measures to encourage improvements in the safety and health of workers. It also provides a framework for specific workplace environments, developed in individual directives. The directive refers to a wide definition of occupational health, in particular in its article 5: *“... a duty to ensure the safety and health of workers in every aspect related to the work”*. The goal of instilling a culture of prevention rests on the double foundation

that the minimum requirements provide a level playing field for businesses operating within the large European domestic market and provide a high degree of protection to workers, avoiding health hazards and individual health impairment and minimizing the lost income for enterprises through preventing occupational accidents and diseases. The EU legislation has had a positive influence on the national standards for occupational health and safety. At the same time, the health and safety measures at the workplace are reported to have widely contributed towards improved working conditions, boosting productivity, competitiveness and employment. The statistical evidence as well as the national reporting on achievements point to an important improvement in terms of health and safety protection.

The shift of paradigm imposed by the EU health and safety legislation – which aims to move away from a technology-driven approach for accident prevention and towards a policy of occupational safety and health that is much more focused on the person's behaviour and organisational structures – is recognized as having represented a major impact in the EU member states national systems. In transposing it, the member states had to change from prescriptive detailed legislation to objective-driven law.

One of the most important new developments of European Union health and safety legislation was the introduction of risk assessment and the systematic documentation of the results as a foundation for the establishment of a prevention program of technical and/or organisational measures to combat these risks. These tasks also include the regular supervision of the efficiency of the measures taken and the continuous improvement of the situation according to the provisions of Framework Directive 89/391. The exercise must be dynamic with the prevention programs continuously updated as long as the risk situations persist. Organisational change can be seen as a relevant risk for health of the individual. Of course, change may have multiple positive aspects, as discovering new things, new persons, developing new abilities, broadening one's career path, creating opportunities, training youth and mental suppleness. But change may also entail numerous negative facets, which are all the more effective if the person is not adequately prepared for that change. The risk management approach can in this frame only be used as a tool for minimizing the consequences of changes.

In managing a healthy restructuring process, conventional risk management procedures can be adapted to meet the requirements of managing change. Companies of all sectors have been more and more concerned with psychosocial risk management. Although they deal with risk management in a number of different ways, depending on their level of awareness, their abilities in taking on board complex issues, the dominating principle behind risk management is prevention rather than cure (Kompier et al., 1998). As with any risk management process, there are basic requirements which will have to be met in order to manage a healthy change process: values that focus on processes and the explicit willingness of all actors involved.

### **3.1.3. Occupational safety and health and decent work: new issues, new fields, new strategies at EU level**

In 2002, the Commission published a *First Strategy for Safety and Health at Work*. The report on the evaluation (SEC, 2007a/b) of the Community strategy on health and safety at work 2002-2006 concludes that this strategy has re-launched prevention policies at national level, presents coherent and convincing arguments in favour of a partnership to achieve common objectives and obliges interested parties in the field of prevention to give strategic consideration to how these objectives might be attained. It has raised public awareness for the importance of health and safety at work by presenting them as integral parts of quality management and as determining features of economic performance and competitiveness. It identifies, however, serious shortcomings regarding the most vulnerable workers, such as those on fixed-term contracts. In addition, the Commission acknowledges that more problems are being encountered when trying to apply health and safety legislation to subcontracting where each employer tends to limit preventive measures to their own directly-employed workers.

The *Community strategy 2007-2012 on health and safety at work* (COM, 2007) emphasises the connection between social and economic policies on the one hand and health policies on the other. To improve quality and productivity at work the following main guidelines are proposed:

- guarantee the proper implementation of EU legislation,
- support SMEs in the implementation of the legislation in force,
- adapt the legal framework to changes in the workplace and simplify it, particularly in view of SMEs,
- promote the development and implementation of national strategies,
- encourage changes in the behaviour of workers and encourage their employers to adopt health-focused approaches,
- finalise the methods for identifying and evaluating new potential risks,
- improve the tracking of progress,
- promote health and safety at international level.

In this Community strategy workplace health promotion and mental health at work are both mentioned as tools.

A common trend in new developments in occupational health and safety consists of the quite recent emphasis put on psychosocial risks at European level as well as at national levels. Social determinants of health – and this includes restructuring and major changes at work and during professional careers – makes occupational health not a secondary technical issue anymore but a primary one. It is not optional but compulsory.

Further on, the concept of quality of work, as included in the 2000 European Employment Strategy and now in the Health and Safety Community Communication, as well the Commission's Communication (COM, 2006) about *decent work* in 2006 aims to

go beyond ensuring minimum labour rights. They give a clear indication of how promoting decent work can be achieved. This includes promoting job creation, improved governance and social dialogue, identifying and addressing decent work deficits, better cooperation between the main stakeholders and reducing corruption. There is also a business case to improving decent work, as it contributes to improved economic performance.

The promotion of decent work has been also at the heart of the ILO's policy agenda since the year 2000: in its decent work agenda, the ILO proposes providing all men and women real opportunities to acquire decent and productive work, in conditions of freedom, equity, security and human dignity. The decent work agenda has been approved by the governments and social partners within the ILO and encompasses a number of universal strategies which are not tied to a specific developmental model. In 2004, it was incorporated into the recommendations of the World Commission on the Social Dimension of Globalisation. The decent work agenda is based on an integrated approach covering productive and freely chosen work, rights at work, social protection, the social dialogue and the inclusion of the gender dimension. It therefore encompasses the "core labour standards" which form the minimum basis of social rights established by the international community and whose implementation the Union already supports. But the decent work agenda implies more than that: it aspires not only to guarantee a minimum basis of rights but also to tailor the development of values and principles of action and governance which combine economic competitiveness with social justice.

### **3.1.4. European frameworks related to health**

Another policy area through which the health risks of restructuring can be raised by the social partners is based in the implementation processes of the 2004 *European Framework Agreement on stress*<sup>6</sup> and in the new *Framework Agreement on harassment and violence at work*.<sup>7</sup>

The emphasis placed on identifying work-related stress through an analysis of several collective factors such as work organisation and processes, working conditions and environment, communication as well as more individual factors (like emotional and social pressures, feeling unable to cope, perceived lack of support, etc.) could be very relevant when it comes to health issues related to restructuring. In terms of action to be taken, the Stress Agreement foresees actions that prevent, eliminate or reduce stress 'with the participation and collaboration of workers and/or their representatives'. These actions may include management and communication measures as well as the training of managers and workers. In 2007, however, the yearly table produced by the

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<sup>6</sup> [http://ec.europa.eu/employment\\_social/dsw/public/actRetrieveText.do?id=10402](http://ec.europa.eu/employment_social/dsw/public/actRetrieveText.do?id=10402)

<sup>7</sup> Signed in April 2007 by the European social partners,  
[http://ec.europa.eu/employment\\_social/dsw/public/actRetrieveText.do?id=8446](http://ec.europa.eu/employment_social/dsw/public/actRetrieveText.do?id=8446)

Commission summarizing ongoing social partner activities on the implementation of the Framework Agreement failed to mention best practice related to restructuring.<sup>8</sup>

In the 2007 Framework Agreement on harassment and violence at work, the general description of these phenomena could apply also in many restructuring processes. Harassment and violence are due to unacceptable behaviour by one or more individuals and can take many different forms, some of which may be more easily identified than others. The work environment can influence people's exposure to harassment and violence:

“Harassment occurs when one or more worker or manager are repeatedly and deliberately abused, threatened and/or humiliated in circumstances relating to work. Violence occurs when one or more workers or managers are assaulted in circumstances relating to work.”

Social partners in the EU need now to consider several existing soft and hard regulatory frameworks.

### **3.1.5. Corporate social responsibility**

In the past few years, awareness of the need for corporate social responsibility (CSR) in employment has become more widespread (Segal & Triomphe, 2002). Corporate social responsibility whereby organisations focus on achieving outcomes based on beneficial rather than adverse effects on pertinent corporate stakeholders should be incorporated in the restructuring process as well. Nevertheless, most restructuring processes are still far from being socially responsible. CSR framework agreements and policies therefore provide other opportunities to develop future health strategies for employees and for improvements in practices<sup>9</sup>. By focusing on multi stakeholders as well as on practices and commitments that go – voluntarily – beyond the enforcement of laws and collective agreements, CSR has the potential to reach beyond company limits (to supply chains and subcontractors) and the limits of mandatory responsibilities (in respect of the occupational health only of direct employees).

Kieselbach et al. (2004) emphasized the importance of including CSR in cases of out-placement. Using CSR practices may facilitate changes for individuals affected by restructuring. Organisations may support employment agencies and facilities to help employees obtain new employment. Therefore, CSR practices should be incorporated into the local community in connection with lay-offs.

### **3.1.6. Renewed social agenda and flexicurity**

The *Renewed Social Agenda* (COM, 2008) from 2008 aims to create more opportunities for EU citizens, improve access to quality services and demonstrate solidarity with those who are affected negatively by change. The Renewed Social Agenda understands these three goals as interrelated and of equal importance:

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<sup>8</sup> [http://ec.europa.eu/employment\\_social/dsw/public/actRetrieveText.do?id=8459](http://ec.europa.eu/employment_social/dsw/public/actRetrieveText.do?id=8459)

<sup>9</sup> See Communications on CSR of the EU Commission in 2002 and 2006  
<http://ec.europa.eu/enterprise/csr/policy.htm>

- *Creating Opportunities*: Creating opportunities means generating more and better jobs and facilitating mobility. In societies where each individual is regarded as being of equal worth, no barriers of any kind should hold people back. This means ensuring the chances for all to develop their own potential while respecting Europe's diversity and tackling both overt and indirect discrimination and fighting racism and xenophobia.
- *Providing Access*: Given the very different starting points in life, opportunity cannot be ensured without improving access for the most disadvantaged. All citizens must have access to good quality education, social protection, health care and services that can help to overcome inequalities in starting points and to enable all to enjoy longer, healthier lives. Europe's youth must be equipped to take advantage of opportunities. All Europeans should have access to education and skills development throughout their lifespan (for example, second chance schools or life-long learning) to facilitate the adjustment to change and start afresh at different points in their life.
- *Demonstrating solidarity*: Europeans share a commitment to social solidarity: between generations, regions and the wealthier and less wealthy member states. Solidarity is integral to the way European society works and how Europe engages with the rest of the world. Real equality of opportunity depends on both access and solidarity. Solidarity means action to help those who are disadvantaged – who cannot reap the benefits of an open, rapidly changing society. It means fostering social inclusion and integration, participation and dialogue and combating poverty. It means giving support to those who are exposed to temporary, transitional problems of globalisation and technological change.

Actions in each of these areas contribute to the three goals of opportunities, access and solidarity. They reflect the need for the EU to innovate and evolve – in the way it sets policy frameworks, in its legislation, in bringing people together for the exchange of best practice and in catalysing new approaches.

In its communication adopted in 2007 and called "*Towards Common Principles of Flexicurity*", the European Commission identifies nine objectives:

- progress towards a dynamic, successful knowledge economy which adapts rapidly to change while ensuring the economic security of its citizens and workers,
- a more flexible labour market combined with levels of security that address simultaneously the new needs of employers and employees,
- for companies, especially SMEs, the ability to adapt their workforce to change,
- for workers, employment security rather than job security,
- accumulation of skills: a more productive and adaptable workforce, with the right skills match, leading to increased innovation and competitiveness,
- more and better jobs,

- less segmented labour markets and fewer precarious jobs; sustained integration of marginal workers, making it easier for women, the young, migrants and older workers to find and retain jobs,
- the benefits of prosperity spread more evenly across society; more winners from processes of change, more upwards mobility, more “have-nots” transformed into “haves”,
- better management of change and new social risks; better adjustment to economic shocks, to reduce concerns related to outsourcing and relocation and reduction of income inequalities and gaps between skilled and unskilled workers,
- an easier transition to good quality jobs for redundant workers.

Despite criticism from the European Parliament, which proposed a “more balanced set of principles” – liberalisations of labour markets have not been really compensated by improvements and extension of the social security systems; flexibility and precariousness of work often correlate and have a rather negative effect on employability – the Council of the European Union adopted the “Common Principles of Flexicurity”<sup>10</sup> during its meeting held on 5<sup>th</sup> and 6<sup>th</sup> December 2007. However, looking at the concrete developments, flexicurity remains still very challenging for the EU.

### **3.2 Occupational health services: Their role in restructuring**

Occupational health (OH) services are an essential actor in creating better working conditions and supporting employees’ health. In many EU member states OH services are considered both an important work-related welfare benefit for the workers, and a cost-effective investment for companies (Westerholm & Walters, 2007). However, the European Framework directive 89/391/EEC on safety and health at work is not fully enforced and the structures, contents and tasks of OH services vary markedly between EU member countries (Hämäläinen, 2008). After 20 years, the Community strategy 2007-2012 on health and safety at work (COM 2007, 62) still stresses the importance of reducing occupational accidents and work-related ill-health and proper implementation of EU OSH legislation. In every country some sort of preventive and protective health services are organised for workers, at least for those who are in formal employment. In countries with the most comprehensive OH services the shift has been towards multidisciplinary and organisational development as well as the work place health promotion sphere (Hämäläinen, 2007).

According to the study of Westerholm and Walters (2007), in most of the 11 surveyed countries, employers are obliged by law to organise OH services for their employees. In some countries, such as Finland, France and Germany this obligation is strictly enforced. The Finnish OH services have been established as a comprehensive national system, developed over the last 30 years by the Ministry of Health and Social Affairs.

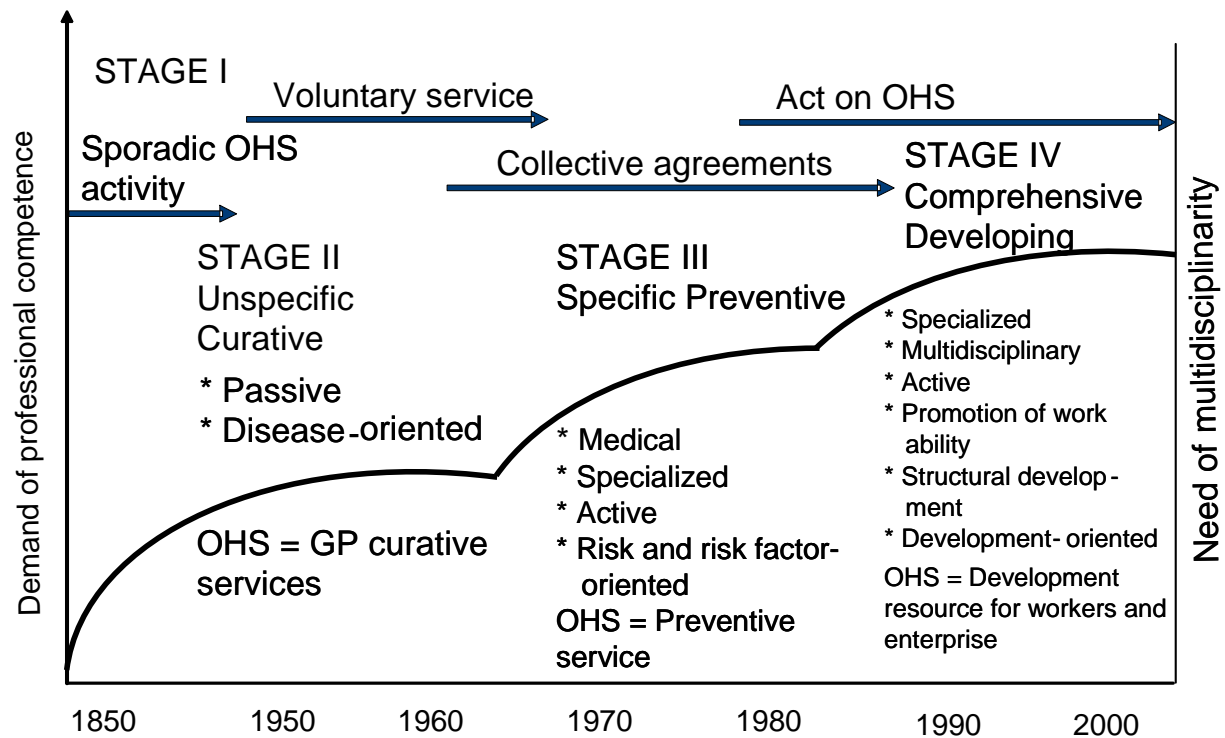
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<sup>10</sup> See draft Council resolutions adopted at:  
<http://register.consilium.europa.eu/pdf/en/07/st15/st15497.en07.pdf>



The services have significant public health motives and are understood as an integral part of the public health service functions and development (Lamberg, 2007). However, OH services have a much longer history (fig. 3.1).

**Figure 3.1: Evolution of the Finnish occupational health services**



*Source:* Rantanen, 2001

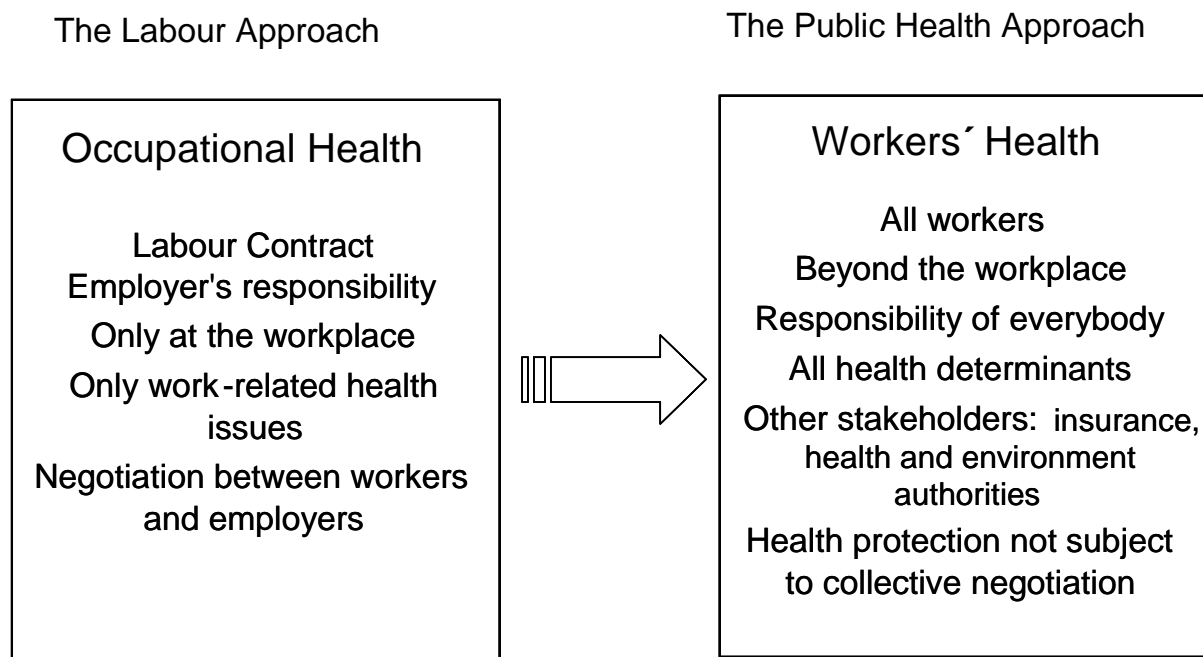
OH services is an evolving concept and benefit for workers, but the European trends of OH services reflect contextual changes, such as the impact of the internal market, competition, and commercialisation on OH services. The variation of the services concerns the approaches of OH professional organisations and roles of OH professionals despite the working life of countries exhibiting similar OH hazards profiles, trends of development, and OH professionals' competency profiles. Various contexts for OH services are created by differing national regulations, existing pressures and expectations of stakeholders, and in some countries also conditions in a health market where OH service organisations are competing for clients and customers (Westerholm & Walters, 2007). One important conclusion of the study was that the big differences in OH services between countries need close examination in comparative studies, especially in the context seeking shared policies and concerted efforts for the future development of OH service systems.

Moreover, on a national level there is scarcity of occupational health service research and scientific evaluations of OH service processes, outcomes and impact. Understanding the variations of OH service functions, roles and approaches, knowledge of contextual and cultural factors in their setting is essential. One key question and determining factor concerns the commitment of the state and its structures in governance of OH services in the interest of public health. There are state policies in this direction in sev-

eral European countries but there are also countries where OH services are regarded as producers of health market commodities (ibid.).

In its global plan of action for workers' health, the World Health Organisation (WHO) emphasises the need to promote the health of all workers instead of only those who have a labour contract. This approach is important in such restructuring situations, which lead to layoffs and risks of health impairment and marginalization.

**Figure 3.2: Workers' health – WHO's Global Plan of Action**



Source: Kim, 2008

More knowledge is necessary on an international level about commitment of the state and its structures in governance of OH services. Knowledge is also required on the roles of OH service organisations as agents of public health or commercially based organisations. Other central areas of investigation are: the professional competencies of the OH staff in meeting challenges of a changing world of work; conception of service quality; strategies for evaluation of the OH services taking into account multiplicity of stakeholders; and pitfalls and ethical challenges in having the OH services organisations commercialised dependent on market mechanisms (ibid.). However, surveillance of the OH services based on health care legislation and evaluation also follows global guidelines adopted by the International Commission on Occupational Health (ICOH, 2002).

Westerholm & Walters (2007) conclude that *“pursuit of international convergence of practices of OH services might be worthwhile. This would create a uniform basis for supporting workers' health in restructuring. Such major undertaking would be based on understanding the differences in OH services' roles and tasks in their respective legal and cultural settings and to take into account the importance of market mechanisms in countries where OH services are primarily seen as providers of health commodities in a commercial market”*.

In this report an innovative approach of the OH services is described to support employees during the closing of a paper factory (see annex 7.10). The approach is based on actions taken by the internal OH services of the company in giving direct support to the employees, training of management, supervisors and workers' representatives in acute crisis management, and comprehensive networking with local actors in the community. This was possible because the OH services had developed trust in the long run with all stakeholders in a national context where the state plays an active role in taking care of the health of the working population.

### 3.3 The role of social actors

Enterprises in most European countries are facing the same external pressures that lead to continuous turbulence and change in markets and increasing intensity of competition. There are some convincing reasons to expect such turbulence, among them – globalization of markets, commerce and financial flows; deregulation and trade liberalization; rapid technological changes; the shift from an industrial to a knowledge- and information-based economy; the threats to environmental sustainability; changing expectations and value systems. As a result, enterprises should be ready for new challenges and address them in ways to maximize economic benefits and minimize social costs (Kieselbach & Beelman, 2004; Kieselbach, Beelmann, Mader & Wagner, 2006). At the same time, enterprises are not alone in facing these challenges. What can policy makers do to tackle the restructuring challenge?

- *Legal and macroeconomic role:* Governments, in consultation with employers' associations and workers' organisations, have a very important role in defining the legal and regulatory environment for managers' decisions on whether and how to restructure. For example, one of the lessons that many Eastern European governments have learnt while pursuing economic restructuring, is that they have to modify the legal provisions to facilitate a free flow of workers between the enterprises and the regions. Another example is a government policy to support SMEs through legal and fiscal provisions that we can see in countries like Denmark or the Netherlands.
- *Creation of labour market institutions:* Case studies in the annex illustrate some of the tools that enterprises could use to minimize the negative impact of restructuring on people. However, negative employment impact cannot be avoided without an active labour market policy of the government. The government should create or further improve systems of vocational training, registration and advice services for the unemployed, etc.
- *Communication:* There is no such thing as over-communication when it comes to restructuring. The workers should know their rights, their options, and their choices. Workers should know how to get another job or new skills, or how to start a business, etc. Communication and education of this sort should be one of the most important components of the government's active labour market policy. The

government should also provide enterprises, affected by restructuring, with the guidelines focusing on what they can do to minimize the social cost of the process.

All these measures could be effective only if they are based on the solid, continuous and constructive social dialogue at all levels (see chapter 4.5).

### **3.3.1 The practitioners' viewpoint**

We are starting our considerations with the perspective of the practitioners of the HIRES expert group who were involved in several cases of restructuring on a company level and had brought in their expertise also in earlier projects like MIRE and IRENE.

The key factor in determining the use of health intervention programmes will be whether there is a business case for doing so, that means that the business case for a health intervention programme during restructuring is based on the cost benefit to the organisation. This in turn depends upon several important factors.

First of all it is important to bear in mind the context in which the restructuring takes place. Restructuring can often be the outcome of external pressures on the organisation and those same pressures may limit the resources available to the organisation or mean that it is difficult for the organisation to take a more long term perspective. Consequently the decision about whether the organisation utilises a health intervention programme may well be dependent on external pressures.

Different types of organisation are also likely to react differently, depending both on the nature and size of the organisation. It was noticeable that the best examples of organisations using health intervention programmes are related to firms that put a premium on their human capital such as telecom firms and a pharmaceutical company, where employee skills and experience were in short supply. One possible explanation is that other types of organisations which do not rely so heavily on employee expertise for their success might not see the outcome for employee health as being so important to the business, as to make a business case for health intervention during the restructuring process. Likewise smaller firms may lack the resources necessary to support a health intervention programme.

Even in organisations with significant resources to deal with restructuring there may be internal pressures on the organisation to apply those resources in a more immediate way. The resources available to the organisation for restructuring may be seen by the employer, employees and unions representing those employees as the subject of a zero sum negotiation about redundancy compensation, with little or no scope for resources to be allocated to other aspects of restructuring such as employee health. From the unions point of view there will be pressure to maximise the redundancy compensation, both because members of the union will want to optimise financial compensation where they stand to lose their jobs and because union members more generally may see it as a way of ensuring that sufficient employees volunteer to leave the organisation as to obviate or at least lessen the need for compulsory redundancy. Equally, the employer may be attracted to a quick fix solution to the immediate problem of restruc-

turing, which is likely to reduce the need for redundancy selection and on the face of it reduce the immediate negative impact of restructuring on employee morale. Essentially, understanding the health implication of restructuring may require a longer term, more strategic view of the impacts of restructuring than some employers, employees and trade unions take faced with the immediate prospect of job losses.

Additionally the risks to the organisation of not dealing with the health implications of restructuring are not consistent across EU states. While there is a European wide duty to carry out a risk assessment and the guidance given to employers by national bodies charged with health and safety responsibility generally emphasises that employees may suffer from stress as a result of restructuring; there was little or no evidence that employers were responding to the legal requirements or guidance by putting health intervention programmes in place. On the other hand the cost implications for the organisation of ill health resulting from restructuring varied according to the different national systems. In those countries where health treatment costs were picked up by the state such as the UK, most of the risks are borne by the state. This gave less incentive for the organisation to factor in the health implications when planning restructuring than those cases where there was a more direct cost.

In those countries, such as Germany, where health costs are reflected in the cost to insurance firms funded by employer and employee there appears to be a greater interest in the health impact of restructuring on employees. Put simply the closer the cost of any health impact to the employer the greater the interest in looking at the health impacts of restructuring. Although of course the relative costs are the same, it is just that in one instance they are borne by the taxpayer whilst in the other by the insurer whose premiums are in part paid by the employer. This suggests that in those EU states where the cost is born by the state, the state ought to take more interest in employers ensuring that restructuring does not adversely impact on the health of employees, if only to reduce the costs to the taxpayer.

### **3.3.2 Key factors in restructuring affecting employees' health**

There is a danger of individualisation and medicalisation of health in relation to restructuring and seeing it only as a matter of ambulatory health care. The employer organisation may end up dealing with the symptoms of stress rather than intervening in the various causes of that stress. Preventive occupational health services could be an asset for the employer and employees in interpreting the stress situation and making available options for tackling stress at the work place.

There are now a number of well understood steps that organisations can take in order to support employees through the restructuring process. These have been termed the social convoy (Kieselbach, 2006); however it is important that these are not simply seen in isolation. For example the evidence from the MIRE Project was that training for employees to ensure employee flexibility was best approached as a continuous process and not simply as a response to restructuring. Some firms, such as BT and Ericsson, take the view that restructuring has become an intrinsic part of the life of the

firm and that training employees to increase job flexibility ought to be a continuous process and not simply a reaction to individual instances of the firm restructuring.

A more holistic approach is needed, assessing the risks, identifying possible trigger points, taking action to make the restructuring as free from health risks as possible, putting in place a social convoy to ensure employees are looked after and monitoring the whole process to see that it works. One of the trigger points is likely to be the announcement that a restructuring is going to take place, as this is likely to be the period of maximum uncertainty for all employees as they try to understand the implications for them and their future employment with the organisation.

There are normally a number of competing demands on the organisation regarding the announcement of restructuring. For commercial firms this may include stock market rules designed to combat insider dealing, which require the announcement to go first to the market. From the employees' point of view, reading about a restructuring by their employer in the financial press may feel undermining of their relationship with their employer. Managing the message for employees should be an essential part of the process of restructuring. In order to maintain employee trust and confidence it is important that the employer is seen to act in as open and transparent a fashion as possible. So, for instance, if the announcement has to be made to the financial markets first, it is important that there is a process for ensuring that employees are informed at the same time. Transparency means explaining clearly and consistently why the restructuring is taking place and the likely implications for the organisation and its employees. In all probability there will be areas of ambiguity where decisions remain to be taken and it is important that organisations are open about the decisions that remain to be made.

Effective communication is a two way process and it is important that processes are established at the outset for employees to ask questions and express their views about the restructuring. This is not simply about talking to employees through cascade briefings. There is an EU wide requirement to consult employee representatives in the event of a restructuring and steps need to be taken to engage employee representatives in consultation at the earliest opportunity.

Another important factor for employees will be that restructuring is done in a fair and equitable way. There are several aspects to fairness, one is procedural justice the other is distributive justice. Any selection process for deciding which posts face redundancy should be fair and should be seen to be fair. Distributive justice perhaps raises more difficult questions. Compensation for those facing redundancy is normally calculated on a set formula which is applied to everyone in equal measure. The difficulty may be that a firm that restructures at a time when it has a healthy balance sheet with top executives receiving high levels of reward. In these circumstances, employees may feel that their contribution to the success of the organisation is being undervalued compared to the top executives. This would be especially likely when their jobs are at risk, perhaps in an effort to increase profits even further whilst top executives' pay is in-

creasing, perhaps as a result of increased profitability. If employees feel that they or their colleagues are being dealt with unfairly this is liable to cause them stress.

### **Box 3.1: Perceived justice in restructuring**

A project supported by DG Research (SOCOSE) which analysed the transition process of 125 employees in five European countries (NL, D, B, ESP, I) as well as the expectations of 125 insecurely employed persons regarding the fairness of the process of reorganisation of enterprises. The results could establish the crucial relevance of justice criteria in restructuring (Kieselbach, Bagnara, De Witte, Lemkow & Schaufeli, 2009, pp. 40-44).

Persons cope much better with changes when the underlying decisions and the processes are perceived as fair. There are three dimensions that play a role:

- *distributive justice* (when employees consider the selection criteria for dismissal as fair),
- *procedural justice* (when employees consider the procedures implemented as fair, including possible chances for participation),
- *interactional justice* (when the internal and external communication about the decision and the procedures is considered fair).

In most cases the seniority principle had been applied (on the level of *distributive justice*). Besides the protective function for older employees, this also often implied an inadequate reward for motivated, qualified employees. Even in cases when employees would vote for other criteria they were willing to accept changes that cannot be avoided if they felt fairly treated and the company was honest and open. If they were allowed to give their own input to the reorganisation and when alternative options were carefully considered respondents proved to be more positive about the decisions. But very often selection criteria were not openly communicated which added to the distrust and insecurity of the staff.

Most employees did not feel to be involved in the reorganisation process sufficiently (*procedural justice*). At the same time, the influence of the works council and the unions is perceived to be very limited. Very often they felt that their problems were mostly individualised. But there were some ambiguities as well: Although not being satisfied with the results of the redundancy selection they declined to participate actively in the decision-making process of the redundancy selection. In countries like the Netherlands where complex concepts were adapted those who were given the opportunity to exert influence over the selection criteria, alternatives for dismissal, the social plan and the personal consequences of the reorganisation were clearly more positive about their situation.

In regard to the internal and external communication most respondents required a clear, early and open communication which would have enabled them to cope better with the changes (*inter-actional justice*). The perceived lack of this visible communication led to suspicion, rumours, feeling of uncertainty, decreased work motivation. In cases where the company had communicated in a transparent and personal manner the respondents reported less complaints with regard to their health and well-being. In Italy and Spain, a complete absence of communication strategies was observed leading to a considerable decrease in commitment and personal initiative on the job, or they reacted with mobilisation and strikes. Interactional justice was central in the establishment of overall fairness.

Unclear and incomplete communication led to an overall judgement that was extremely unfavourable towards the company. Communication should be open and complete, personal and also timely, leaving sufficient occasion for re-orientation and perhaps already addressing future perspectives.

In most countries, there were considerable shortcomings in the ways management communicated with employees. This is extremely critical in cases where organisational changes include dismissals. The most severe obstacle towards the implementation of interactional justice was learning about organisational changes or downsizing through the public media instead of more personalized procedures of communication within the company (Kieselbach, 2006; Kieselbach, Beelmann & Jeske, 2006).

Feelings of unfairness and lack of trust are prone to increase employee stress, not just for those whose jobs are at risk, but also for those who will remain with the employer after the restructuring. From the point of those employees who remain with the organisation, the survivors-of-layoffs, there is the danger that stress will not only impact on their health going forward but that it will be further exacerbated by work intensification as a result of the restructuring.

### **Box 3.2.: Justice criteria of downsizing**

#### **Distributive justice**

*Needs principle* (result of statutory regulations, collective bargaining agreements, paternalist structures):

- seniority principle,
- gender specific role allocations (women as “double-income” earners).

*Efficiency-oriented criteria:*

- contribution to organizational productivity,
- job performance,
- work attitudes,
- skills and qualifications.

#### **Procedural justice**

- consistent procedures,
- executed independently of particular interests,
- on the basis of precise information,
- with the option of correcting decisions already taken,
- taking the interests of all participants into account,
- in accordance with ethical and moral standards.

#### **Interactional justice**

Which information is communicated regarding:

- particular assessment of performance,
- selection decisions relating to the workforce,
- the acceptance or rejection of proposed alternatives in connection with layoffs.

*Source:* Kieselbach, 1998b, p.197f.



### **3.3.3 Widespread neglect of health impact of restructuring**

Mass layoffs and job losses are only the tip of the iceberg of restructuring that has many more far-reaching effects on companies, work organisation, professional relationships and individual lives. Taking over top priority in many cases from the traditional issues of pay and working conditions, restructuring and employment levels have emerged as crucial elements in contemporary social dialogue. This development has led to an inversion in the postures adopted by the main players: the employers have moved from a generally defensive posture responding to union demands to a more offensive position, while the opposite can be said about the trade unions, which have become much weaker across Europe.

European experience of social dialogue on restructuring demonstrates, however, that managers, trade union representatives and public bodies take into account only employment aspects (lay-offs, redundancy arrangements, work re-allocation and relocation, etc) in these negotiations. They show a nearly total disregard of those issues, for example, that relate to one of the central pillars of health – the social relationships of each individual.

Restructuring is altering the nature and seriousness of risks to which employees are exposed. The increasing precariousness of forms of employment and of companies does not make the monitoring and understanding of health risks easy. Where workers leave a company these risks may be dispersed elsewhere in the community or locality; in some case the risks are deferred. There are also new risks generated that can be difficult to detect and acknowledge, in particular for the mental health of employees implicated in restructuring processes. Restructuring affects workers' health in particular by breaking numerous social relations they had at the workplace. Such risks may accompany the development of new forms of work organisation, for example, where there are interpersonal relations rather than man-machine relationships. Finally, the nature of contemporary risks largely tends to blur the boundaries between public health and health at work, often rendering inappropriate a more traditional occupational health and safety approach.

Where health related to restructuring issues is placed on the negotiating table it is seen at best as a secondary question. The importance of health risks, including psychosocial risks, in restructuring is only now becoming apparent. Occupational health and safety employee representatives and specialists are not used or trained in risk assessment related to these health risks or in preventive action against restructuring-linked health problems. The scope of restructuring agreements tends to be very limited when it comes to any on-going responsibilities for those who have been dismissed – or are going to be dismissed. There is rarely any health impact assessment made, and the role and responsibilities of the social partners concerned with health and restructuring are unclear. On the whole only very limited initiatives are ever taken in social dialogue on ex-employees' health.

### **3.3.4 Using international and European frameworks for Occupational Safety and Health**

The European frameworks for Occupational Safety and Health introduced at the beginning of this chapter all point towards three main principles:

- the employer's general obligation to guarantee the workers' health and safety in all work-related aspects, in particular by preventing professional risks, by keeping the work force informed and by training,
- the obligation of every worker to contribute to his own health and safety and that of others by using the work facilities correctly and respecting the safety instructions,
- the absence or limited liability for employers for things caused by abnormal, unforeseen circumstances or exceptional events.

By laying down the main principles concerning health and safety at work in the community, the framework directives are the foundation on which all other directives aiming at the improvement of the working environment to protect workers' health and safety are superimposed.

A common trend in new developments in occupational health and safety consists of the quite recent emphasis put on psychosocial risks at European level as well as at national levels. Social determinants of health – and this includes restructuring and major changes at work and during professional careers – makes occupational health not a secondary technical issue anymore but a primary one. It is not optional but compulsory. Social partners in the EU need now to consider several existing soft and hard regulatory frameworks.

The last Communication from the Commission about Community strategy 2007-2012 on health and safety at work put an emphasis on the connection between social and economic policies on the one hand and health policies on the other, which is undoubtedly necessary at the European level. Among other priorities, it calls for:

- the legal framework to be properly implemented but also adapted to changes in the workplace. Here, it reports on the practical implementation of Framework directive 89/391 and its five specific directives, and identifies serious shortcomings as regards the most vulnerable workers, such as workers on fixed-term contracts. It also spells out the changes in behaviours needed in order to adopt health-focused approaches, including the promotion of mental health at the workplace.
- the development of methods to identify and evaluate new potential risks with a new emphasis on musculoskeletal disorders, occupational health and safety management, and psychosocial issues.

In addition, the Commission acknowledges that more problems are being encountered when trying to apply health and safety legislation to subcontracting where each employer tends to limit preventive measures to their own directly-employed workers. Thus ways in which employers can work together when several levels of subcontract-

ing coexist at the same workplace are being explored as well as the need for recommendations.

However, Directive 89/391 could play a role in this area thanks to its already wide definition of occupational health. In particular Article 5 declares there is '*a duty to ensure the safety and health of workers in every aspect related to the work*', although de facto it has thus far focused on other objectives, practices and players and is limited in scope to the employer's direct responsibilities. The concept of quality of work, as included in the 2000 European Employment Strategy and now in the Health and Safety Community Communication, has been supported by indicators that go in the same direction of asserting rights to safety and health at work. Until now, though, there has not actually been a thorough review of these issues nor have these directives and indicators enabled new practices in the area to be developed.

In the past few years, awareness of the need for corporate social responsibility (CSR) in employment has become more widespread (Segal & Triomphe, 2002). Despite this, most restructuring processes are still far from being socially responsible. CSR framework agreements and policies therefore provide other opportunities to develop future health strategies for employees and for improvements in practices (COM, 2004). By focusing on multi stakeholders as well as on practices and commitments that go – voluntarily – beyond the enforcement of laws and collective agreements, CSR has the potential to reach beyond company limits (to supply chains and subcontractors) and the limits of mandatory responsibilities (in respect of the occupational health only of direct employees).

### **3.3.5 Social dialogue can smoothen the restructuring process**

The question is whether the social dialogue at a national or sectoral level or, more specifically, dialogue between management and employee representatives at local level can play a role in influencing decisions to restructure. It is clear that where employee representatives are involved in the process and the procedure works well, some difference can be made to the final outcome. This usually involves agreements on reducing the final number of job losses, allowing people to depart voluntarily and receive adequate severance packages, and helping people to update skills or gain additional competences in order to be in a better position to find alternative employment. This works best where there is a strong state support system in place. For example, trade unions in Italy were able to reduce the number of originally planned redundancies at Marconi in 2003 by almost a third, using measures such as working time reductions, voluntary departures, the state wages guarantee fund and the state "mobility" scheme. In the absence of these state support schemes, which pay benefits to workers for a set period or ease workers' transition from one job to another, it is doubtful whether the unions would have been able to reduce the number of planned redundancies by as much.

Many of the activities that take place in this area in Western Europe are the result of a long-standing relationship and interaction between the relevant parties, acting within the framework of legislation or agreements. Such practices are in theory transferable to

other countries. However, it will take time and experience to build up a relationship of trust between the actors within an organisation and to develop a network of interaction between company-level actors and other organisations, such as national-level social partners, state bodies and other relevant organisations such as national-level tripartite bodies. There has to be commitment and a certain amount of willingness to build up a relationship of trust. Experience has shown that this can be possible however – there are examples of adversarial company cultures, characterised by conflicts between the union and management, being transformed into a more cooperative relationship. Partnership arrangements can be extremely valuable in managing restructuring situations. However, reservations about this process, on the part of both management and trade unions, need to be overcome before it can be put into place.

### **Box 3.3: National examples of social dialogue**

Negotiating working time cuts as a means of preserving employment is also a popular option in many countries, particularly Germany. However, this measure is likely to be economically painful for the workforce if the cut in pay is not made up in some other way. In Germany, it has been relatively easy to do this, as a wide range of additional bonus payments, such as the very commonplace 13th-month payment, the Christmas bonus and additional holiday pay, can be divided up into 12 annual payments to make up the pay packet. It would be more difficult to achieve this if these types of bonuses were not already in place.

In France, the restructuring activities of the food multinational Danone are the most well-known. The organisation's restructuring of its biscuits division, announced in 2001, caused uproar among trade unions. Danone's final plans were much scaled down in terms of overall job losses, following consultations with employee representatives and net job losses were much smaller as a result. In Hungary, the company backtracked on its original decision to close an entire factory at Győr in the face of intense pressure from the Hungarian government. It should, however, be noted that Danone is something of an anomaly in terms of its progressive social practices and is keen to preserve its reputation as a socially responsible employer.

In countries such as Sweden, negotiations at enterprise level regularly succeed in reducing the number of planned redundancies as a trade off against allowing employers to retain staff with relatively short length of service with the company. However, it is extremely difficult and rare for social dialogue or negotiations between employers and employee representatives at enterprise level to reverse an employer decision to embark upon a cost-cutting exercise.

Although building up good working relationships between management and employee representatives or trade unions may be a long process, it is surely worth making the effort, in light of the fact that the years ahead will doubtless see many more large-scale restructuring exercises as the economies of Central and Eastern Europe and the developing countries restructure in the context of globalisation. Enabling organisations and their workforces to collaborate to ensure the best possible outcome in a restructuring situation can, as we have seen, bring significant benefits for all concerned.

An important reason for taking action to protect employee health in the restructuring process is the presence of evidence that when there have been significant initiatives, especially those based on social dialogue, the outcomes – for companies, for their employees and society as a whole – appear much better than when they are absent. Some social actors are already aware of the need during restructuring to provide support for health initiatives financially as well as organisationally: British Telecom, St Gobain and Ericsson are just three examples from three different European countries (MIRE project: Kieselbach & Jeske, 2008)<sup>11</sup>. Measures that mainly large companies have used to try to deal with the health problems linked with restructuring include:

- combining health initiatives with career counselling and other replacement of transfer offers,
- making these initiatives accessible at work and during working hours,
- assessing and monitoring risks related to restructuring processes,
- developing specific training for health and safety representatives and managers,
- involving company and external physicians,
- using in depth concepts of CSR, going largely beyond legal requirements.

Additional initiatives, whose impacts have gone beyond the boundaries of the specific company, include:

- involving people in insecure and marginal employment in health promotion as well as in health prevention,
- fostering specific practices for SMEs, especially those working as sub-contractors.

By initiating, supporting, promoting, implementing or disseminating such innovative initiatives in social dialogue at the level of the firm, the social actors have played a significant role in achieving their mostly successful outcomes. These experiences confirm that the concepts of trust and justice are highly important when making decisions and communicating these decisions to the workforce. And they demonstrate that health prevention and promotion, combining individual and social aspects, are crucial both to:

- limit health damage in restructuring, and
- facilitate the individual's ability to cope and react during personal and professional periods of transition.

These initiatives, however, remain uncommon and are mainly based on voluntary behaviours and agreements. They continue to have little influence over management processes or collective bargaining. Public bodies, like labour inspectorates (Triomphe, 2005), still mainly ignore such issues and concerns.

Last, but not least, disability policies and measures in Europe have a long history. A relationship between restructuring and disability on the one hand, and between social dialogue and disability on the other, is nothing new. In many countries restructuring

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<sup>11</sup> [www.mire-restructuring.de](http://www.mire-restructuring.de)

led people considered as less employable to be put on long-term sickness support or disability benefits. How to integrate or reintegrate disabled workers has now become part of social dialogue in many countries either at national level or at company level. Disability as a consequence of restructuring should now also be discussed by the social partners.

There are thus many reasons to act at company, sector, national and European levels to establish new voluntary and regulatory arrangements, to address health in restructuring: undoubtedly a central issue for workers and companies.

### **3.3.6 Flexibility of working time (e.g., working time accounts)**

Labour market flexibility helps companies to increase their ability to respond to changing external conditions. Different modes in which companies cope with external demand and supply dynamics include: Numerical flexibility (e.g., temporary employment contracts, overtime, part-time work and irregular working times), functional flexibility (e.g., task and job rotation), outsourcing, and wage flexibility or flexible remuneration. The policy debate on flexibility in Europe, however, is also related to shifts in employees' working time preferences. Fundamental social and cultural developments such as the de-standardisation and individualisation of life courses, dissolving gender structures of traditional family roles and increasing women's labour market participation generate a growing diversity in individual life courses and consequently a rising heterogeneity of job career transitions.

This increased diversity is not only regarded as the differences arising between groups of individuals but also as a variation across the different stages of a worker's individual life course. This creates the need to periodically rearrange time structures (Chung et al., 2007). Within such a personalised life course, workers are engaged in a permanent search to find a more suitable balance between 'work life' and 'non-work life', i.e. between work and private life. The production stop in German car production due to the financial markets crisis did not lead immediately to dismissals or reductions of salaries because these "production holidays" are compensated by the consumption of existing working time accounts and making use of approaches such as "short-time work zero" with state subsidies to the companies and workers for an extended period of time.

One immediate consequence, however, was the announcement of the prioritized dismissal of their contingent workforce, including temporary workers. In some cases this was requested by the employees' representatives who were attempting to secure the jobs of the "core" workforce at the expense of those already in a weak labour market position. The Japanese government announced, in December 2008, some positive measures designed to protect contingent workers during the crisis: they are offering financial support to companies which integrate contingent workers into their permanent workforce (FAZ, 10.12.2008).

### **Box 3.4: Flexibility options for workers and employers**

#### **Options for workers**

##### *Variation in working time*

- Flexible working hours/schedule
- Working time accounts
- Part-time (reduced/increased) working hours

##### *Leave schemes*

- Parental leave (maternity/paternity/adoption)
- Care leave (for family)
- Sabbatical/career breaks
- Educational/training leave

##### *Retirement schemes*

- Flexible retirement
- Early retirement

#### **Options for companies**

##### *Working time flexibility*

- Flexible working hours/shifts (variable hours)
- Part-time (reduced/increased) working hours
- Unusual working hours (nights, weekends)
- Overtime

##### *Temporary work*

- Fixed-term contracts
- Temporary agency work
- Other temporary contracts

##### *Retirement schemes*

- Flexible retirement
- Early retirement

### **3.3.7 Reprioritizing health issues: Towards a win-win situation?**

With growing evidence of the health risks caused by restructuring – including stress and its consequences, higher inequality and mortality rates etc – it is vital that social partners put these issues on their agendas. They will only benefit from doing so.

The positive consequences of a more far-sighted approach are numerous. For employers, it eases transitions, contributes to a better reputation, reduces absenteeism rates and has a positive effect on productivity during a difficult period. For trade unions, it improves the outcomes for their members. This can in turn contribute to an increase in membership due to an improved reputation for providing a better service. Last but not least, by lowering the costs of subsequent dependency upon public health services, improved health outcomes in restructuring can have positive effects for the State and the taxpayer generally.

Governments cannot stand aside. Restructuring and its health consequences are not only issues to be addressed at company level by social actors. They are also issues of public interest, particularly when it comes to health costs. For over 150 years, in any case, workers' occupational health and safety has been a recognised issue on which governments have expressed concern, issued regulations and taken action. The present effective outsourcing of health costs related to restructuring to the individual concerned and to the taxpaying public is not satisfactory: the burdens are overwhelmingly on the individuals and state budgets and are thus shared unequally. And this is in a context where recurrent restructuring has set in, ensuring that these costs are increasing significantly.

However, the 'outsourcing' of responsibility for the health consequences of restructuring outside of the company does not only have negative financial consequences on the public budget. This approach also puts obstacles in the path of comprehensive preventive measures that might otherwise be undertaken by the firm. If at least a part of these external health costs were internalized by the company, then in order to reduce these chargeable health expenses, firms would have a strong incentive to develop preventive measures. This would then limit damage to health associated with restructuring for both its current and former employees.

The social partners have important contributions to make reducing the health risks of restructuring. They need to ensure that the health consequences are discussed throughout the restructuring processes and that an assessment of the health impact is included at every stage. This needs emphasizing through social dialogue in the firm, sector and at national level, in monitoring and implementing corporate social responsibility and responsible restructuring codes of practices, in using European and national legislative frameworks, and in reviewing with governments the ways firms can be incentivised or regulated to implement such procedures. In all these ways by giving a higher priority to health as well as to the direct employment consequences, the social partners will contribute to enabling more meaningful, appropriate and efficient policies to be adopted in the face of restructuring.



## **4. Tools, instruments, and practices**

Following the previous chapters which have outlined how restructuring may have detrimental effects on employees' health and well-being, it is important to consider how such adverse effects may be managed and minimised. The main causes of employees' stress during restructuring are:

- anxiety about losing their jobs, lack of clarity – and anxiety connected with it – about future tasks and the skills needed to perform them,
- uncertainty as to the form of contract that will be concluded as a result of the restructuring,
- the necessity to adapt to new conditions, procedures, new organisational culture shaped as a result of the restructuring,
- in case of redundancy – the shock connected with losing one's job and the necessity to find a new one.

In this chapter, tools, instruments and practices are outlined which may facilitate a process that minimises the negative effects of restructuring on employee health and well-being. As such the chapter emphasizes the importance of perceiving restructuring as a process that must be carefully monitored and managed, i.e. it suggests how the implementation of these tools, instruments and practices may ensure socially friendly changes.

The tools, instruments and practices presented here are of use to employers, the social partners and policy makers. Although organisations may not have a separate HR department, there are a number of HR practices which are vital to ensure a healthy restructuring thus minimizing the negative impact on health. It is important to consider who may take over these responsibilities if the organisation has no HR department. HR activities take place during all phases of change (Schuler & Jackson, 2003)<sup>1</sup>. The chapter is structured around the difference levels at which tools, instruments and practices may be applied: The community and societal level, the organisational-level and activities focused on individuals.

### **4.1 Applying a systems approach to healthy changes in restructuring**

A system is a collection of parts (or subsystems) integrated to accomplish an overall goal. Complex systems, such as social systems, are comprised of numerous subsystems. These subsystems are arranged in hierarchies, and integrated to accomplish the overall goal of the overall system. Each subsystem has its own boundaries, and includes various inputs, processes, and outputs geared to accomplish an overall goal for the subsystem with ongoing feedback among these various parts. Organisations are systems in themselves but are also part of a larger system, the community, the society with its norms, rules and legislation. If one part of the system is removed or changed, the whole nature of the system is changed. Systems theory has brought a new perspective for managers to interpret patterns and events in their organisations. One of the

tools of systems analysis is systems thinking. Basically, 'systems thinking' is a way of helping a person to view the world – including its organisations – from a broad perspective that includes structures, patterns and events, rather than just those isolated events in themselves. This broad view helps one to identify the real causes of issues and know where to work to address them.

As mentioned in the introduction, restructuring can be divided into three phases: (1) First, planning to restructure, (2) second, change implementation and, finally, (3) change consolidation and evaluation (Schuler & Jackson, 2003)<sup>1</sup>. Throughout the chapter it is made clear at which phase a tool, instrument or practice may be appropriate. It should be emphasized that some are applicable throughout the whole restructuring process

### *Social friendly changes*

Restructuring generally has a negative image from a health and well-being perspective. Although organisations restructure to gain competitive advantage and sometimes to survive, it is often viewed as a threat to the business itself, to employees and to society as a whole. From the perspective of companies, downsizing and closures entail large financial costs, which are detrimental to their reputation as well as to the general employment climate. Employees may face the stark reality of job loss, often in regions where unemployment is already high. For the surrounding community too, the costs may be high. A closure or massive restructuring swells the tide of unemployment and disturbs the economic balance in the region.

## **4.2 Labour inspection**

Diversity and complexity have drastically increased among labour administrations and inspections systems across the industrialised world, especially in Europe. As the ILO said in its report on labour inspection<sup>12</sup>, *“the fundamental changes in the world of work, which are set to continue, are now well understood. These changes include fragmentation of the labour market; the rapid growth in foreign and migrant workers; the rise in deregulation and privatisation; new forms of subcontracting or outsourcing; the increase in atypical working arrangements and relationships; the increased participation of women in the labour market, with greater awareness of the need to eliminate gender discrimination in pay and working conditions and, further, the need to eliminate all forms of discrimination on grounds other than gender; the rapid and complex developments in technology; and concerns as to job insecurity and increased levels of stress at work”* (ILO, 2006). All these factors, combined with others, have had a considerable impact on the traditional concept of labour protection.

Against this background there can be no doubt as to the need for increased protection of workers. At the beginning of the third millennium, questions have been raised not so much about the need for inspection systems to be developed but about the opportu-

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<sup>12</sup> Labour inspection (2006). General Report for the International Labour Conference 95th Session, ILO, 2006

nity to reflect on a possible change of direction in terms of the role and the objectives of labour inspection, and also in terms of the distribution of expertise and responsibility concerning inspection, having regard to such factors as an increasingly diverse workforce and the need to take steps to prevent discrimination. A crucial question is being posed which covers its capacity to effectively deal with the transformations of employment, workers and enterprises, as well as the labour norm, in a context of disinterest of actors in the area of labour issues and a questioning of the role of the State and public action in general. European countries are confronted with the public regulation of labour and post-industrial work, particularly through the labour inspectorate (Triomphe, 2005). This requires specific recognition of the more complex responsibilities of the labour inspectorate, its mandate and priorities and the need to identify the scope of workers' needs.

According to European Senior Labour Inspectors Committee (SLIC)<sup>13</sup>, it involves “balancing the demands of more traditional industrial health and safety problems against the demands arising from the changing economy and the changing perception of the role of labour inspection. Acknowledging all of this implies a need for approaches that are more holistic, integrating improvements to the work environment, with methods that seek to secure “well-being at work” in its broadest sense. Such approaches have as their foundations in existing ILO conventions, in the Framework Directive and its related directives with their focus on health and safety management systems, in the objectives laid down in “Adapting to change in work and society, in the Community Strategy on health and safety at work<sup>14</sup>”.

In brief, labour inspectorates have to take change in a broader sense into account, which includes restructuring issues. However, linking restructuring and health issues is not an easy task for labour inspectorates in Europe. Most of labour inspections in the North of Europe, specialised in occupational health and safety, do not deal with restructuring issues. For those having a role in labour market issues – like in Spain, where the labour inspections provide permits for collective dismissals, like in France where labour inspections monitor social dialogue and social plans at company level – or a role to implement the overall labour legislation (Central and south of Europe) those issues are handled in separate ways, sometimes in separate units.

Among the ten core principles agreed by the SLIC in November 2004, *the developmental principles* should receive particular attention for improving worker protection. Therefore Member States are called to take action to:

- develop better understanding of the integrated, holistic approach, to encourage an open-minded culture in the labour inspectorate and make inspectors more aware of the role they can play in the promotion of well-being at work,

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<sup>13</sup> Common principles for labour inspection in relation to health and safety in the workplace, SLIC, November 2004

<sup>14</sup> EU, Communication from the Commission, Adapting to change in work and society: a new Community strategy on health and safety at work 2002–2006, Brussels, March 2003, [ec.europa.eu/employment\\_social/news/2002/mar/new\\_strategy\\_en.pdf](http://ec.europa.eu/employment_social/news/2002/mar/new_strategy_en.pdf)

- encourage the development of partnership working between the labour inspectorate and other stakeholders who can influence the well-being at work approach,
- ensure that work plans and priorities take into account the changing economy, changing patterns of employment and their influence upon health and safety issues and priorities.

With those frameworks and principles, aiming at “the effective and uniform enforcement of Community law as a precondition for improving the quality of the working environment”, labour inspection systems shall have a greater role in restructuring, making it less detrimental for workers. It may include for all inspections systems in the EU:

- stimulating companies to consider the general prevention principles before and during the restructuring process as well as the role and contribution of the internal and external prevention experts,
- fostering employers’ and employees’ representatives to wider risk assessment in order to take into account important reorganisation and restructuring processes possibly detrimental to workers’ health,
- including restructuring, beside stress, harassment and bullying in the workplace, in their new attention paid to psychological and psychosomatic aspects of the employment relationship,
- preventing discrimination amongst workers, especially when it comes to vulnerable workers, such as those employed in precarious or temporary relationships,
- developing a more strategic work plan for the labour inspection in order to be more proactive when it comes to organisational change,
- considering training in change management for the labour inspectorate, in order to complement the more traditional training in health and safety,
- reporting to social partners the outcomes of their actions.

For inspection systems dealing with labour market issues it may include:

- coordinating their monitoring on both employment, social and health issues,
- making social dialogue related to restructuring at company level more inclusive in terms of issues (health) and workers impacted (e.g., atypical employment).

In addition, national systems should also develop additional exchange networks at European level, such as the SLIC, to provide a coherent and collective response to the need for protection of growing numbers of workers who are increasingly vulnerable, in particular when it comes to restructuring.

### 4.3 Regions and territories

The regions and territories are a relevant framework to act and to think of the relation between economic changes and health, because:

- the territory is a framework within which many actors operate, including those related to health prevention and health care. Using the territory as the level of intervention fosters the mobilization of human and financial resources and supplementary actors; it allows mutual learning and development based upon experiences, by recording company or sectorial approaches to restructuring at the territorial level over a longer period of time, it is possible to put the reaction of local people into a historical context. This facilitates the territorial development of long term strategies for dealing with restructuring.

Territories may act during two crucial periods of restructuring:

- at the time of *adjustment* (crisis, delocalization, a drastic change in the productive network and in job and employment characteristics),
- at the time of *revitalization*.

If the former has not been anticipated, it requires incidental and general palliative management (maintaining level of employment and generation of income). The latter requires planning on behalf of all stakeholders involved, a commitment and a positive perspective on the future.

The territorial approach urges the actors to go beyond the perimeter of each company and to take into account the interests of the local community concerned by restructuring processes (Rodriguez & Bergère, 2008). Small companies can be considered comparatively to the large companies. Territorial interventions are developed in two ways:

- stimulation of the local labour market (change adjustment),
- development of activities (pro-active management of the change, revitalization).

Restructuring and revitalisation of territories require *integrated approaches*, which dispose of a long-term perspective and planning as prior conditions. A shared diagnostic taken with other things leads to gaining time (anticipation), ensures quality information is available and helps build trust between the stakeholders involved, even informal relationships can help facilitate positive interventions.

For example, the promotion of structural change is embedded in all policy areas of the German Land, North Rhine-Westphalia (NRW) (see annex 7.12). Comprehensive strategies have been developed to respond to change and support the restructuring process. Goals, programmes and instruments serve to support the policy areas involved, e.g. regional policy, science and technology policy, innovation policy, industrial and enterprise policy (cross-sectoral approach). Activities focus on:

- lagging regions that need to reorient their economies to preserve and/or generate jobs and diversify,

- leading sectors (and regions) that drive economic growth and technological breakthroughs, e.g. health sector.

**Box 4.1: Vocational cheques to advocate continuous professional training in SMEs**

**Services**

Provision of vocational training cheques and payment of cheques (only the service providers, e.g. educational institutions, training agencies, institutes, can cash the cheques)

*Target groups/customers*

- Employees in small and medium-sized enterprises with less than 250 employees,
- 20 cheques per enterprise and year, two cheques per employee,
- both employer and employees may apply for the cheques.

*Costs and subsidies*

50 per cent of the costs, 500 € at the most

In implementing the Lisbon strategy the Ministry of Labour, Health and Social Affairs of NRW has designed an active industrial and labour market policy (MAGS, 2008a). Targets seek to be consistent with the health at work strategy. Priority setting considers the company size, allocation of resources/funding aims to support development in SMEs (see box 4.1). Emphasis is placed on active measures for employers to (re)design healthy organisations and increase competitiveness of their enterprises such as, for example, counselling services and experiment projects and for employees to enhance their employability such as education and training (see box 4.2).

Territories are also able to *monitor and to assess* interventions in the case of restructuring and revitalisation in terms of profitability of the investments made, occupational changes, impact on income and families.

**Box 4.2: Counselling service for managing restructuring in SMEs**

**Portfolio**

- Advice on how to prepare an action plan – based on the SWOT analysis,
- Support in implementing the restructuring plan.

*Target groups/customers*

- Small and medium-sized enterprises,
- up to 49 employees: three-ten days,
- 50 and more employees: three-14 days.

*Costs and subsidies*

50 per cent of the costs, €500 EUR at the most

Last but not least, regions and territories are in many European countries responsible for *education*: territories investing in educating themselves are anticipating their future and foreseeing the management of crises and restructuring. Qualified, flexible and di-

verse populations are better prepared to minimise the impact of restructuring and to participate in revitalisation processes.

Due to their multi stakeholder approaches, regions and territories may contribute to healthier restructuring processes, as it is in the case of the Land North Rhine Westphalia (see annex 7.12). They can also foster approaches linking occupational health and safety and public health.

A specific counselling approach directed at SMEs has been developed in Sweden not at a regional but at a national level.

#### *Outplacement services for SMEs in Sweden*

TRR (Trygghetsradet) and TSL (Trygghetsfonden) are two Swedish organizations within the private sector that help redundant employees in affiliated companies to find new careers. TRR was jointly established in 1974 by the federations of Swedish Enterprise and of Salaried Employees in Industry and Services. 32.000 companies with 700.000 employees (90% white-collar workers and academics) are affiliated to TRR. Small- and medium-sized companies, SME, amount to roughly 28.000 companies. TSL started 2004 by the Federation of Swedish Enterprise and Swedish Trade Union Confederation (LO). TSL comprises more than 102.000 companies with around 900.000 blue-collar workers. The majority of the companies belongs to SME. Until 2008, 63.000 people have received help through TSL.

The services from TRR and TSL, which are paid for by the affiliated companies like an insurance policy, vary, but contain mainly the following:

- advise to the company and the managers through the transition process,
- personal advice, support and guidance to redundant people,
- financial support for skills development in some cases,
- redundancy payment under certain conditions.

Both institutions do not include temporary workers. The outcome, i.e. people getting new jobs, for TSL during 2007 was 85% (in 2008 82%). The outcome for TRR for the last couple of years is 80%.

#### **4.4 Public employment services**

In a context of accelerated transformation of productive systems and of growing requirement for the necessary skills, the role played by public and private employment services (PES) becomes increasingly crucial. However, these services are also under pressure by the speed of change and by the phenomenon of business restructuring. Consequently, there is a complex relationship between public employment services (PES) and restructuring (Rodriguez, Kirsch & Mühge, 2008). Depending on the industrial relations tradition in each country, of its legal and institutional framework, this relationship becomes increasingly active or practically non-existent. Their nature and organisation makes them reactive, becoming palliative instruments – offering profes-

sional guidance and training services in the search of new employment – rather than proactive.

- Some schemes exist whereby PES take part in the case of collective redundancies, generally by means of the Social Plan, by offering outplacement and employment transfer services.
- In other cases, the PES intervene actively, taking the initiative – like creating redeployment working units – in cooperation with the social partners. Anticipation appears here as the possibility of offering workers the chance to acquire new competences that will allow them to anticipate the crisis.
- In other cases, the relationship has been more reactive and PES intervenes later, generally financing social protection (unemployment benefit) and re-qualification costs.

It seems clear that restructuring still constitutes a threat rather than a strategy for the PES, a crisis to deal with rather than a situation to foresee. Only in a few countries are the PES experimenting with prevention measures in specific sectors or economic activities. It seems that a preventive public policy is missing to bring PES closer to encouraging the preventive management of restructuring.

In order to renew their methods, many of them emphasise the partnership approach, which allows different actors to participate in a deliberative way. Given the wide diversity of players and the complexity of the problem, co-operation between the different players is essential for public policy to be effective. Recognition of the importance of partnerships has been accompanied by recognition of the key role of both local and regional players and the social partners in the EU's employment strategy. Several European countries have decentralised their employment services with a view to making the local level more independent. This has enabled social partners and local authorities to come together in order to adapt service provision to the specific needs of the target group.

If the strategies of PES in view of restructuring have a reduced margin for movement due to their generalist position in the labour market, some of them try to reorient themselves in the following way:

- Favouring a more sectoral approach (regarding economic activity) in those PES that are not established in this way. Qualifications and markets are increasingly specialised and require more attention to detail.
- Promoting an integral activation strategy, understood as a set of factors that come together with the same objective, with an approach aimed at results and not only following an administrative logic. The role that flexicurity attributes to job-to-job transitions places PES in a position of great responsibility to guarantee the implementation of Community policies. New or re-orientated services aimed at undertaking undergoing restructuring processes may be started.
- Implementing multidisciplinary services: placing the focus on occupational transitions especially, including other available resources. That is, exploring how differ-



ent services (educational, social, health, etc.) may be combined complementarily and simultaneously to promote strong quality start-ups (utilising segmentation, profiling).

- Monitoring and learning from failure. Many cases of restructuring fail even when an agreement has been reached: psychological, sociological and productive failure, delocalisation that turns the territory into an industrial barren land, etc.
- Combining their intervention with social dialogue both at the level of the undertaking and at sectoral level. However, agreement does not always guarantee a positive outcome from the restructuring if the measures are applied after the restructuring.
- Networking must constitute a stable system of cooperation with undertakings, institutes, organisations, etc. This collaboration outline includes other administrations and governments at local or regional level, beyond the territorial power distribution in the country. Without a cooperation network, horizontal or vertical, and without specialisation, sectoral and territorial, the intervention effort is rendered less efficient.

This kind of reorientation can contribute to make restructuring processes less painful. Multidisciplinary services are obviously one of the tools bridging health and employment issues. But it has to be much more developed, as those two areas continue to mainly ignore each other.

## **4.5 Organisational level change practices**

In this section a number of tools and instruments that organisations may apply to facilitate change are described.

### **4.5.1 OSH Management systems as a supporting tool for controlled change**

After the successful introduction of the “systems” approach to management by the International Organization for Standardization (ISO) through its series on Quality Management (ISO 9000 series) and Environmental Management (14000 series) during early 1990s, there was a view that the same approach could be used for managing occupational safety and health at the *organisational* level.

ILO-OSH 2001 provides a unique international model, compatible with other management system standards and guides. It is not legally binding and not intended to replace national laws, regulations and accepted standards. It reflects ILO values such as tripartism and relevant international standards including the Occupational Safety and Health Convention, 1981 (No.155) and the Occupational Health Services Convention, 1985 (No. 161). Its application does not require certification, but neither does it exclude certification as a means of recognition of good practice if this is the wish of the country implementing the Guidelines.

The ILO Guidelines encourage the integration of OSH Management System (OHS-MS) with other management system and state that OSH should be an integral part of

business management. While integration is desirable, flexible arrangements are required depending on the size and type of operation. Ensuring good OSH performance is more important than formality of integration. As well ILO-OSH 2001 emphasises that OSH should be a line management responsibility within the organisation.

The National Policy for OSH-MS should be formulated by competent institutions in consultation with employers' and workers' organisations and should:

- promote OSH-MS as part of overall management,
- promote voluntary arrangements for systematic OSH improvement,
- avoid unnecessary bureaucracy, administration and costs,
- support labour inspectorates, safety and health and other services.

The OSH management systems in the *organisation* has five main sections which follow the internationally accepted Demming cycle of Plan-Do-Check-Act, which is the basis to the “systems” approach to management – often used as an instrument for change. These sections are namely Policy, Organising, Planning and Implementation, Evaluation and Action for Improvement Policy and contain the elements of OSH policy and worker participation. It is the basis of the OSH management system as it sets the direction for the organisation to follow.

*Organising* contains the elements of responsibility and accountability, competence and training, documentation and communication. It makes sure that the management structure is in place, as well as the necessary responsibilities allocated for delivering the OSH policy. *Planning* and *implementation* contains the elements of initial review, system planning, development and implementation, OSH objectives and hazard prevention. Through the initial review, it shows where the *organisation* stands concerning OSH, and uses this as the baseline to implement the OSH policy. *Evaluation* contains the elements of performance monitoring and measurement, investigation of work-related injuries, ill-health, diseases and incidents, audit and management review. It shows how the OSH management system functions and identifies any weaknesses that need to be addressed. It includes the very important element of auditing, which should be undertaken for each stage. Audits may be conducted by internal or third party actors, however, it is important that auditors are independent. *Action for improvement* includes the elements of preventive and corrective action and continual improvement. It implements the necessary preventive and corrective actions identified by the evaluation and audits carried out. It also emphasizes the need for continual improvement of OSH performance through the constant development of policies, systems and techniques to prevent and control work-related injuries, ill-health, diseases and incidents. OSH management systems can be used for supporting healthy change procedures.

#### **4.5.2 Risk assessment**

Risk assessment is the process of identifying hazards, evaluating the risks associated with these hazards, and determining appropriate ways to eliminate or control the risks. In practical terms, risk assessment is a thorough look at an organisation or organisa-

tional body to identify those things, situations, processes, etc. that may cause harm, particularly to people.

Risk assessments are very important as they form an integral part of a good occupational health and safety management plan. They help to:

- create awareness of hazards and risks,
- identify who may be at risk (employees, cleaners, visitors, contractors, the public, etc),
- determine if existing control measures are adequate or if more should be done,
- prevent injuries or illnesses when done at the design or planning stage, and
- prioritise hazards and control measures.

The aim of the risk assessment process is to remove a hazard or reduce the level of its risk by adding precautions or control measures, as necessary (DG Employment, 1996; Leka & Cox, 2008).

Organizational change/restructuring can be seen as a relevant risk and it should be included into the risk assessment procedure undertaken at the company level. All hazards associated with restructuring should be identified. Potential hazards refer not only to restructuring as such but also to changes in psychosocial working conditions that may be affected by restructuring, such as for example work intensification, decrease in job control, decrease of job clarity, etc. The impact of such factors on health should then be evaluated. On that basis hazards should be prioritised in order of importance.

To reduce the negative consequences of restructuring it can be shaped and designed in a decent way. Such interventions should be part of good management practices in OSH. If organisational change and restructuring is a continuous process in an enterprise, risk assessment should be integrated in the OSH management routine. If restructuring is a sudden event or a unique case for the organisation, it will be fully occupied with the management of this process. In this case it is not realistic to believe that risk assessment as an ad hoc tool will be carried out properly. For a proper use of risk assessment in the long run as an appropriate tool in preparation for organisational change and restructuring, it is recommended that risk assessments should as a routine analyze the impact on the health of the workforce.

#### **4.5.3 Strategic management as a tool to guide restructuring**

Senior managers are responsible for the quality of change processes. Strategic management is one model that may help ensure the success of a change effort (Swanson & Power, 2001; Ashkenas & Francis, 2000). To initiate a strategic planning process by the senior managers, change can be organised in a socially friendly way:

### **Box 4.3: The organisational functions of strategic planning**

Strategic planning serves a variety of purposes in organisations, including to:

- Clearly define the purpose of the organisation and to establish realistic goals and objectives consistent with that mission in a defined time frame within the organisation's capacity for implementation.
- Communicate those goals and objectives to the organisation's constituents.
- Develop a sense of ownership of the plan.
- Ensure effective use of the organisation's resources by focusing on the key priorities.
- Provide a base from which progress can be measured and establish a mechanism for informed change when needed.
- Bring together everyone's best and most reasoned efforts which brings added value in building a consensus about where an organisation is going.

Other reasons include that strategic planning:

- provides a clearer focus on the organisation, producing more efficiency and effectiveness,
- bridges staff and the board of directors,
- builds strong teams in the board and the staff,
- provides the glue that keeps the board together,
- produces great satisfaction among planners around a common vision,
- increases productivity from increased efficiency and effectiveness,
- solves major problems.

Put simply, strategic planning determines where an organisation is going over the next year or more, the means of getting there and how to evaluate its success. The focus of a strategic plan is usually on the entire organisation, while the focus of a business plan is usually on a particular product, service or program. There are a variety of perspectives, models and approaches used in strategic planning. The way that a strategic plan is developed depends on the nature of the organisation's leadership, culture of the organisation, complexity of the organisation's environment, size of the organisation, and the expertise of planners. For example, there are a variety of strategic planning models, including goals-based, issues-based, organic, scenario technique, etc. (Napier, Sidle & Sanaghan, 1998).

#### **4.5.4 Healthy change procedures**

Strategic planning is necessary, but not sufficient when making changes. A number of change procedures have been identified which may support strategic planning and OHS management and provide more detail on how to facilitate the implementation of change.

##### *Planning process*

During the planning phases, attention should be paid to:

*Awareness of norms:* Building upon the existing culture, norms and procedures ensures that changes are more easily accepted and that it is identified which norms and procedures should be kept and which should be adapted to the changed situation (Saksvik et al., 2007). In the case of mergers and acquisitions (M&A), it is especially important to examine the existing culture and the norms and values that guide organisational behaviours. An initial evaluation of organisational culture may be based on external aspects of a company's activity such as physical work environment, spatial order, work atmosphere, on learning a company's higher values which are reflected in official statements, promotional texts and the manner in which employees and customers are treated. HR may play a role in collating this information through its own network of professional contacts with the company and written sources (bulletins, reports etc.). If there are fundamental differences between organisational cultures, HR may assume the role of a "warning advisor". Such an initial evaluation of the match of organisational cultures and existing management practices should explore *main difference areas* in: Attitudes towards risk, time horizon (long-term vs. short-term), authority and control mechanism (to what degree authority is delegated to lower levels), employee share and consultation level, business driving force (external environment, e.g. customers, or internal environment – expectations of own employees as the driving force). A strategy of solving problems and a planned integration policy should be developed.

*Diversity:* Awareness of the different perceptions depending on the individual's situation, e.g. status and position makes it possible to address the concerns at various levels and as a result facilitate the buy-in and commitment of various groups (ibid.). "Venting" meetings may be an effective intervention – this presents a forum where employees can let off steam and air their concerns, anger, cynicism and distrust and use these feelings to build a future rather than focusing on looking back. Venting meetings serve three purposes: to validate the emotions of staff, to guide people through unsettling changes, to bring people together, and to establish a bond that there are common goals (Marks, 1997). In mergers and acquisitions conflicting values, norms and procedures are the strength, by combining these a stronger, more efficient culture may be built (ibid.). Nevertheless, it should be noted, that such meetings need to be guided by an experienced leader, as they also bear the risk of spreading negative emotions or even a revolt.

*Role clarification:* As roles and responsibilities change, employees are left uncertain about what to do and how to do it: open discussions of the consequences of restructuring for the individual worker reduce job insecurity (Saksvik et al., 2007). It may be necessary to return to the discussion of the roles and responsibilities as the restructuring is implemented to ensure continual adaptation to the demands of the changed environment. Also job intensification may be a threat as fewer may have to do more. The deeper the restructuring, the bigger the change of the scope of the employees' tasks is. Therefore, an employee should be treated as a newly-employed person and receive all necessary information and training. HR may, in cooperation with line managers, determine the scope of competence of individuals. It is particularly important to conduct proper negotiations with the key employees that the company wants to retain. The

fears and aspirations associated with the new organisation should be known and by referring to these aspirations, e.g. by increasing the scope of responsibility, offering higher pay, etc., employees should be encouraged to stay.

*Involvement:* Especially during the planning and the implementation phase the change literature puts great emphasis on involving employees. Involvement has been found to make use of employees' expertise of the day-to-day operations but also ensure buy-in and commitment of employees. Participation may help to optimise the fit of change to the organisational culture and context and provides a way of making use of participants' expertise of their jobs and the organisational context (LaMontagne, Keegel, Louie, Ostry, & Landsbergis, 2007). Involving employees and consulting them throughout the change process has been found to be associated with lower levels of stress, higher levels of commitment and fewer intentions to quit (Cartwright, Tytherleigh & Robertson, 2007).

*Constructive conflicts:* Conflict and resistance is a common response in times of restructuring. Openly discussing the concerns of employees and involving them in the process minimizes conflicts and addressing the pitfalls that may be identified by employees as experts in their own job (Saksvik et al., 2007).

#### *Communication strategies*

Throughout all three phases a clear, coherent communication plan is crucial. It has been found that positive appraisal of the restructuring, e.g. that a merger is of personal benefit is related to lower levels of self-reported stress, higher levels of control and commitment, physical health and less intention to quit (Cartwright, Tytherleigh &

#### **Box 4.4: Principles of effective communication**

- Information should be communicated in good time before the change so that the intensification of the feelings of uncertainty and anxiety about the future state of things is prevented and there is time for adaptation to the change.
- The information system should be coherent for all employees and stakeholders, and they should learn about the change more or less at the same time.
- The communication system should consider diversity in the experience of change and responses to it (Saksvik et al., 2007); the implication of this is the necessity to learn about this diversity through surveys and other methods, and adjustment of the message to already existing attitudes towards the change.
- All information channels should be used, with a special emphasis on face-to-face communication (Goodman & Truss, 2004).
- Communication should be two-way and not only should information from management to employees be provided but the employees should also have an opportunity to ask management questions and air their doubts.
- From the perspective of social dialogue, the extent to which employees will be involved via a participative approach will co-determine the intra-organisational quality of communication.

Robertson, 2007). Believing that a merger will be of benefit to one's organisation is also related to less feelings of stress, higher levels of well-being and commitment and less intention to quit (ibid.). In addition, receiving positive feedback and little negative feedback is related to high levels of social support whereas high levels of role conflict, role ambiguity and work overload mean that employees may not feel supported. A communication strategy should include considerations of: who will communicate information, which information is needed and via which media. To ensure communication, a comprehensive communications programme should be developed (Marks, 1997) which uses several media and anticipates the breakdowns that occur throughout a change process. HR may play an active role in developing a communication plan. A well-designed communication strategy makes it possible for employees to understand the reasons for the introduced changes and familiarize themselves with what they may expect personally. It helps to overcome uncertainty and also to overcome resistance to change and ensure employee commitment (Goodman & Truss, 2004).

#### *The role of the middle manager*

The middle manager plays a crucial role in providing this information, they are not just passing on senior management information to employees; they actively process information – such that the information relates to employees' immediate work situation – and discuss information openly with employees to ensure that the information makes sense in the employee context. They also provide information upwards, feeding back the experiences of employees. This ensures that the expertise of employees is used in the process.

Three modes of communicating information about the change process has been found to be efficient: a) An 'open door' policy where employees have access to the managers and can pop by and voice their concerns or send emails and text messages for clarification of concerning issues, b) the manager is available physically at the workplace undergoing change and walks around such that employees that would not necessarily approach the middle manager have the opportunity to do so, and c) organises meetings, both ordinary and special, formal and informal (Øyum, Kvernberg Andersen, Pettersen Buvik, Knutstad & Skarholt, 2006).

At all phases of restructuring the middle managers play a crucial role in developing organisations and implementing change decisions made at the top levels in the organisation (Guth & MacMillan, 1986) including playing a vital role in the implementation of strategic decisions and supporting employees in their work and personal development (van Dierendonck, Haynes, Borril, and Stride, 2004). It has been established that middle managers may resist implementing change for various reasons: 1) they may feel they do not have the skills to successfully implement the strategy, 2) they may feel even if they do succeed in implementing the strategy it will not have the desired effect, 3) they may perceive a conflict between the goals of the strategy and their own personal goals (Guth et al., 1986). As a result they may either not support the changes made and as a result procrastinate in communicating and implementing decisions (passive resistance) or directly sabotage and build coalitions against the decisions made (active resis-

tance). It is therefore crucial to ensure middle managers' commitment and active buy-in for restructuring. Middle managers need to be available for employees to discuss what the changes mean to them. In order to do this, managers need to be thoroughly informed about the details of restructuring but also be empowered to influence the process (Saksvik et al., 2007). As part of a comprehensive communication strategy employees need to be able to discuss changes with their immediate superior (Marks, 1997); employees know him or her and may feel comfortable openly asking questions. Middle managers may facilitate change in a number of ways (Øyrum et al., 2006):

- By *building energy*: It is a well-known phenomenon that in many organisations employees suffer from 'initiative fatigue'. The managers create energy through providing clear objectives, being clear about their management role and taking responsibility for making changes. It is important that those opposed to change do not dominate discussions but let all be heard and discuss changes within the framework of clear objectives. Involving employees in how to achieve objectives has been found to be important to ensure ownership and enthusiasm. Employees need to be moved both intellectually and emotionally and be presented with compelling arguments for why they should support organisational change. It helps employees to turn the attention to the future rather than focusing on what is lost (Marks, 1997).
- By exerting *transformational leadership competencies*: The transformational leadership style is composed of idealized influence/charisma (the leader acts as a role model and promotes desirable behaviour), inspirational motivation (the leader formulates a clear and attractive vision), intellectual stimulation (the leader encourages followers to make their own decisions and be creative and innovative) and individualized consideration (the leader acts as a coach and a mentor; Bass, 1985). It has been found such leadership behaviours are related to higher levels of acceptance of an acquisition (Nemanich & Keller, 2007). This relationship is due to middle managers' support for creative thinking. Transformational leadership is also related to higher levels of job satisfaction during acquisitions. The mechanism by which transformational leadership is related to job satisfaction is through the creation of clear goals and support for creative thinking. These above-mentioned features are all trainable and it should be considered that in this respect skills may be acquired. HR may be active in training middle managers adequately.
- By *buffering chaos*: The managers keep themselves updated about progress and how employees work with progress. They integrate work environmental issues in the process such that overall changes also address existing problems that need to be addressed. Furthermore, the middle managers may support a healthy change process through *time management*: The middle managers find time to work with the change process in addition to daily work tasks, at the same time they are open about how to prioritize amongst conflicting demands. By doing so they help create predictability in an unstable environment.
- By being *focused on people*: They should focus on how employees perceive the change process and how it may improve their working life. They are also aware of



the strengths and weaknesses of employees and are conscious about supporting employees through the change process. At the same time they also signal that trust in employees being capable of coping with change. Managers need to show empathy, that they understand the difficulties in dealing with uncertainty. This will in turn create respect for managers (Marks, 1997).

As part of the UK 'Management Standards' a framework has been developed for the management competencies required to control stress at work. These are the so-called "Management Competencies for Preventing and Reducing Stress at Work" (Yarker, Donaldson-Feilder, Lewis & Flaxman, 2007; Yarker, Lewis & Donaldson-Feilder, 2008). A total of 19 competencies have been identified, however although these map into the six management standards, no competencies were identified for the sixth standard 'change'. There is therefore still an actual need to identify which specific management competencies are required for the supervision of successful restructuring.

### *Monitoring and evaluation*

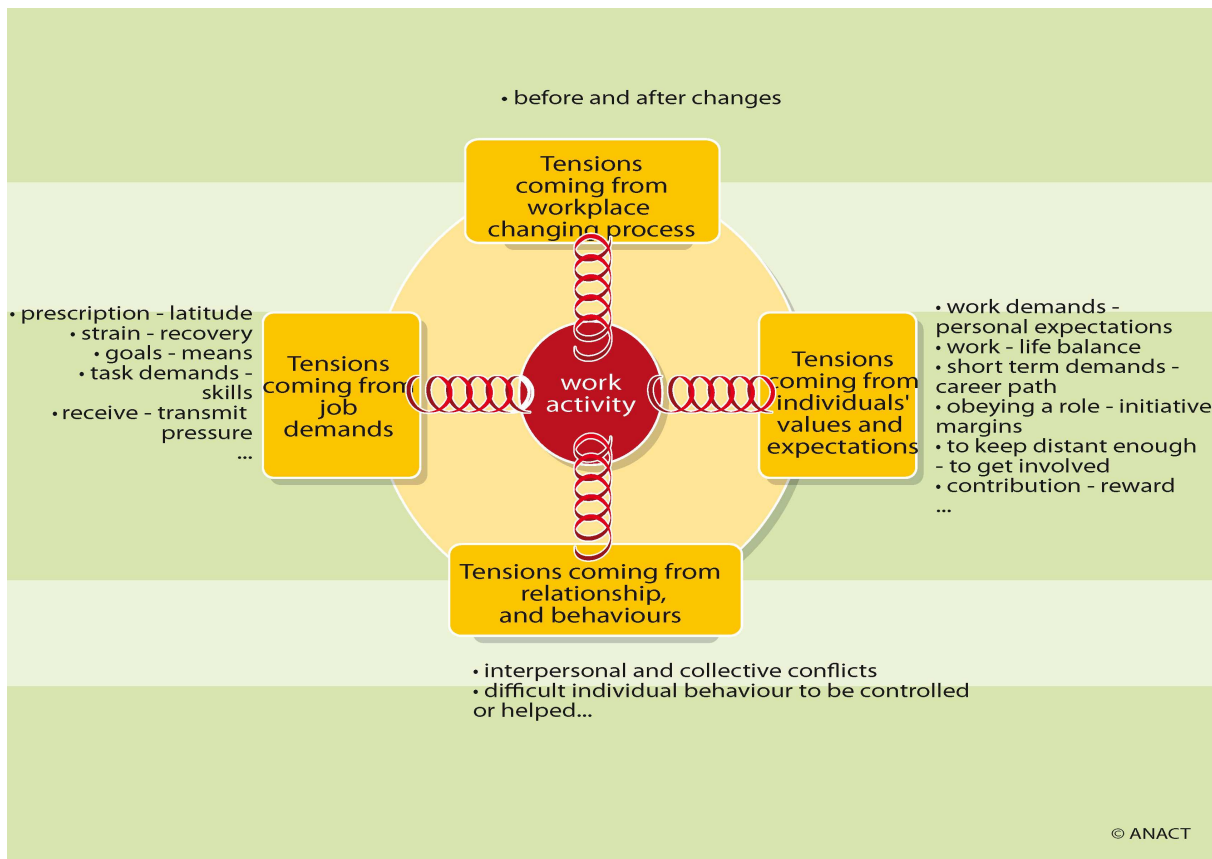
Throughout the overall restructuring process, monitoring the health and well-being of employees is of crucial importance in achieving the goals of restructuring. If employees suffer from stress and anxiety they may resist change and not work towards ensuring a smooth change. Stress measurement questionnaires, for example the Occupational Stress Indicator (Cooper, Sloan, & Williams 1988), the Copenhagen Psychosocial Questionnaire (Kristensen et al., 2005), may be used to this end. Using questionnaires for which standards for different professional groups have been established makes it possible to assess the level of stress in comparison with other respondents. These questionnaires usually make it possible not only to assess the sources of stress but also the level of psychological and physical health, and sometimes also typical methods of stress management. Level of stress may also be based on discussions in small groups, behavioural manifestations of stress such as sick-leave, turnover or productivity decrease.

The organisation's existing risk assessment tools and attitude surveys may help monitor the change process. However, it is also important to measure the change process itself – do middle managers support change, are employees involved in changes, etc.? (Randall, Nielsen & Tvedt, submitted). This allows the identification where problems may exist in the change process itself and address such problems. Interventions to address manager and employee stress during restructuring have two major objectives: 1) to minimise the downside of the transition by reducing stress experienced by employees and help them cope with its effects, and 2) ensure buy-in and commitment to restructuring (Marks, 1997). The model outlined in figure 4.1, which has been developed by ANACT provides an overview of which factors should be monitored, and if necessary, acted upon (see also 7.9). It focuses on four aspects of the working environment:

- *Job demands:* As mentioned in previous chapter, job demands have been found to be a consequence of restructuring, as fewer employees may have to do the same amount of tasks or more, and survivors may have to do new tasks.

- *Individual expectations:* The psychological contract is likely to be challenged as a result of restructuring as employees will have to perform new tasks and their perception of security change.
- *Relationships:* After restructuring, employees may have new colleagues and superiors and also the role of the managers (in cases of job redesign) may have changed. This may create tension.
- *Change:* Poorly managed change processes (e.g. in terms of poor communication and lack of involvement of employees) have detrimental effects on employees' perceptions of their working environment and may diminish trust and experiences of justice.

**Figure 4.1: ANACT model of change**



#### **Box 4.5: Monitoring employee health and well-being: STREAM (BT)**

British Telecom (BT) is one of the leading UK-based telecommunications companies. The telecommunications industry is constantly undergoing change and as a consequence BT has an explicit focus on how employee health and well-being may be protected during turbulence. The following provides an example of BT's initiatives (see annex 7.2).

In 2004, BT launched a new monitoring tool, STREAM. The tool aims to help managers and employees to identify mental health problems through a bottom-up approach. It was developed in collaboration with the union.

STREAM takes the form of an on-line assessment. In accordance with the UK Health and Safety Executive's Management Standards it focuses on: Work Demands, Control, Support, Relationships, Roles and Change and includes questions to identify depression and mental health problems. Upon completion the employee receives an emailed report giving a stress rating of red, amber or green. If employees receive a red or amber rating they will also receive feedback on how they may reduce stress levels. STREAM is able to identify a number of problems and suggestions could include childcare provision, flexible work scheduling or debt counselling. A report is also sent to the line manager. If the rating is red or amber, s/he is required to conduct a one-to-one meeting with the employee in question. In recognition that the line manager may be the problem, this meeting may also be conducted by a second line manager. The data is also anonymized and aggregated to provide a barometer of employee health and well-being across business units and the organisation as a whole. Around 15 per cent of the workforce (20,000 employees) have to date completed the STREAM tool.

#### **4.6 Reprioritising health issues in restructuring by unions**

Trade unions often find that restructuring leaves them with a dilemma. The first response by the union is generally to oppose any reorganisation that is likely to cost union members their jobs. However, this can make it difficult for the union to negotiate over the terms of the restructuring at a later stage in the process. One way of avoiding this dilemma is to have a set of agreed processes in place before any restructuring is proposed. But that may itself be difficult and may not provide a useful prescription for all eventualities. A more robust approach is for unions to give health the priority it deserves in restructuring.

There is no one way of doing this across Europe, not least because trade union structures and functions vary between countries. In those countries such as Germany where employment issues are a matter for the works council trade unions may be reluctant to intervene or they may find it difficult to do so. In other countries such as the UK, where unions generally have a right to be consulted over redundancies, health and safety may be dealt with separately by the Health and Safety Committee. Different countries will need to find appropriate solutions according to their national practices.

However, a number of general points can be made. Trade union should identify restructuring as a potential risk to employee health. There are then some general steps the union can take to protect workers:

- Encourage skills acquisition by workers through life long learning programmes and active engagement with the employer over their training policies, to ensure they develop workers at all levels and not just managers.
- Good communication is a critical part of the restructuring process. Unions should actively participate in designing a communication policy that avoids employees finding out about restructuring from the press.

Once a specific restructuring proposal has been announced trade union members will expect their union to minimise the impact on workers by ensuring that any job losses are minimised, and that compensation for job loss is maximised. The HIRES report however shows that there is another role for the union; ensuring that any restructuring takes adequate account of the health of employees. Unions may need to educate their members and representatives about the importance of this. The mechanisms for ensuring the health of workers such as the use of “social convoy” are well understood and unions should also make use of OSH advice where appropriate. The key thing is for unions to prioritise the health of workers affected by restructuring and see this as a win-win negotiation.

## **4.7 Individual level activities**

A number of activities directed towards individuals may also prove to minimize the adverse effects of restructuring on health and well-being, however, it should be noted that coping with restructuring is never the individual’s responsibility alone, organisations and the surrounding community and society should offer activities to help individuals cope with restructuring.

### **4.7.1 Workplace Health Promotion**

During all phases of restructuring Workplace Health Promotion (WHP) may help build resilient employees who deal well with change. WHP has been defined as the combined efforts of employers, employees and society to improve the health and well-being of people at work. This is achieved through a combination of:

- improving the work organisation and the working environment,
- promoting the active participation of employees in health activities,
- encouraging personal development.

Mental health is the ability we each have to feel, think and act in ways that help us to enjoy life and deal with the challenges we face. Life is a continuous confrontation with positive and negative events, with resources and support on the one hand, and with threats and challenges on the other hand. However, people can reduce the risk of emotional and physical illness by learning how to cope with adverse life events and by choosing positive health options.

#### **Box 4.6: Facilitating career transitions during downsizing: ERICSSON/Sweden**

Ericsson is a world-leading provider of telecommunication equipment and related services. During the period 2000 to 2005, major downsizing took place worldwide with reductions in staff from 40.000 to 12.000 employees in Sweden alone. Around 12.000 people received a notice to quit, and the remainder was outsourced to other companies.

In this case, some of the initiatives to ensure a downsizing process in line with the human resource policy are described (see more detailed annex 7.6 and 7.7).

A support package for laid-off staff was agreed with the unions that included the following elements:

*Career Change Program:* The aim of this program was to assist redundant people to find new employment. Each person would spend five to 12 months in the program. During this time employees were still employed by Ericsson with normal salaries. Around 9.500 employees chose this solution. By 2005 almost 80 per cent of participants had found new employment.

*Early Retirement:* employees aged above 58 and with at least six years tenure at Ericsson were offered early retirement with 70 per cent compensation of the normal salary. Around 1.500 employees chose early retirement.

*Severance Payment:* The severance payment scheme was less favourable compared to the career change program. This was due to a policy that people should be encouraged to find new jobs. Around 1.000 employees chose severance payment; many of these came from subsidiaries outside Sweden and wanted to return to their home countries.

*Ordinary Notice:* The normal notice period of one to six months applied but the employee was free from work. 100 employees chose this alternative.

*Other initiatives to support career transition were:* Training of managers and HR professionals to deal with change and return-to-work programs for those on sick leave.

Within these areas of concern, eight mental health elements for development amongst individuals have been defined: Coping, tension and stress management, self-concept and identity, self-esteem, self-development, autonomy, change and social support.

#### **Box 4.7: Workplace Health Promotion involves**

- Having an organisational commitment to improving the health of the workforce,
- providing employees with appropriate information and establishing comprehensive communication strategies,
- involving employees in decision making processes,
- developing a working culture that is based on partnership,
- organising work tasks and processes so that they contribute to, rather than damage, health,
- implementing policies and practices which enhance employee health by making the healthy choices the easy choices,
- recognising that organisations have an impact on people and that this is not always conducive to their health and well-being.

An investment in mental health promotion has the potential to facilitate change, contribute to the reorientation of the health services and to develop essential skills in health and social service providers to enable them to contribute to the health and well-being of the individuals and communities they serve.

By establishing a culture of prevention and promotion in establishments this can always be seen as an important resource which can be used positively in the frame of organisational changes.

#### **4.7.2 Work-life balance**

In times of restructuring a lack of Work-Life-Balance (WLB)<sup>15</sup> may also have an adverse effect in many respects on their employer's prospects for success. There is an increasing amount of research that provides good reasons for following strategies to improve WLB and to invest in appropriate initiatives, especially in the time of restructuring:

##### **Box 4.8: Investments in Work-life Balance**

- Increase employee satisfaction and motivation in the company,
- raise employees' levels of health and feelings of well-being,
- strengthen employee loyalty and help attract and retain high performers in the "war for talents",
- raise customer satisfaction and customer loyalty,
- improve the image and public reputation of the enterprise,
- raise productivity and business performance of the enterprise.

By promoting employees' health and providing a WLB, the overall ability of a company to compete and perform successfully in the future is increased.

WLB activities and initiatives are wide ranging and geared to achieve targets or meet the requirements of the company. They mainly fall within the scope of work-design, personnel and health policies and primarily serve to achieve work flexibility. By encouraging an optimal balance, they reduce strain and strengthen resources. Here are some examples:

- flexible working hours (e.g. flexi time, part time, time off in lieu, sabbatical),
- flexible work place (e.g. working from home or tele-working),
- flexible design of work-processes and content of work (e.g. job sharing, job rotation),
- provision of financial and social support (e.g. providing child care),
- provision of qualifications to encourage WLB and personnel development (e.g. re-integration programmes, support for women workers, management training),

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<sup>15</sup> <http://www.cipd.co.uk/subjects/health/worklifebalance>

- stress management, health circles, sport programmes,

WLB can be influenced by changes in different ways: negatively after change processes and also positively before as a resource and potential during change processes.

#### 4.7.3 HR initiatives directed at the individual level

HR may play an important role in managing the health and well-being of employees. Actions aimed at reducing the negative effects of restructuring during the restructuring process can have very different forms. Many of them are the same techniques which are used to reduce stress at work in general. The most important actions include:

- training in simple relaxation techniques such as deep breathing, neuromuscular relaxation, autogenous training,
- improving interpersonal skills, including assertiveness,
- counselling.

#### **Box 4.9: Facilitating career transition during downsizing**

The resource-building group intervention “*Towards Successful Seniority*” (Vuori et al., 2008b; see 7.13) combats the individual costs of rapidly changing work life and organisational restructuring. It aims at promoting employees’ preparedness for career management and at teaching them to develop strategies to carry out their plans and to prepare against setbacks. The implementation of group activities involves collaboration between the Human Resources Department (HR) and the occupational health service provider (OHS). The objective is to integrate the program into everyday organisational practices, where information on development plans, health and well-being can be utilized, for instance when redesigning work tasks or preparing for organisational restructuring. The intervention combines knowledge from stress prevention, promotion of engagement, and individual resiliency by using primary prevention at the individual and group level. The program is delivered by a co-trainer team of two trainers, one from OHS and one from HR. The groups, comprising ten to 15 employees and/or supervisors, assemble for four half-day sessions in the course of one week. The main skills areas are:

- identifying, communicating and developing one’s skills and abilities,
- learning from organisational changes and inoculating against possible setbacks,
- identifying and using one’s social network and solving conflicts in social relationships,
- assertiveness at work,
- stress management skills,
- commitment to work and health related plans for the near future.

The training of the trainers is provided by supervisors at the Finnish Institute of Occupational Health (FIOH). During the training in FIOH the trainers rehearse the training program, are instructed in the principles of learning and other theoretical background and receive practical advice.

*Effects.* A randomly assigned field experimental study (RCT study) on the effects of the group method has been carried out during 2006-2008 in 17 organisations, involving 722

participants and 34 groups. Most of the organisations expected either cuts in the amount of personnel or other organisational changes, e.g. mergers. The analyses of the proximal effects of the intervention show a very substantial increase in career management preparedness among the group participants compared to controls. Work life goals and intrinsic motivation to these goals increased significantly and these effects were most prominent among participants initially at risk of depression. At seven months follow-up, the analyses of data on 437 respondents show that the group intervention decreased retirement intentions, increased proactive behaviour at work, and decreased symptoms of depression among those participants who were at risk of depression at the beginning.

If there are no permanent personal counsellors in the company in particularly difficult periods, and hence during the period of restructuring, cooperation may be established with an external counselling firm. Studies have shown that counselling in this period can be very effective, since it contributes to a reduction in psychological tension in people who are highly stressed, an improvement of their self-esteem and a reduction in sickness absenteeism (Berridge, Cooper & Higley-Marchington, 1997).

### *Coaching*

Coaching is rapidly developing in employment relations (Berman & Bradt, 2006; Wright, 2005; Lowman, 2005; Stern, 2004). In contrast to counselling, which is mainly directed at providing assistance in solving personal problems of the employees, coaching primarily has the role of supporting professional development. During the periods of restructuring, *executive coaching* plays an important role. HR may organise this type of service. Various types of executive coaching can be distinguished, and they can all be significant at the time of restructuring.

These are (Berman & Bradt, 2006): *facilitative coaching*, which has the objective of helping the new leaders reinforce core leadership competencies, such as, for instance, strategic planning and team building skills; *executive consulting* is directed at the senior leaders and aims at helping them to further improve an already successful career; *restorative coaching* has the objective of helping valuable individuals overcome temporary difficulties caused by personal problems or significant changes in the organisation; *developmental coaching* has the objective of supplementing deficits in the managerial style of the leader.

When selecting the *executive coaching* service, it is important to give attention to the professional preparation of the coach. They should have the essential knowledge and expertise both in psychology and in business.

### *Assistance to laid-off employees*

HR may facilitate a fair and peaceful reduction (Cartwright & Cooper, 2000). Its fairness consists in the fact that the decision on the reductions is based on an external criterion, known and applied in a similar matter to everyone. Before a decision on reductions is taken, natural redundancy methods such as early retirement, freezing new



recruitment, persuading employees to move to other plants or departments should be considered. During reductions the HR department is responsible above all for negotiating detailed conditions of severance pays in accordance with the provisions of the labour law and for providing the employees who are being made redundant with an outplacement/replacement service.

HR may not be directly responsible for assistance to laid-off employees but may organise such assistance by choosing an appropriate external consulting company. The scope of services offered by such companies differs but contains some standard elements, like job search (writing applications, job interview techniques, networking etc.), career counselling, finding job offers and also, for severe cases, psychotherapeutic support.

A DG Research project on the evaluation of outplacement/replacement counselling by 125 employees in five European countries that had been dismissed and re-entered employment through the help of professional counselling (SOCOSE: s. Kieselbach, 2004; Kieselbach, Bagnara, De Witte, Lemkow & Schaufeli, 2009) comes to the following conclusions: The general assessment of interventions in each participating country was very positive, in some cases in regard to the content of the counselling, in other cases in regard to the offer of active social plans from a broader perspective.

#### **Box 4.10: Traditional components of outplacement**

The most common components are:

- introductory sessions, introducing the counsellors and the programme,
- group counselling, enabling exchange on application techniques, curricula vitae and labour market prospects,
- individual counselling, establishing individual profiles and exploring strengths and weaknesses,
- practical training of job search behaviour.

The elements most often valued positively are:

- the systematic approach, which means the integration of different elements in the counselling process like psychological support, purposeful training schemes and specific career development,
- the mixture of individual and group counselling,
- psychological support,
- acquisition of skills and knowledge,
- a period in which one does not have to become active in job search right away.

The experience in different European countries varied from the North to the South: The Spanish situation and that in The Netherlands are two extremes in regard to occupational transitions: In Spain the labour market problems are still solved by financial means and unemployment is primarily regarded as an individual problem, while in The Netherlands social plans regularly include outplacement counselling as a standard approach.

There is group outplacement, which is usually aimed at lower and middle level employees, and individual outplacement traditionally aimed at management. But these boundaries have been blurred during the last decade in many countries. In a situation where the local labour market is not ready to take big layoffs, so-called offset outplacement is recommended, that is investment in the development of local market by encouraging potential investors to create new jobs. Such actions require cooperation with local authorities and longer preparations but are often the most effective method of deploying laid-off workers.

Preparations for outplacement activities should start before the planned issuing of a notice. Although meetings with a consultant may be conducted later, a clear and lucid information that such meetings are planned, together with their place and time, should be announced by the HR department at the moment of providing the notice.

#### *Labour market integrative health promotion for unemployed*

A rather innovative concept for the promotion of health of dismissed workers, helping them into re-employment, has been developed by the German company-related health insurances (BV-BKK). It was successfully applied by BKK, regional authorities in North Rhine Westphalia (NRW) and the ESF (Bellwinkel, 2007, 2009; Elkeles & Kirschner, 2009). The intervention aimed at dismissed persons participating in different settings considered to be appropriate access to the target group: transfer companies, and institutions responsible for training or for re-qualification. It consists of two additional modules of individual health counselling and health prevention. The health counselling aims at raising awareness and tries to motivate them to participate in a specific health-related offer of health insurance. The second module, a health prevention course, addresses a multimodal stress inoculation approach with the aim to strengthen the health-related self management of the unemployed participants. An evaluation of this model project revealed very promising results (Kirschner, 2007). The participants showed higher health awareness, improved their nutrition, practiced more physical exercises in the form of sporting activities, experienced less stress from unemployment and viewed their employability in the labour market much more positively.

As a consequence of the positive results the intervention was implemented into the regular routines of the different stakeholders like Public Employment Services and health insurances in NRW (Bellwinkel, 2009, BKK 2009). Thus a close link between labour market actors and the health system was developed, creating constructive synergies regarding the health promotion of unemployed.

#### *Role of self support*

Transitions and employees' health are not eased by a one-sided focus on the victimisation of those affected by restructuring; being solely considered as victims does not sufficiently stimulate them to take responsibility and to seize opportunities for their own occupational future. Although employees affected by restructuring are victims as well they should primarily be regarded as active individuals who are able to take responsi-

bility for themselves and their future. When it comes to social dialogue, employees do not always have the chance to accompany processes of restructuring-related collective bargaining by discussing their provisional results and to influence the arrangements of social measures and restructuring-related labour market instruments. As a result, employees – although they are concerned by restructuring – delegate responsibility for their individual future totally to their collective representatives.

Therefore employees' self-support has a role and contributes to empower them. This role could be played in different ways:

- active involvement in collective actions related to their future, in particular in designing social measures and future professional projects,
- setting up groups of employees in transitions, like in Austrian work foundations,
- organisations of specific associations of “victims” of restructuring like in France (more than 100 local associations of this type have been registered, Paccou, 2002) or Germany which make them not only victims but also actors.

Thus an important task of employment and health services – and, more generally, of social measures and services – is to empower individuals affected by restructuring in order to avoid the risk of social exclusion and associated detrimental health effects.

#### **4.8 Core principles of change management**

To really understand organisational change and begin guiding successful change efforts, the change agent should have at least a broad understanding of the context of the change effort. This includes understanding the basic systems and structures in organisations, including their typical terms and roles. This requirement applies to the understanding of leadership and management of the organisations, as well.

The biggest mistakes in managing change<sup>16</sup>:

- Not understanding the importance of people. The human dimension, not strategy, was responsible for the failure of 60-75 per cent of all restructuring.
- Not appreciating that people throughout the organisation have different reactions to change.

There are five factors that determine which individuals deal successfully with change:

1. *Confidence*. Confident people are self-motivated, have high self-esteem, and are willing to take risks. Quite simply, they know how good they are.

2. *Challenge*. With any change, the danger of possible reversals coexists with incredible opportunities for personal and professional success. Leaders need employees to be excited by the opportunities in change. When change-adept people are asked for verbal images they associate with change, they acknowledge the stress, uncertainty, pressure, and disruption, but they also emphasize the benefits – the opportunity, growth, adventure, excitement and challenge.

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<sup>16</sup> [http://www.winstonbrill.com/bril001/html/article\\_index/articles/501-550/article506\\_body.html](http://www.winstonbrill.com/bril001/html/article_index/articles/501-550/article506_body.html)

3. *Coping*. Some people are naturally more flexible and better at coping with, and adapting to, a complex, fast-paced reality than others. These individuals take charge of change by accepting responsibility and assuming control. To be successful in chaotic times, it is key to open up and learn how to roll with it. In organisations, strategies will be planned, announced, implemented, and then – right in the middle of execution – they will all too often have to be altered or aborted because of external changes. What managers need from employees is the ability to commit to a course of action and, at the same time, to stay flexible enough to quickly alter behaviour and attitude.

4. *Counterbalance*. Those who are most resilient not only have a job – they have a life. Change-adept individuals compensate for the demands and pressures of business by developing counterbalancing activities in other areas of their lives. They engage in exercise programs and healthy eating habits, they cultivate interests outside of business – sports, hobbies, art, music, etc. – which are personally fulfilling, and they have sources of emotional support. Because employees with counterbalance have a life that includes both work and recreation, they handle stress better and are more effective on the job.

5. *Creativity*. They are the employees who are constantly seeking ways to improve products, services, or themselves. Typically, they question rules and regulations, and contribute ideas beyond the limits of their job descriptions – to other functions, to other departments, and to the organisation as a whole. These creative employees solicit diverse opinions that generate new thoughts, and they value any business experience that exposes them to new knowledge and skills.

## **5. Lessons from innovative approaches in restructuring and policy recommendations**

The HIRES group has examined and discussed a wide range of experience from different countries and from related European projects (DG Research, DG SANCO, ESF, DG Employment) in which the members of this group have been involved over the last decade. In addition to this established expertise, the HIRES group also analysed empirical evidence on the health impact of organisational restructuring, including examples of restructuring where the organisation has taken steps to limit the adverse health effects. Finally, external experts from company and regional levels were invited to give presentations in a series of workshops in 2008, further enhancing the expertise of the group.

The evidence examined by the HIRES group demonstrates categorically that the process of restructuring can have a significant detrimental effect on the health of employees who are affected, including the so called survivors of restructuring. It is also clear that there are steps that can be taken by employers and other social actors to help mitigate the negative effects of restructuring on the health of employees and be of benefit to those employees, the employer and wider society.

Among the strategies for dealing with economic challenges used by large private companies, SMEs and public institutions are various forms of organisational restructuring. Reviewing all the different case studies, that have been analysed and discussed in the HIRES project, it is evident that restructuring is not a specific phenomenon; it can be anything between a continuous process and a reflex to a crisis. Thus, the HIRES case studies are only a limited collection of the restructuring variety prevalent in Europe. They were all selected, however, because they accentuate the importance of health as one of the critical factors to a successful adjustment.

The tools, instruments and practices, as well as the considerations regarding the roles of social actors and OSH institutions presented in the HIRES Final Report are of use to: employers, other social partners, and policy makers on a European, national and regional level. Our plea for a re-prioritization of health in restructuring may contribute to the reinternalisation of the health costs involved into the debate on restructuring vis-à-vis the challenges of globalised competition. The present financial markets crisis, the effects of which on the real economy can, at present, be only roughly estimated on a very preliminary and vague basis, will reinforce the necessity to carefully monitor and manage the process of restructuring by using and applying tools, instruments and practices that may help ensure less socially damaging changes.

A new debate should be initiated to determine to what extent ill health linked to restructuring processes should be recognised as occupational illnesses, with the consequence that the social actors should reinternalise not only prevention and monitoring but also curative treatments.

## 5.1 Concrete lessons from the case studies

The innovative aspects and specific lessons learned from the selected cases in regard to health prevention are presented here (see annex 7.1-7.13).

*Socially sensitive restructuring is a first step to secure individual health during restructuring:* The ILO cases clearly show that focusing on the related employees interests as well as the intended economic benefits, will smooth the restructuring process for workers and companies. Thus, individual and economic well-being can already be positively influenced even without considering specific instruments of health prevention during the restructuring.

*“Healthier restructuring” needs conscious stakeholders, especially shareholders and leaders:* Economic effects of restructuring are generated through its effects on the workforce and only a healthy workforce will be productive in the future. This is a key lesson we need to alert shareholders, stakeholders and organisational leaders to, as their priorities will mainly drive the setup of restructurings. Such phenomena can be seen in the ANACT (see 7.9) and the AstraZeneca cases (see 7.3). Some exemplary arguments that could be used stem from the EDF Energy case study report (7.4): After extensive support to employees’ well-being during restructuring, the net effect of these efforts was an improved productivity in follow up. This was generated through increases in employee commitment and decreases in work- and non work-related illnesses and accidents, which led to decreased absenteeism.

*Organisational change is always a potential stress factor:* Redundancies are often integral to restructuring. At least that is a common public perception. Therefore one of the main stressors for employees facing restructuring is perceived job insecurity. Besides job insecurity, other sources of stress can be identified as well. The cases from ANACT, BGF (7.5) and EDF Energy, for example, also differentiate tensions due to increased job demands (need for new qualifications and/or increased work load) and conflicts with individual expectations (such as career paths, work roles).

*Employees’ stress levels as early warning signs indicate the need for health specific prevention efforts:* The case study from AstraZeneca brings a strong argument for the permanent monitoring of employees’ job insecurity. Without available longitudinal data to check for changes due to organisational restructuring, national benchmarks should be used for comparison. Specific aspects of the measurable continuum between mental well-being and stress can be derived from the EDF Energy case study. Additionally, a specific tool for the monitoring of early phases of ill health is introduced in the BT case study (7.2). Their barometer of mental well-being (STREAM) might also be transferable to other settings. The survey and controlling system introduced in the BGF case also puts special emphasis on another aspect: the organisational and individual resources (e.g. participation and climate). Such a resource oriented approach can indicate efficient starting points for interventions.

*Health monitoring and prevention need to be coordinated on the basis of most concrete protocols within an overall scheme:* Monitoring the various stress indicators, the

provision of health prevention services and indicated health care actions are complex issues to organise. An overall scheme that maps relevant situations, actors, responsibilities (see ANACT or FIOH, 7.13) and binding goals (see Ericsson, 7.6) can and should be developed, as should concrete protocols for specific actions. The Ericsson case study clearly indicates such protocols also assist “learning by doing” when available experience is limited and the evaluation of mistakes becomes one main source of development.

*“Healthier restructuring” needs a proactive health policy:* One of the main arguments for early warning signals is that they enable primary prevention actions before rehabilitation demands increase. Thus restructuring related illness incidences can be limited among employees and so the related absenteeism and additional health care costs. Many case studies clearly speak for an organisational health policy that not only includes actions specific for times of restructuring but also permanent practices as, for example, proactive resilience enhancement programs or advanced training programs to secure employability (e.g., 7.4 and 7.10). The Ericsson case study in particular points out the importance of intensifying such efforts on groups that have been identified to be at special risk (7.6). One criterion – highlighted by the Voikkaa case study (7.10) – could be to especially care for employees at a high risk of dismissal.

*A proactive health policy needs collaborative health management within the organisation:* Permanent monitoring and the application of early prevention measures first of all needs the involvement of the line managers, as they are often the first contact for employees (see BT). Especially during a phase of restructuring, however, line managers need to be prepared for the specific (health) problems that might occur during such periods. The HSE management standards might be one possible basis for preparative actions in this regard (see EDF Energy, 7.4). The Voikkaa case study puts another focus on the OH safety personnel, as their stress level during times of restructuring will also be increased. A well prepared division of labour in such phases can be one measure to limit this problem. Moreover, the incorporation and distribution of permanent advanced training programs clearly speaks for the integration of health care as an issue for the HR managers as well (see Ericsson, 7.6).

*External collaborations can be indicated to guarantee a proactive health policy:* Smaller organisations in particular often lack the capabilities to install proactive health monitoring and preventive actions on a permanent basis. For SMEs, the collaboration within networks or with professional health care providers via consultancies, insurance companies or regional governments can be crucial (ASP (7.8), cascade networks (7.11), Ericsson (7.6/7.7), North Rhine-Westphalia (7.12) & Voikkaa (7.10). External experts can provide services on demand of the organisational management; they might also be a confidential contact for employees. But local administrations or contractor organisations are also to a great extent able to influence the incorporation and realisation of health care standards in SMEs with setting policies and supporting good practice (see cascade networks, 7.11). In networks of shared production especially, brand

specific traditions and health and safety standards can be conveyed under the heading and for the benefit of a common brand.

*Organisational restructuring and related health effects can have major impacts also on the community level:* Individual crises often affect families or other closely related persons in addition. In the context of a massive accumulation of such crises community health as a whole is at stake. Thus, especially when the organisation undergoing restructuring is one of the central employers within a region, inner-organisational dynamics and effects will also strongly influence the community (see Voikkaa). This again advocates for a close collaboration with local administrations and also public services. Especially flexible solutions from the Public Employment Service might be indicated.

## **5.2. Policy recommendations**

The HIRES group has derived a set of 12 recommendations for a future European Framework for the development of healthier ways of enterprise restructuring: these were derived from an analysis of the case studies, their own experience and that of external experts. Thus, we want to enlarge the predominant narrow concept of health in restructuring that limits itself to the economic dimension of organisational change. We attempt to draw attention to the outcome of a counterproductive neglect of long-term effects on the health of individuals and the economic performance of companies and societies as a whole.

The HIRES recommendations on the level of the EU, even though they are based on comprehensive material and broad knowledge, have to be brought down to the national, regional and company level in order to refine the relevant issues. It will therefore be the main task of the follow-up project of HIRES, which has already found the support of DG Employment – HIRES PLUS – to contextualise our results in the light of concrete experience and backgrounds of 13 countries. This time we will include experiences from a wider range of countries from Western and Eastern Europe. By translating our expertise to the different national levels, to different stakeholders and actors, as well as OSH institutions, a process of dissemination and consultation can take place that has the potential to enrich the HIRES concept and to increase awareness of these issues in more member states of the EU.

### **1. Monitoring and evaluation**

*There is an urgent need for more contextualized empirical data on the health effects of restructuring. In order to get a comprehensive view of the extent of the problems in the EU member states, as well as to investigate causal pathways through which restructuring efforts affect health, the well-being of those undergoing restructuring must be monitored and evaluated at EU, national, regional and company level.*



A concise European restructuring monitor is needed measuring the health of employees before, during and after all kinds of organisational change, including crisis restructuring but also permanent restructuring efforts in companies (e.g., just in time management, job rotation, and flexible work arrangements). Such a European restructuring monitor will generate more contextualized empirical data, for instance on the prevalence and types of restructuring in different countries and different regions. A longitudinal design is needed in order to allow for mediator and moderator testing and to investigate causal pathways through which restructuring efforts may affect the health of employees. These statistics will enable countries and professional bodies to get a realistic overview of where health problems occur. As such the restructuring monitor will inform restructuring agents. It would be desirable to get similar statistics across all member states of the EU.

The European Survey on Enterprises and on New and Emerging Risks – Psychosocial Risks (ESENER-PR) provides an example of how health in restructuring may be monitored at the European level. The survey will be launched in 2009 by the European Agency for Safety and Health at Work (OSHA) and explores the awareness of and practices employed to deal with new and emerging psychosocial risks, both from the manager and employee perspective, and in 31 countries (EU-27 and Norway, Switzerland, Croatia, and Turkey).

Monitoring activities should also be based on the collection and analysis of data from national data sources. Governmental structures should install permanent health impact monitoring. At the national level, several countries have existing surveys monitoring the health and safety of a representative sample of workers. Questions on restructuring should now be included in the surveys. Some national surveys already encompass such a strategy, e.g., the Netherlands and Germany, and to a lesser extent, Denmark. These surveys can – in combination with register data on sickness absence, hospital registers and benefits (e.g., early retirement) – provide valuable information on the effects of restructuring on the health and safety of workers. With regard to monitoring health in restructuring, we strongly recommend a closer collaboration between occupational and public health systems on a regional and national level.

The existing EU requirements (Directive 89/391/EEC) state the employer's duty "to ensure the safety and health of workers in every aspect related to the work". This includes an assessment of the risks to the safety and health of workers and taking the necessary preventive measures to ensure their well-being. As such, the health impact assessment of restructuring can be integrated into the existing risk assessment strategies undertaken at the company level. Besides the risk assessment of worker health and safety, the change processes themselves in companies should be monitored through methods that focus on the procedures, in terms of communication flow, manager support, employee participation and readiness for change. Risk assessment should be undertaken before, during and after restructuring to minimise the potential adverse effects of restructuring on employee health and safety and be followed up by action plans to address issues raised by risk assessment. It is vital that initiatives to address

problematic issues during restructuring are evaluated in order to address their effectiveness and consequently to suggest adjustments. At this level, monitoring and evaluation should adopt a pragmatic approach and be part of the companies' daily practices.

## **2. Direct victims of downsizing: The dismissed**

*The loss of employment in the context of societies centred around work has to be considered as a fundamental stressor that is associated with serious risks of health impairment and of social exclusion. Therefore a central concern of the HIREs recommendations must focus on the maintenance of psychosocial health or on limiting the adverse health impact of those who are going to be dismissed as a consequence of restructuring.*

The adaptation of the economy to globalised competition often exceeds the personal resources for coping with change. Therefore it cannot be considered as an individual issue primarily; instead this process must be accompanied by concepts like a “social convoy” in occupational transitions (e.g., in the form of outplacement/replacement counselling) that demonstrate social responsibility for restructuring on different levels of society (the European, national, company and regional institutions). The current crisis will require more efforts to protect the health of individuals in order to avoid an “epidemiological catastrophe” (WHO).

The EU level can contribute by delivering models of proven good practices from countries that have gathered significant experience in supporting workers in the period of job loss and re-entry into employment. A promising preventive approach is to prepare individuals better with the prerequisites to adapt to changing labour markets by improving their employability (in the sense of interactive employability between personal and institutional characteristics) and by strengthening their coping resources to better adapt to changed job requirements.

The health effects of restructuring should be an integrated part of the risk assessment that has to precede any company plan to restructure on a larger scale. In case of unavoidable dismissals these plans should comprise immediate offers of help (from within and outside the company) and should include the public health institutions of the region from the beginning.

The procedures applied in restructuring must be conceived in a way that they can be considered as fair and transparent by employees and their representatives, even if the decision to dismiss is resented by the affected workers. The selection procedures, the internal communication and interaction in regard to the restructuring plan and the extent to which the company will offer concrete help all play a crucial role in regard to the personal experience of justice. Hence, these experiences can all ease the impact on an individual's psychosocial health.

Intervention schemes helping dismissed workers will centrally focus on the rapid re-entry to work. These schemes will only be helpful if they are coupled with attendance of comprehensive qualification schemes. The increase of qualification and competencies can only be a buffer and should not lead to maladaptive “qualification schemes careers”. To avoid the hysteresis effect of long-term unemployment and to maintain the health of workers, which is crucial for their chances to re-enter new employment, concepts of labour market integrative health promotion (like in Germany) should be further developed and evaluated.

### **3. Survivor reactions and organisational performance**

*The success of any restructuring attempt is normally dependent on the reactions of its survivors (those who stay at the organisation after the restructuring). Organisational downsizing, but also any other restructuring that generates high levels of job insecurity among the employees, even where there are no layoffs, is unlikely to achieve the intended outcomes such as cost minimisation or productivity enhancement, if the health of the survivors is adversely affected by the restructuring. Additionally there are the direct costs of the health effects on survivors such as increased absenteeism and health treatment expenses to consider.*

The announcement and execution, and even merely the possibility of layoffs within an organisation can all lead to a wide range of reactions among those who are not being made redundant. These reactions can be differentiated into immediate emotional responses, changes in attitudes towards the organisation and behavioural changes. All reactions imply serious consequences for the organisational performance but also for the individual health of the survivors.

Among the most prevalent emotional reactions which can be identified is fear of job loss or fear of work intensification. Both will directly result in increased levels of stress and can lead to burnout and cardiovascular problems. Also these immediate reactions can trigger attitude changes as in work satisfaction, trust towards the organisation (especially its management) and organisational commitment, which might increase intentions to leave the organisation. Finally, restructuring can lead to unintended increases in turnover rates and deterioration in productivity because the survivors frequently suffer from negative behavioural consequences, such as decreased motivation and innovativeness. Such reactions are not mere short time effects, but may even prevail for several years after the restructuring.

To minimise the negative reactions among the survivors, as a result of downsizing or other forms of restructuring, several preventive actions are recommended. To avoid the breach of trust and limit reactions of fear and insecurity, the management should provide transparent and consistent communication of the ongoing decision processes. Clear future perspectives should be communicated as early as possible. Fair procedures can only be achieved by the early inclusion of employees’ representatives in the decision process.

It is vital that management recognise that increasing the workload due to restructuring will impact directly on survivors and their psychological well being. Where this cannot be avoided, it is essential to recognise it in an open and transparent way. So it is important to recognise survivors' reactions as normal and to be prepared to be contacted by employees with such problems and to deal with them fairly. Health monitoring and health care services for employees should be intensified before and during the restructuring. It will be of great benefit for the organisation to let the restructuring process being evaluated by the survivors, to learn for the future and also to signal that the concerns of the employees are important for the organisation.

#### **4. Managers responsible for the restructuring process**

*Middle managers are an often overlooked group in restructuring despite the crucial role they play in the process. On the one hand, they are key players in facilitating a smooth process, in that they function as the 'central nervous system' of the organisation: they convey the visions of senior management and are often responsible for interpreting the overall decisions into concrete action and changing existing practices. On the other hand, they are themselves at risk of suffering from the stress of restructuring – partly due to their sandwich position in management.*

Employees look to managers for cues on how to respond to changes. They can therefore play an important role both as role models and also as drivers of change. This means that careful attention should be paid to involving middle managers in decision making processes so that they understand the rationale for changes and can communicate the rationales and practically implement the changes. This is important to ensure their active commitment to change. However, it is also important to train managers to deal with change processes, which necessarily requires skills that are not acquired during their daily management practice.

Managers, however, should not only be seen as drivers of change or as role models. They are themselves at risk of ill-health as a result of restructuring. They may not have the skills to implement change and thus a mismatch between resources and demands may arise. Importantly, they may find themselves to be in a sandwich position between their responsibilities to carry out the decisions of senior management and their responsibilities for ensuring the health and well-being of their staff. Such members of staff may include longstanding colleagues and friends, and they may distance themselves from the process as a result. Middle managers who handle the situation with sensitivity and create a positive change environment rather than distance themselves may reduce the negative effects of restructuring on employees. Both the attitudes and skills of middle managers should be considered central to facilitating change.

The training of middle managers should include the necessary tools and instruments that are available in regard to change management of an organisational restructuring as well as creating awareness for the health dimension of these processes. To date, there has been little research on the competencies required of middle managers to success-

fully direct restructuring processes. There is a need to develop a further understanding for the competencies needed in order to develop successful training. Although the imperative to manage stress at work has been identified, there remains a need to explore the necessary competencies to do so effectively.

## **5. Organisational anticipation and preparation**

*Employers should anticipate that they may need to restructure by ensuring that their employees are given the skills necessary to successfully adapt to restructuring. Essentially, this means providing employees with skills training that enables them to be more flexible and move both within the organisation and within the wider labour market; so that those employees are better able to re-enter the labour market if they lose their jobs.*

Research evidence shows that the better an individual is prepared for change the better employees will be able to cope with difficult and challenging situations arising from that change. Employees who feel better able to move to other jobs (inside or outside the company) are less likely to feel stressed when the security of their current employment is threatened by restructuring. Lack of timely and adequate communication is a chronic problem for employees in restructuring. They often feel more affected through the way management communicates about future steps of reorganisation than by the results of the restructuring itself. The early involvement of employees and their representatives in developing a process for dealing with restructuring even before the organisation is faced with restructuring is vital to protecting the health of employees affected by restructuring.

For employers this means adopting a more strategic long-term approach, where restructuring is not just seen as a single crisis, but where it is considered a necessary and recurrent part of the life of the organisation, which employers need to prepare for by developing a flexible labour force.

There are strong macro economic arguments for saying that this sort of approach should be supported at both national government and EU level. The benefit of developing workers skills throughout their working lives goes beyond developing a more flexible labour force and encompasses the need for competitive advantage through developing a more highly skilled labour force. The emphasis placed on lifelong learning by some governments – like in the UK with the introduction of learning representatives into the workplace – shows how they can support the learning agenda and in doing so ensure that workers are better able to adapt to restructuring, as well as improving the overall skill base of the workforce. If the EU were to adopt a similar approach and develop learning representatives on a European basis this would help ensure that the learning agenda was taken into workplaces across Europe. This would increase labour flexibility throughout the EU and help to improve the skill level and the employability of the European workforce.

Anticipation and preparation should also be considered the responsibility of sectoral social partners. This is particularly the case in sectors such as textiles and automotive, which are well placed by virtue of their experience and understanding to oversee future developments in their sector. Likewise local and regional authorities should also take an active role in anticipating and preparing for restructuring, otherwise they will have to carry the regional burden of unsuccessful restructuring.

## **6. Experienced justice and trust**

*Trust is critically dependent on the employee believing that the employer is treating them fairly. Fairness in this context is experienced in three dimensions of justice: distributive, procedural and interactional justice. To maintain employees' trust through the period of uncertainty created by restructuring employers, social partners and policy makers need to systematically address all three dimensions.*

The recommendation on anticipation has already stressed the importance of information in the process of restructuring which influences the well-being of employees. More generally, we can say that successful restructuring depends upon employers enjoying high levels of trust from their employees.

Distributive justice can be difficult at a time when resources are scarce and some people are losing their jobs and others may be asked to do more as a result of work intensification. Large bonuses for senior managers may be particularly undermining for other workers whose jobs are at risk. This has been evident in the current global financial crisis where much of the criticism of managers has focused on the bonuses that they earned or on the intended future return on investment (ROI) while at the same time restructuring involving dismissals occurred. This understandably poses the overall question of legitimacy of organisational change from the point of view of the employees.

Likewise, the processes and procedures adopted by the employer to deal with restructuring – including selection processes – need to be clear and fair, which means that they should be predetermined according to objective criteria. Favouritism or unjustifiable discrimination will undermine employees' trust and increase feelings of alienation and stress.

Interactional justice relates to the employees' perceptions of the way in which they are informed of restructuring plans and the extent to which their views regarding alternative options are listened to. The employer needs to be transparent and honest about the restructuring. Timing may be crucial; employees who first read about the threat to their jobs in the press are unlikely to trust subsequent announcements from their employer. It is also important that the employees see that their views and those of their representatives are taken into account.

Trade unions have an important role to play in ensuring that workers feel confident that they are being treated fairly. Many employees feel vulnerable during restructuring,

but can often be reluctant to speak up in case it puts them at greater risk. Trade union representation can play an important role in giving workers a voice in a difficult situation. In doing so, trade unions need to ensure that health is reprioritised and seen as a win-win outcome.

## **7. Change communication plan**

*Adequate communication is vital to the restructuring process. Employers should have a communication plan in place for any proposed restructuring. Restructuring can often be a time of uncertainty even for the managers involved. That uncertainty is a key stress factor for those affected by the restructuring.*

Without good communication, those employees affected by restructuring are likely to feel alienated, marginalized and powerless. Adequate communication can help to reduce uncertainty, reassure employees that their views and interests are being taken into account and even help produce a feeling of ownership of the restructuring amongst employees. The responsibility for good communication rests with the employer, but other social actors such as trade unions and works councils may have an important part to play in being central channels for communication.

Communication can be vital in maintaining trust – an important element in reducing stress during restructuring. However, good communication can be even more effective in reducing the negative health effects of restructuring, by encouraging employee buy-in, thus reducing feelings of powerlessness and alienation. Good communication has three elements:

- The quality of the information: that is to say its accessibility, accuracy and usefulness. Information should be tailored to recipients such that it can be interpreted by each individual what restructuring will mean to them.
- Timing: information needs to be timely so that the recipient sees that their legitimate interests are being taken into account. For instance, employees often find it difficult to understand why information about job losses appears in the press first of all. Often this is because the information is share price sensitive, and stock exchange rules require that it should be released to the stock exchange before anywhere else. Employers need to manage that process in a way that takes into account employees' legitimate expectations that they are notified of such job cuts as soon as possible thereafter.
- The directions of information are also crucial: If employees and their representative organisations are simply the passive recipients of information it is unlikely that they feel empowered or have any sense of buy-in. The two way flow of information is best demonstrated by active listening and reaction. In other words, employers should positively demonstrate that they are taking account of the views expressed by employees and their representatives by taking constructive action in response to those views.

As communication is one of the central issues in restructuring, the organisation should consider very carefully the development of a concrete change communication plan from the beginning, including: the channels of communication; the time schedule; and the roles of different actors.

## **8. Protecting contingent and temporary workers**

*Temporary and agency workers – sometimes referred to as contingent or peripheral workers – should be given the same rights to health promotion in restructuring as those directly employed by the main employer where the nature of the work they are undertaking is long term work directed by the main employer.*

Recent developments as a result of the global financial crisis have shown how vulnerable contingent and temporary workers are. Large companies in Europe are announcing thousands of job losses, but doing their best to assure workers that most of these cuts are to be amongst temporary and agency workers or subcontractors.

This implies that those being specifically in need of health support in an often changing workplace will receive less support during restructuring and be hit immediately and much harder by the risk of dismissal.

This requires government and European intervention that goes beyond the Agency Workers Directive. Main employers, that is to say the employer responsible for the temporary contract or agency, should take responsibility for the health of those workers. Trade unions should also be more actively involved in representing those workers. Without this level of intervention, millions of contingent workers across Europe will be left exposed to the worst health effects of restructuring without any adequate protection.

It is difficult to gauge the extent of the use of subcontracting, agency and temporary workers across Europe. The use of contingent workers in Europe is widespread and growing and there is a clear under representation of agency workers by trade unions. Without intervention there is a real danger that this situation will continue as contingent workers provide a convenient buffer for restructuring for both employers and trade unions, leaving those workers more exposed to health risks and at the same time less adequately protected.

## **9. New directions for Labour Inspectorates**

*There is already an ongoing debate on the possible change of the role and the objectives of labour inspection as well as its capacity to effectively deal with the transformations of employment, workers and enterprises (initiated by the ILO and SLIC). Therefore, labour inspectorates have to take change in a broader sense into account, which should also include restructuring issues.*



To develop the Labour Inspectorates role and expertise in that field, inspection systems should:

- stimulate companies to consider the general prevention principles before, during and after the restructuring process together with employers' and employees' representatives, to carry out a wider risk assessment to identify those processes that may be detrimental for workers' health,
- include restructuring alongside stress, harassment and bullying in the workplace, in the new focus given to psychosocial aspects of the employment relationship,
- prevent forms of discrimination among workers, especially when it comes to vulnerable workers, such as those employed in precarious or temporary relationships,
- coordinate their monitoring on both employment, social and health issues, and where necessary developing the relevant competencies to do so,
- develop a more strategic work plan for the labour inspection in order to be more proactive in periods of organisational change.

## **10. Strengthening the role of Occupational Health Services**

*The use of Occupational health (OH) services should be given a higher priority in supporting employees' health before, during and after restructuring. Consequently the provision of OH services should include preventive work place health promotion activities and risk assessment. Longitudinal cooperation between OH services, employers and employees creates the necessary trust and basis for competent advice and help that fits the local needs in a restructuring situation. Thus traumatic individual crises and drawbacks for functional capacity and employability can be avoided. At the same time company image and organisational performance can be enhanced.*

Given the evidence of the potentially negative health effects of restructuring, OH services should promote prevention and work place health intervention before, during and after restructuring. As the quality and content of OH services varies among European countries, research in this area should be strengthened. A multi-disciplinary OH team – including physician, nurse, psychologist, physiotherapist, occupational hygienist and other professionals depending on local needs – is most effective in reacting to diverse problems during restructuring. OH professionals' ethical principles of action are controlled on the basis of the health care legislation and directed according to global guidelines. Practical and scientific evidence of the effectiveness of interventions should be collected and published. European level developmental projects on OH services would corroborate the creation of effective and internationally congruent action models in restructuring. They should include prototypes for networking with other actors of the local community.

The continuity of health promotion and its coverage over the contingent work force should be guaranteed irrespective of the individual labour contract. A plan should be made for capacity building, good practice guidelines and tools for OH service provid-

ers, employers and employees. OH services are well-suited to guide and train employers and employees, and be a focal point in directing and following health related actions in a restructuring situation. The specific often underserved needs of SMEs should be taken into consideration when deciding between various options to organise the OH services.

Employment services and OH services should collaborate closely when supporting and empowering the dismissed personnel to be re-employed. Programmes and seamless service chains bridging occupational health services with public health services, specialist level health services, rehabilitation services, and training organisations would corroborate occupational transitions. These goals can be reached by enforcing EU directives followed by national legislation on occupational health care.

## **11. Specific support for SMEs in restructuring**

*The analysis of innovative cases shows that a number of larger companies have developed effective mechanisms for handling the organisational and individual health problems of restructuring in a way that other enterprises and other member states can draw lessons from. The specific weakness, however, often lies within SMEs which cannot dispose of comparable internal HR resources and often lack the necessary knowledge about external support offers that might facilitate and ease the full process of organisational restructuring in the interest of the individuals affected as direct victims or as survivors of the organisational change.*

Focused support offers might be welcome as they are reported in an exemplary way from countries like Sweden (TRR), Austria (the so-called branch foundations), France (ANACT, see 7.9) and on a regional level in Germany (NRW regional policy for SMEs). Here external aid is given to SMEs that have limited resources and experience in change management to enable them to build up capacities and to improve their management performance in dealing with change issues. This goal can be achieved through the creation of professional counselling services for SMEs in restructuring – including consulting in task and work environment redesign, career development (via vocational training cheques) and flexibilisation of work schedules (see 7.12).

SMEs are much more dependent on the support of branch organisations and regional institutions. They have to develop proactive approaches to help SMEs in transition.

Local best practice initiatives may function as pilots in interesting smaller companies in these new approaches. They must be, however, of a longer-term nature in order to cultivate relationships of trust and thus increase the participation of small business owners. The reduction of administrative burdens to get access to funding and health assistance can facilitate participation and implementation of otherwise developed approaches. Support for health promotion pioneers in restructuring can contribute to a social discourse that establishes health promotion in the process of organisational change as a competitive advantage for companies and likewise reduces barriers and prejudices.

## 12. New initiatives needed in Europe

Finally, there are some recommendations that are directed more generally to a change of discourse on CSR, employability and career management on the European level.

*Open the CSR concept to the health impact of restructuring:* The inclusion of health promotion – especially during restructuring – into the broader concept of Corporate Social Responsibility may help to normalise the discourse on “healthier restructuring”. It should start from the fact that restructuring is on the one hand uncovering pre-existing health problems of employees that can be traced back to the health burden of employment. On the other hand, however, it will imply additional health impairment as a result of the restructuring experience itself. Coping with occupational transitions will remain the responsibility of the individual but should be complemented by companies explicitly taking social responsibility alongside other social institutions. A reinforcement of positive examples could be achieved through social audits which examine and reward good examples of company experience, thus helping to develop new standards for corporate policies.

*Establish routine health promotion initiatives:* Combining health initiatives with career counselling and other transfer measures may increase the effectiveness of these transition measures during restructuring by stabilising individuals psychosocially and enabling them to better cope with the transition and new demands placed on them during the transition. Health promotion initiatives should also become routine even before dismissals take place, thus increasing employability, maintaining employee health, and helping to prepare employees (as well as employers) to better manage during times of uncertainty.

*Normalise the dialogue on career change and employability:* Working life is evolving. As it does so, employability as a concept is undergoing a transformation that requires employees continuously adjust to the changing demands of work. As employees transfer from one industrial sector and one job to another, companies and policy makers need to be aware that employees will most likely venture onto several different career paths during their lifespan. The EU must therefore ensure that all social actors take responsibility for both employability and health and equip all workers with the appropriate tools, training and support to help them to successfully manage transitions.

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## **Annexes**



## **6. Empirical background information: National data on restructuring and related effects on health**

### **6.1 Prevalence of restructuring and effects on health in Germany**

Karl Kuhn (Federal Institute for Occupational Safety and Health, BAuA, Dortmund/Germany)

The world of work has been changing rapidly in Germany in response to business demands and new technologies. General trends include an increase in the number of small businesses, changes in management methods, increased use of contractors and temporary staff, changes in working hours and increased ability to work away from a fixed workplace or from home. For example, in response to globalisation and economic pressures, companies have looked for greater flexibility to respond rapidly to peak production demands and seasonal variations whilst controlling labour costs. Their approach has included introducing new working practices, such as ‘just-in-time’ production and casual labour, such as temporary work and fixed-term contracts. Changing world of work issues include:

- changes in the characteristics of organisations and employment sectors,
- changes in working time and employment contracts,
- changes in work organisation,
- use of information and communication technology,
- changes in the workforce composition (higher rates of older and female workers).

A study from the German Consulting Company Roland Berger about restructuring in Germany from 2003<sup>17</sup> says that enterprises react much earlier compared to years before; the time between recognising a problem and the decision to restructure has been decreased from 30 months to 14 months. The bigger the firm, the faster the reaction. In 99 per cent of all cases, the reduction of personnel cost was part of the restructuring. Consensual solutions are much more likely to be achieved through cooperation with the works council; 55 per cent of all enterprises with forms of cooperation with the works council have assessed the restructuring as successful. The study summarises the restructuring trends for Germany in five points:

- enterprises react earlier and faster to crises,
- cooperation with the works council becomes increasingly important,
- after restructuring there are insufficient investments in proper crisis recognition tools,
- restructuring is seen as a continuous task,
- profit maximizing becomes more important,

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<sup>17</sup> [http://www.rolandberger.com/pdf/rb\\_press/public/RB\\_Restrukturierungsstudie\\_FINAL\\_20041222.pdf](http://www.rolandberger.com/pdf/rb_press/public/RB_Restrukturierungsstudie_FINAL_20041222.pdf)

- all of these trends are today much more pronounced.

#### *The dataset*

The BIBB/BAuA Survey in Germany is a representative German survey<sup>18</sup> (N=20.000) of working people and last carried out in the year 2005/2006. This survey exists since 1989, includes all kinds of employment forms and covers all kinds of changes in working life:

- changes and restructuring as a common part of working life,
- the consequences of change with new demands and tasks,
- the perception of change perceived with increased stress, strain and work pressure.

#### *Prevalence of restructuring*

To the question about changes in the work environment during the last two years, 44.5 per cent of all respondents answered that they had experienced changes and restructuring in the work environment, 41.7 per cent answered that they had dismissals and downsizing, and 39.5 per cent answered about increased hiring of contingent and temporary workers and freelancers.

The impact of organisational practices such as outsourcing, redefining the role of middle management, and flattening organisational structures, has increased the tendency to characterize work as insecure. This is confirmed by another survey from the year 2006 with the name “What’s a good job?”<sup>19</sup>; in this survey security was rated as one of the most important characteristics by the employees. This is despite the evidence which suggests that job tenure, overall, has not declined – with fewer workers losing their jobs due to redundancies, and labour turnover remaining fairly stable. However, despite the evidence, there still seems to be a general perception that people are not secure in their jobs and they perceive changes to be stressful. In the BIBB/BAuA survey 60.8 per cent of all respondents experience restructuring always with increased stress and work pressure, and 60.1 per cent experience stress and work pressure in combination with dismissals and downsizing.

Over the last three or four decades, there have been dramatic and complex changes in opportunities to work, the nature of work and the way we want to live and work. This influences task and qualification. In the BIBB/BAuA survey 36.9 per cent of all respondents report about the introduction of new processing and manufacturing technology, 49.1 per cent of the introduction of new software and 42.2 per cent about the introduction of new machines and devices during the last two years.

Even today the consequences for work processes cannot be overlooked. Digitalisation, miniaturisation and the integration of separate technologies in multifunctional equipment create the conditions for new workflows, information management systems and interactive group communication media. This change is expressed, in terms of num-

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<sup>18</sup> [http://www.baua.de/de/Informationen-fuer-die-Praxis/Statistiken/Arbeitsbedingungen/Arbeitsbedingungen.html?\\_\\_nnn=true&\\_\\_nnn=true](http://www.baua.de/de/Informationen-fuer-die-Praxis/Statistiken/Arbeitsbedingungen/Arbeitsbedingungen.html?__nnn=true&__nnn=true)

<sup>19</sup> <http://www.inqa.de/Inqa/Navigation/Service/suche,did=62188.html>


bers, in a continuous fall in traditional production work and an equally continuous rise in the service sector. In the BIBB/BAuA survey this is mirrored by the answers of the respondents: 27.7 per cent report the introduction of complete new products and materials, 30.7 per cent report about the development of complete new services, 26.4 per cent about new superiors and 56.1 per cent about an increased variety of tasks and 51.6 per cent about increased professional demands during the last two years.

High psychosocial pressure in the world of work arises from the work organisation, the work activity itself and the social relationships. The present state of research indicates that restricted latitude for action and limited possibilities for control are the key, critical factors. When workers see their possibilities of influence, decision-making and control being restricted or threatened, this leads to intense stress reactions. An increase in stress and work pressure during the last two years was reported by 48.9 per cent of all workers. The following table shows that the bigger the enterprises the bigger the changes in the nature of the work.

**Table 6.1.1: Organizational Change**

Changes in the last two years and size of company						
	all	- 9 empl	10-49	50-249	249-499	500+
New technology	37	23	32	39	50	50
New C software	47	34	42	51	60	60
New machines/d	42	35	40	43	51	48
New products/mat	27	24	27	27	32	30
New Services	30	28	30	32	32	32
<b>Restructuring</b>	<b>44</b>	<b>27</b>	<b>39</b>	<b>49</b>	<b>58</b>	<b>57</b>
<b>Dismissals/downs</b>	<b>41</b>	<b>26</b>	<b>41</b>	<b>47</b>	<b>52</b>	<b>49</b>
Cont./tempo work	39	26	39	45	47	44
New superior	24	8	20	29	34	38

HIRES, Nottingham 17./18. March 2008



## **6.2 Consequences of restructuring on employability, health and well-being in Denmark**

Karina Nielsen (National Research Centre for the Working Environment, NRCWE, Copenhagen/ Denmark)

### *Dataset description*

The Danish case uses data from two sources: 1) Statistics Denmark ([www.dst.dk](http://www.dst.dk)) which includes the Danish workforce from 17-67 years. Data used here are from the period 1994 to 2000. 2) The Danish Work Cohort Study (DWECS). This is a longitudinal representative study which is carried out every five years. Included in the case below are data from 1995, 2000 and 2005.

### *Background*

The Danish labour market is characterised by having adopted the flexicurity model (Andersen & Svarer, 2007). This model is a combination of weak employment protection laws, which means it is easy to employ and dismiss staff, and high unemployment benefits – the out of work are entitled to up to four years unemployment benefit. This is supported by an active labour market policy with a focus on job training, information about job openings and the pressure to apply for and accept offered jobs.

### *Prevalence of restructuring*

According to a study based on data from Statistics Denmark (Geerdsen, Høgelund, and Larsen, 2004) which included employees with more than three years of experience and from the private sector only, around two per cent of Danish organisations close every year whilst around 10-11 per cent downsize (only included here are organisations where more than 30 per cent of staff were laid off). However, this affects mainly small organisations and as a result in total only about four per cent of the Danish workforce is affected by downsizing and company closure every year.

### *Central effects of restructuring and central moderators*

Although there are no published studies on the consequences of restructuring, there is one study that has focused on the effects of job insecurity which has often been found to be one of the consequences of restructuring (Kalleberg, 2003; Maurier & Northcott, 2000). The study examined the degree to which employees reporting high levels of job insecurity in 1995 reported poor general health five years later (Rugulies, Aust, Burr, & Bültmann, 2008). It was found that 83 per cent did not report feeling insecure about their job. Of those 17 per cent that did report job insecurity, nine per cent felt it would be unproblematic to find other employment, whereas the remaining eight per cent felt they had poor chances in the labour market. More women (ten per cent) than men (6.2 per cent) reported a combination of high job insecurity with poor chances of finding reemployment. It was found that at follow-up, five years later, those reporting job in-



security combined with poor labour market chances had experienced a higher risk of being unemployed. With regards to the effects of job insecurity on health it was found that only women had an increased risk of poor self-reported health; this was especially the case for women with poor labour market chances.

In the above mentioned study of the Danish workforce, it was found that 75 per cent of victims of downsizing or company closure had been reemployed after one year and 88 per cent were re-employed after four years. This is comparable to employees losing their job in organisations without closure or downsizing. In fact, employees from downsizing organisations had a higher re-employment level than those that left without closure or downsizing. Victims of closure and downsizing more often receive a lowered income; this is especially the case for victims of company closure. This is related to the fact that these are from sectors such as transport and textile which are being outsourced and as a result victims are re-employed in other sectors.

Some data from the DWECS analyses have been made with regards to the effects of restructuring. In 2000, a question on whether the organisation had been taken over by a new owner was included and the effects of such takeover has been analysed in connection with outcomes in health and well-being five years later. Only seven per cent of the respondents (in total 5.436) had reported such a change in the past year (before 2000). When comparing these groups it was found that there were no differences between the group with a new owner in the last year and those that had not changed ownership when comparing job satisfaction and health. However, those that had experienced being taken over by a new owner experienced higher levels of job insecurity.

Further analyses were carried out which examined whether any differences existed between 'willing victims' – those that had left an organisation that had been taken over by a new owner – and 'unwilling victims' – those that had been dismissed in organisations with a new owner. Fourteen per cent reported having left voluntarily while five per cent had been dismissed. When comparing these two groups with those who had not experienced change, it becomes clear that again only in job insecurity did we find a significant difference. Post hoc analyses revealed that this difference was due to a disparity between survivors and the group which had not experienced change.

Previous research has found that also survivors may experience poorer working conditions such a lack of clarity of roles, less social support and work overload (Cartwright, Cooper, and Murphy, 1995; Swanson & Power, 2001). Analyses were carried out to investigate which factors predict job insecurity five years later. It was found that lack of social support from colleagues and a low level of self-efficacy, i.e. lack of confidence to be able to address problems, was associated with higher levels of job insecurity five years later.

To conclude, the above results indicate that different kinds of restructuring have limited effects on employee quality of life. Lay-offs due to closures and downsizing had no impact on re-employment and job insecurity (which may or may not be associated with restructuring) was found to have only an effect on women. Finally, new owner-

ship of the organisation was found to be associated with higher levels of job insecurity – and factors predicting such insecurity were found to be lack of social support and lack of self confidence. This is in accordance with existing research, however, more focused studies are needed to provide a precise picture of the effects on employee health and the factors contributing or hindering poor health as an effect of restructuring.

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### 6.3 Enterprise restructuring and the health of Dutch employees

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#### *Introduction*

The present paper examines the relationship between enterprise restructuring and the health and well-being of Dutch employees who remain with the company after restructuring (survivors). Enterprise restructuring may affect well-being and health of employees in a number of ways. This is the case for employees who are laid-off during restructuring, but also for employees who remain with the company (Riolfi & Savicki 2006, Lee & Teo 2005, Probst 2003, Wiesenfeld et al., 2001). In restructuring processes, the latter group (the survivors), is frequently paid little attention to, while they run significant health risks during and after restructuring (Ferry et al., 2005). These risks are related to an increased job insecurity (Riolfi & Savicki 2006, Lee & Teo 2005, Probst 2003), as well as to an increased psychological workload for those who remain with the company (Kalimo et al., 2003). After all, they frequently have to do the same work with less people.

In this paper, two possible causal pathways are investigated which may link enterprise restructuring to health outcomes of survivors: (1) through job insecurity, (2) through increased psychological job demands. We investigate the probabilities of these pathways using the Netherlands Working Conditions Survey (Dutch acronym: NEA), the largest periodical survey on working conditions in the Netherlands (Van den Bossche et al., 2008). This survey is executed yearly by TNO in cooperation with Statistics Netherlands, among a very large and representative group of Dutch employees. The aim of the Netherlands Working Conditions Survey is to monitor the quality of work in the Netherlands. It enables us to follow trends in work-related risks, effects of these risks on the health of employees, and effects of interventions and activities which take place in organisations. For the purpose of this paper, we examined the relationship between enterprise restructuring in organisations and the risk of emotional exhaustion in employees.

#### *Methods*

The 2007 wave of the Netherlands Working Conditions Survey included a representative sample of 22.759 Dutch employees. These employees filled out a questionnaire on a number of topics, including health, psychological and physical job demands, job resources, innovative climate, musculoskeletal complaints, chronic diseases, emotional exhaustion, job insecurity, and enterprise restructuring in the past year. Enterprise restructuring was measured by asking employees whether they experienced the following changes in their organisation during the past 12 months: major restructuring, take-over by another organisation, take-over of another organisation, downsizing with or

without compulsory redundancy, merger, outsourcing of supporting services, relocation of company elements/components (abroad), automation/ computerization, or none of the above. Linear regression analyses were performed, investigating the relationship between restructuring, emotional exhaustion, job insecurity and psychological job demands.

### *Results*

Between October 2006 and October 2007, 16 per cent of the interviewees experienced major restructuring in their company. Eight per cent of the employees experienced downsizing with compulsory redundancies. Fifty seven per cent report not to have experienced enterprise restructuring.

Results of the regression analyses show that restructuring is positively related to emotional exhaustion in survivors. This significant relationship is only partly explained by the existence of compulsory redundancies and job insecurity. This implies that even in 'minor' restructuring situations where no compulsory lay-offs take place and the job insecurity is not elevated, negative relationships are found with the health of workers. A possible explanation for this lies in an increased psychological workload for the survivors. Indeed, we also find restructuring to be positively related to psychological job demands.

But there is also good news. Worker autonomy and the innovative climate in a company are found to moderate the negative effects of restructuring. While social support is protective for the risk of burnout in normal situations (when there is no restructuring); in case of compulsory redundancies this is, however, no longer the case.

### *Discussion*

This study shows that enterprise restructuring is related to the health of employees, not only through increased job insecurity but also through increased psychological job demands after the restructuring. These results of the Netherlands Working Conditions Survey show that attention needs to be paid to survivors of enterprise restructuring. Studies have shown that a health outcome like emotional exhaustion is related to productivity, motivation and engagement of employees. Opportunities for improvement seem to lie in the work climate and the so-called 'job resources', like employee autonomy, and employee participation in decision-making. Our results show that innovative work climates with high levels of employee autonomy may buffer negative effects of enterprise restructuring on employee health. Innovative work environments are those environments where employees are, for instance, encouraged to think of ways to improve their work, and receive the freedom and time to develop new ideas and work methods. In organisations with an innovative work climate there is more room for employee participation. This seems to have a positive effect on their health in times of restructuring.

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## **6.4 Organisational downsizing and employee health. Lessons learned from the Finnish 10-Town study**

Jussi Vahtera (Finnish Institute of Occupational Health, FIOH, Helsinki/ Finland) & Mika Kivimäki (University College London, UK)

Driven by alterations in the national and global economy, international competition and the rapid pace of technological change, organisational downsizing (i.e., reduction of personnel by businesses and other organisations) has become an important aspect of modern working life in developed countries. Regardless of whether downsizing is an effective business strategy resulting in better corporate performance, its potential deleterious consequences on employee health have become apparent. Since the recessions that hit most industrialised countries during the 1990s, evidence has accumulated of health risks to the survivors of corporate downsizing. Some of the first studies in the field were conducted in Finland, (Vahtera, Kivimäki, & Pentti, 1997; Kivimäki et al., 1997) which faced a severe economic decline between the years 1991 and 1996. This chapter reports findings from the Finnish 10-Town study, one of the major studies in this field of research.

### *The 10-Town study: Study design and measurements*

The Finnish 10-Town Study is an on-going study of Finnish local government employees working in the service of ten Finnish cities. Studies of downsizing involve four of the ten towns where register and survey data were available from prior to downsizing onwards, enabling examination of changes in health following downsizing.

In Finland, unemployment rose from 6.6 per cent in 1991 to 16.6 per cent in 1993, the worst year of the recession. Economic recovery started in 1995, but unemployment remained relatively high (14.6 per cent in 1996). The number of Finnish local government personnel declined by 2.7 per cent from 1991 to 1992, by 7.8 per cent from 1992 to 1993, and by 2.7 per cent from 1993 to 1994. The total working hours in the four towns studied fell by 11.3 per cent between 1991 and 1993, but only by 1.3 per cent between 1993 and 1994. After this, the figures turned to a slight increase.

Of the 23,517 full-time permanent and 4,850 temporary municipal employees who had been in the service of the towns studied before downsizing in 1991, 5,937 employees lost or left their jobs during the downsizing in 1992-1993, and 22,430 employees remained in the service of the towns after downsizing, i.e. were at work both in 1991 and 1993. Some of the employees in the latter group experienced major downsizing at their workplaces while for others staff reductions were small or non-existing.

Objective definition for downsizing was used in the 10-Town study. The data on downsizing were obtained from the employers' records covering all periods of full-time employment, including the date of commencement and, where appropriate, the

termination of work contracts, and Statistic Finland occupational title. The personnel reduction for all of the occupational groups in each city was calculated by comparing the total number of person-years worked in the group in 1993 with the corresponding person-years in 1991. Thus, the percentage of personnel reduction was obtained for 272 employee groups and this percentage was linked to all of the members of each group to obtain a measure of downsizing. In the studies, the employees who kept their jobs were classified into the following groups: no downsizing (reductions in personnel <8 per cent), minor downsizing (8–18 per cent), and major downsizing (>18 per cent).

Extensive national health registers in Finland provided a rich and independent source of data for various health outcomes. By means of each participant's personal identification number (a unique number that all Finns receive at birth and that is used for all contacts with the social welfare and healthcare systems), registered information on sickness absence (employers), as well as drug prescriptions, early retirement and mortality (national health registers) were extracted and linked to the data. Further data on health and potential mechanisms underlying the association between downsizing and health were derived from identifiable surveys in 1990 (i.e., prior to downsizing), 1993 (during downsizing) and 1997 (after downsizing) in one of the four towns studied.

### Health effects

Health effects of downsizing were examined using a range of outcome measures, both subjective measures, such as self-rated health and musculoskeletal symptoms, and recorded ones, such as all-cause and cause-specific sickness absence and prescription data. Furthermore, employees were followed-up for endpoints, such as retirement due to health grounds and mortality for all causes and specific causes. The associations of downsizing among those who remained in employment varied depending on the specific health outcome.

#### *Self-rated health*

There was a robust and persistent association between downsizing and impairment in self-rated health (Kivimäki et al., 2000a). More specifically, there was a significant linear trend between the extent of downsizing and poor self-rated health immediately after downsizing in 1993 adjusted for demographic factors and self-rated health before downsizing in 1990. Odds of poor health were 2.5 times higher in the employees exposed to major downsizing compared to the unexposed group (test for trend  $p=0.04$ ). Importantly, higher odds of poor health in the exposed group were observable even four years after downsizing in 1997 (odds ratio 2.1, test for trend  $p=0.06$ ).

Thus, these data suggest a faster decline in self-rated health among employees who had experienced major downsizing than among those who had been exposed to no downsizing. These results also suggest that downsizing may predict increased risk of poor self-rated health even after four years.

### *Musculoskeletal symptoms*

Musculoskeletal disorders are an important cause of work disability and early exit from labour markets (Vahtera, Kivimäki, & Pentti, 1997; Kivimäki et al., 2001). In the 10-Town study, three indicators of musculoskeletal problems were used: (i) status of severe musculoskeletal pain, (ii) number of sites of musculoskeletal pain, and (iii) number of recorded musculoskeletal sickness absence spells. The effect of downsizing on musculoskeletal problems in those remaining in employment was observable across the three different indicators of musculoskeletal problems, in men and women and also in the initially healthy sub cohort. Downsizing was associated with reported severity and sites of musculoskeletal pain immediately after staff reductions. The association was stronger in relation to musculoskeletal sickness absences measured for an extended period covering two subsequent years after downsizing. Sickness absence is considered as one of the best measures of musculoskeletal disability in working populations (Spitzer, LeBlanc, & Dupuis, 1987). In this study, all the spells of musculoskeletal sickness absence were certified by a doctor and lasted a minimum of four days. After adjustment for pre-downsizing characteristics, such as age, sex and income, odds ratio for severe musculoskeletal pain between major versus minor downsizing and the corresponding rate ratio for musculoskeletal sickness absence were 2.6 and 5.5, respectively, with confidence intervals not including unity. Major downsizing was associated with approximately one symptom area more than minor downsizing.

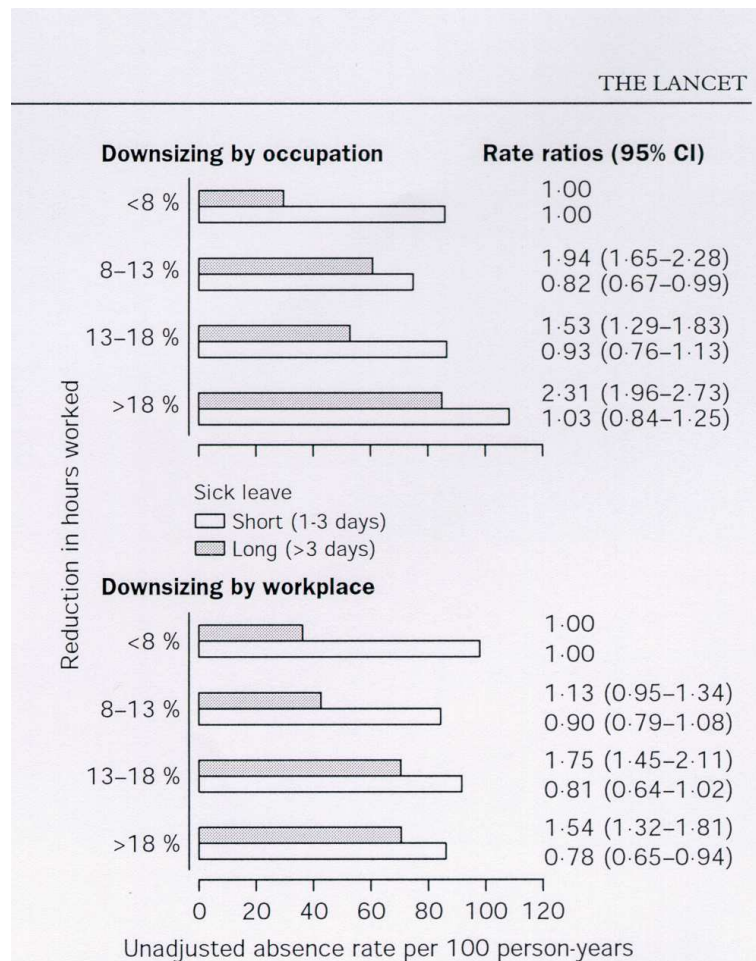
### *Sickness absence*

Strong predictive associations with all-cause and cause-specific mortality suggest that routinely collected data on medically certified sickness absence represents a valid measure of health among employees (Kivimäki et al., 2003a; Vahtera, Pentti, & Kivimäki, 2004; Head et al., 2008). In the 10-Town study, an increased rate of medically certified sickness absence was found to follow downsizing (Vahtera, Kivimäki, & Pentti, 1997; Vahtera et al., 2004). As shown in figure 1, the rate of all-cause sickness absence was 2.3 times greater (95 per cent CI 2.0 - 2.7) after major downsizing than after no downsizing (adjusted for health status before downsizing and demographic data), the corresponding rate of absences due to injury and trauma was 2.7 times greater.

However, a marked difference in the risk of long-term (medically certified) and short-term (self-certified) sickness absence following downsizing was evident (Vahtera, Kivimäki, & Pentti, 1997). While the number of long spells was linearly related to the extent of downsizing, in relation to short spells this association was inverse. On average, the frequency of periods of short-term absence fell by 14 per cent while the number of long spells of sickness absence rose by 16 - 31 per cent, depending on diagnostic category. Studies have shown that long-term absence is likely to be related to actual illness, with short-term absence more often being unrelated to illness. Thus it is possible that although downsizing increases health problems it reduces absenteeism not related to health.



**Figure 6.4.1: Downsizing and relative risk of sickness absence**



Individual differences in stress-related vulnerability were also found. Consistent with the psychosocial vulnerability model, risk of sickness in employees faced with major downsizing depended on personality traits, such as hostility (Kivimäki et al., 1998). Hostile employees were at greater risk of sickness absence than non-hostile employees following exposure to work-related stressors, such as downsizing. Trait-related vulnerability to stress, however, was found in women only. In men, hostility did not increase risk of health problems related to downsizing.

Interestingly, major downsizing was not associated with an increase in sickness absence in temporary employees (Vahtera et al., 2004). Employees with temporary job contracts were the most likely to lose their job. For them, high job insecurity may increase the likelihood of attending work whilst ill, a phenomenon known as sickness presenteeism. It is possible that morbidity among temporary employees increased after major downsizing, but did not affect absence rates due to increased sickness presenteeism.

#### *Common mental disorders*

A large body of observational studies suggest that perceived stressful work conditions are associated with poor mental health and self-reported use of psychotropic drugs (Kivimäki et al., 2003b; Virtanen et al., 2008; Kivimäki et al., 2003c). However, the nature of these associations is mostly unclear because the evidence relies on self-

assessments of work-related stressors. Instead of organisational realities, a negative perception of work may reflect subjective response style or sub-clinical or undiagnosed mental disorders. Most studies of stressful work conditions have also assessed mental health and prescriptions via self-assessments, and thus these data are additionally open to bias due to common-method variance.

In the 10-Town study, data about psychotropic prescriptions came from comprehensive national registers, and information about downsizing was obtained from employers' files (Kivimäki et al., 2007). This enabled a rigorous design not subject to common method variance bias. The results showed that men who left or lost their job during downsizing were most at risk of a prescription for a psychotropic drug. They were 64 per cent more likely to be given such a prescription than those working in organisations not downsized. But men who kept their jobs in downsized organisations were almost 50 per cent more likely to be given a prescription for one of these drugs than were those whose organisations were not downsized. Women working in downsized organisations were 12 per cent more likely to be given a prescription. Sleeping pills were most often prescribed to men while anti anxiety drugs were most often prescribed to women, the findings showed.

#### *Early retirement*

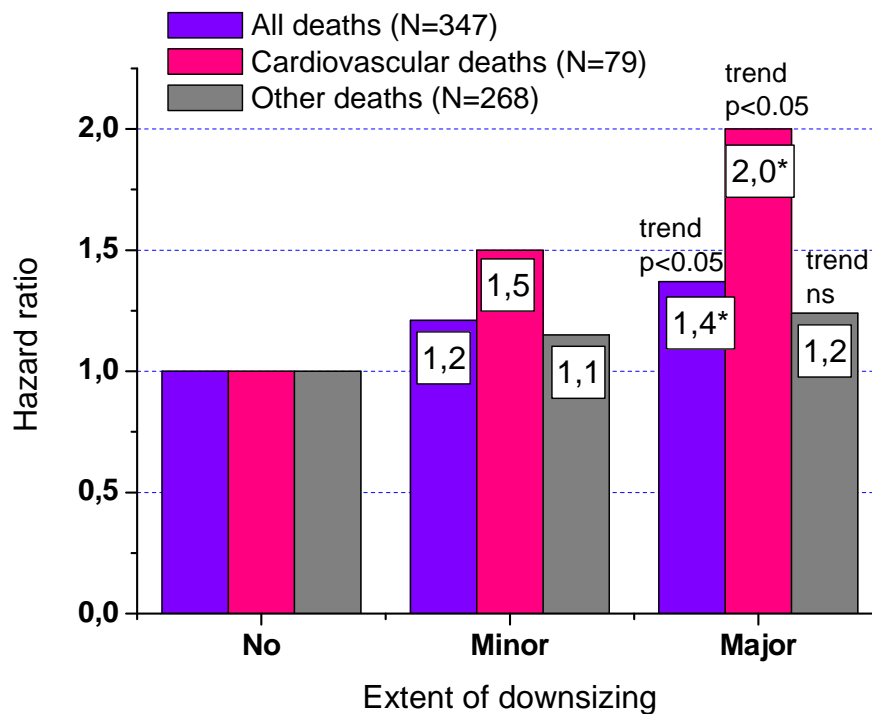
The increased morbidity observed after major downsizing raises the question whether the adverse effects of downsizing are also reflected in earlier exit from the labour force. Thus, the role of downsizing as a risk factor for permanent disability pensioning was examined among municipal employees who kept their jobs (Vahtera et al., 2005). To minimize the effect of non-medical early retirement, these studies were restricted to disability pensioning due to medical causes under 55 years of age only (medical causes is the only possible cause for retirement at that age whereas other causes may additionally contribute to retirements after age 55). The findings showed a significantly increased disability pension rate after major downsizing among those who remained in employment. There was a linear trend between downsizing and disability pensioning ( $p=0.004$ ). After adjustment for age, sex, occupational status, type of employment contract and town, employees who had experienced major downsizing had a 1.8-fold greater risk of being granted a disability pension when compared with the employees who had not experienced downsizing. The two leading causes of disability were psychiatric diseases and musculoskeletal disorders. The increased risk associated with downsizing was most pronounced for disability retirement due to musculoskeletal disorders. There was no interaction between sex and downsizing or between occupational status and downsizing with respect to disability pensioning, suggesting that the association between downsizing and disability retirement did not differ between men and women or occupational groups.

#### *Mortality*

The findings so far have demonstrated that employees working in downsized workplaces have an increased risk of various health problems. While further research on

various soft endpoints is needed better to understand the health effects of downsizing, a major step forward is the assessment of hard end points, such as mortality. Thus, records from the Statistics Finland register which provides virtually complete population mortality data were collected for the participants of the 10-Town study (Vahtera et al., 2004). The dates and causes of death were obtained for all the participants who died between 1 July 1993 and 31 December 2000.

**Figure 6.4.2: Downsizing and relative risk of death**



A significant association between downsizing and all-cause mortality was found (fig. 2). This association was disease specific as it disappeared when deaths from cardiovascular diseases were excluded from all deaths. Employees who had experienced major downsizing had a two-fold greater risk of death from cardiovascular diseases after adjustments for pre-downsizing characteristics. No sex differences were observed.

To study potential associations between downsizing and behavioural risk factors, mortality from smoking-related cancer and alcohol-related causes were additionally analysed. Major downsizing was not associated with death from these specific causes. Finally, the short-term and long-term associations of downsizing on mortality were examined to determine temporal patterns in the effect of downsizing. Excess cardiovascular mortality was very pronounced in the first half of the seven-year follow-up period after downsizing (adjusted hazard ratio for major versus no downsizing 5.1, 95 per cent CI 1.4 to 19.3), but the risk was much smaller in the latter half (1.4, 95 per cent CI 0.6 to 3.1). This is as expected given that other exposures are likely to dilute the effect of downsizing over time.

### *Potential underlying mechanisms*

The studies reviewed above found evidence that employees working in downsized workplaces were at increased risk of various physical and mental health problems. At least three mechanisms may link downsizing and health: (i) alterations in characteristics of work (e.g. job insecurity, job demands, job control), (ii) adverse effects on social relationships (e.g. social support), and (iii) behaviour prejudicial to health (e.g. smoking, excessive alcohol consumption). Because the baseline measurement for many of these variables had been carried out in 1990 prior to any rumour of downsizing and at follow-up in 1993 during downsizing in the town of Raisio, it was possible to examine the changes in characteristics of work, social relationships and health behaviours associating with downsizing (Kivimäki et al., 2000a; Kivimäki et al., 2001; Kivimäki et al., 2000b).

Downsizing was found to be associated with changes in work characteristics, social relationships and health behaviours. Major downsizing related to increased levels of physical work demands and job insecurity and decreased levels of skill discretion and participation. Downsizing was also related to lowered levels of spouse support and smaller reduction in regular smoking. In contrast, downsizing was not related to social support at work, alcohol intake or vigorous exercise.

Although changes in social support and health behaviours did not explain the link between downsizing and health, much of the effect of major downsizing on health was attributable to adverse changes in work characteristics. Increases in physical demands and job insecurity and reductions in job control, particularly in skill discretion and opportunities to participate in decision making, were the most important ones. The largest proportion of the association between downsizing and health was explained by the combination of these changes in work characteristics. Thus, the findings suggest that multiple mechanisms rather than a single change in work may underlie the adverse effect on health in employees after major downsizing.

### *Discussion*

The findings from the Finnish 10-Town study suggest that downsizing is associated not only with an increased risk of heightened morbidity – as indicated by long-term sickness absence (in general and specifically due to musculoskeletal causes and traumas), mental health problems, musculoskeletal symptoms and poor self-rated health – but also with early exit from the workforce through disability pensioning and premature death from cardiovascular disease. Furthermore, the findings suggest that downsizing can result in stressful changes at work, such as reduced job control and increased work demands and job insecurity, and that much of the effect of major downsizing on health is attributable to adverse changes in work characteristics. Adverse changes in the key components of the leading work stress models, Karasek's job strain model and Siegrist's effort-reward imbalance model, such as increases in job demands and job insecurity and reductions in job control, particularly in skill discretion and opportunities to participate in decision making, were the most important ones.

The most powerful method for examining causal relations is to carry out a randomised experiment. However, such an experiment is, from the ethical and practical point of view, impossible to perform when studying the effect of organisational downsizing on health. In such cases, the strongest evidence derives from natural experiments in which causal inferences are made on the basis of the time-ordering of the variables and explicating the potential linking mechanisms. The longitudinal design applied in the 10-Town study, allowing the same individuals to be followed from prior to any rumour of downsizing, during the downsizing and after it, provided a natural experiment which has rarely been feasible. Although temporal succession is no evidence of causal relations, alternative explanations for the present results seem not to be supported by the evidence available.

Two major criticisms of prior evidence on work stress and disease are that exposures and outcomes are often both substantively subjective, and that analyses are not controlled for the confounding effect of material disadvantage. We feel that the 10-Town study is able to surmount these criticisms. The first problem was addressed in the 10-Town study by measuring both the exposure (experiencing of downsizing assessed from employers' records) and the endpoints (sickness absence, early retirement, psychotropic drug use or mortality) with registered data, minimising the subjectivity problem. The study represents a natural experiment of the effects of a changing psychosocial work environment with no accompanying change in material conditions. All those who left or lost their jobs during downsizing were excluded from the cohort. During the downsizing, only 7.5 per cent of the participants changed their occupation, of whom less than one per cent moved from non-manual to manual occupations. Thus, only a very small minority was exposed to increased material disadvantage making it unlikely that a change in material circumstances provides an explanation of our findings.

Heightened morbidity, increased occupational disability, higher rate of sickness absence and psychotropic drug usages and increased premature mortality signify a great burden to the individuals and organisations and are extremely costly for society. The findings derived from the 10-Town study suggest that downsizing may substantially contribute to such a burden. If these findings are generalisable to other working populations, policy makers, employers and occupational health professionals should recognise that downsizing may pose a severe risk to health not only among those who lose their jobs but also among the remaining employees.

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## 7. Case Study Reports

### 7.1. The ILO concept of Socially Sensitive Enterprise Restructuring

Nikolai Rogovsky (International Labour Organisation, ILO, Geneva/ Switzerland)

The concept developed in ILO and known as Socially Sensitive Enterprise Restructuring (SSER; s. Rogovsky, et al., 2005) has profoundly influenced the HIRES approach from the beginning. It has been based on several case studies which tried to analyse those elements of restructuring that lead to a smoothening of the process taking into account not only the economic survival of the company but also the social costs of restructuring including the costs that affect the interests of the individual involved (victims and survivors) as well. Although the ILO SSER case analyses did not focus explicitly on the health dimension of restructuring they can be considered to be a relevant prerequisite for the HIRES case descriptions given by the external experts of the HIRES project (7.1.1 & 7.1.2). This is the reason why we start with a short description of two ILO SSER case analyses. The ILO SSER project is involved in a number of training, promotional, research and policy related activities. The major question that they asked their partners and themselves is: How can an enterprise go through restructuring in the most efficient way from both the economic and social points of view?

The key concept of ILO SSER was developed through experiences from Europe, arguably the most advanced part of the world when it comes to socially sensitive enterprise restructuring. In general, there are at least four generic, Europe-specific lessons learnt, based on the experience of a number of European companies:

- *costs are known, benefits are not:* Companies know that socially sensitive enterprise restructuring costs money, and in most cases this financial cost is possible to measure, but no one really knows how to measure the economic and social benefits of restructuring, carried out in a socially sensitive way,
- *social dialogue is becoming a reality:* In most European countries this is in compliance with existing legislation, however as a rule not much is done beyond that, in particular in East European countries,
- *tools of SSER now present a more or less standard package:* The good news is that companies facing restructuring are aware of their options. The bad news is that some companies are blindly copying what others are doing, without contemplating if the tools would be relevant and effective in their company,
- *links between long-term strategy and restructuring are still rare:* Although a lot of companies are declaring that anticipation of restructuring has become a part of their long-term strategy, still most of these companies are thinking short-term. Restructuring for them is a quick response to economy/sector/market changes.

The last lesson is perhaps the most important conclusion. In order for restructuring to be successful, it should be linked to the long-term strategy of the development of the company, country or region. At the enterprise level, it means that restructuring should not be viewed as a fire fighting exercise.

Long-term strategic thinking requires careful HR planning. But, most importantly, it is linked to the management philosophy that calls for treating employees as an asset, rather than a cost. The downsizers see employees as commodities – like microchips or light bulbs, interchangeable, substitutable, and disposable, if necessary. In contrast, responsible restructurers see employees as sources of innovation and renewal.

Companies that treat employees as assets are most likely to be known for socially sensitive restructuring. Such companies are using some of the following tools proven to be successful: counselling, skills assessment, training, internal and external job search, SME creation, mobility assistance, early retirement, alternative work schedules (part-time, sub-contracting, flexible leave), severance packages, etc.

#### **7.1.1. Michelin United Kingdom**

During the year 2000, the tire market was severely depressed due to a decreasing trend in original equipment (i.e. sales to the car and truck manufacturers for new vehicles), replacement market (i.e. sales to the dealers network), and export. This decreasing tire market trend was expected to continue, not only in the UK market but in the world market as well. Michelin therefore faced the real prospect of excess production capacity in its global operations starting in 2002.

To adapt the industrial capacity to the market demand, the decision to close two industrial plants was taken early in 2001 (Burnley and Stoke-On-Trent). These closures would involve 1.716 employees. To assist these employees, Michelin UK created a job-shop whose main functions were to assist affected employees in their job search, in acquiring new vocational skills, and by providing advice on various options, e.g. transfers, early retirement, self-employment and management of personal finances.

The job-shop conducted individual interviews of all affected employees. Individual training was provided in effective job search, e.g. in writing an appropriate résumé (curriculum vitae), filling job request documents, answering job ads, and job research techniques (telephone, interviews, etc.). It maintained permanent contact with the National Employment Agencies. Two representatives of the agencies were on the factory site five days a week, directly connected to their database. The job-shop also contacted other companies for possible placements.

In addition to this assistance, Michelin (United Kingdom) provided redundancy premiums, which were five times the basic national norms and help in SME creation with special loans at attractive rates and without coverage. The results, measured in April 2003, were encouraging. Out of the 1.716 affected employees:

- 66 per cent found employment,
- 12 per cent retired,



- 11 per cent accepted an internal transfer,
- six per cent chose self-employment,
- two per cent took full time education training,
- 0.4 per cent claimed state assistance,
- two per cent remained unemployed.

The *key tools* applied were counselling, skills assessment, training employability, external job search, SME creation, early/partial retirement and severance package.

### **7.1.2. Svenska Posten**

For over 367 years, Svenska Posten has been delivering letters, parcels and packages to the people of Sweden and each day, over four million homes and 500.000 businesses are served.

Over 40.000 employees and EUR 2.5 billion in sales make Svenska Posten one of the largest companies in Sweden. Svenska Posten's service record of 95 per cent of deliveries on time puts it in the top tier of postal companies world wide.

Several industry trends have impacted Svenska Posten since the breakdown of the postal monopoly in 1993, including increased competition and technology. These factors have forced the company to evaluate critical elements to success such as the cost efficiency of its operations. Technological shifts in terms of information technology as well as customer behaviour have made Posten realize that to stay a leader in the industry, especially during the time of the EU, changes needed to be made. Though the traffic of parcels and freight will continue, the company realizes that for many communications, the standard letter service will be and is being replaced by electronic methods.

In light of these changing circumstances, Svenska Posten has been given a mission by the Swedish state:

- to guarantee the provision of letter, parcel and cashier services throughout Sweden,
- to grow the value of the owner's shareholding.

By concentrating on the core business, Svenska Posten plans to become an up to date messaging and logistics company. Posten will enhance the value of its services by integrating the relevance of hardcopy mail with the ease of electronic services for customers.

One example of bringing this idea to fruition includes the development of post services in non traditional venues such as convenience stores, gas stations and supermarkets, increasing the number of points of service and increasing the business hours making it easier for the customer to utilize the services. This is accompanied by a new marketing campaign in which Posten's image will be upgraded via signs, collection boxes, mail trucks, etc.

The evolution occurring is a shift of the established brand. No longer will Posten be thought of as a company that provided postal services but instead, a company offering

a wide range of communication services, both physical and electronically. The exploration of international alliances will help increase Posten's visibility as an international player.

Through these changes, and most specifically, the decision to leave the financial business of the post offices, Svenska Posten found themselves in a position where headcount was significantly higher than what was needed to do the job cost efficiently. The difficult decision to reduce staff was taken in 2000 and, through negotiations with the trade unions, a program to aid the redundant workers was created. The trade unions had been pushing for a program like this and consider it "their baby too" resulting in their full support.

#### *Svenska Posten Futurum—the opportunity for new development*

The key objective of the Futurum programme was to provide an outplacement solution that would guard the socially sensitive reputation that Posten had earned, while allowing the company to focus on core business with the ability to adapt quickly.

The goals that were set for the program were aggressive, including an 18 month time frame in which 100 per cent of participants would have found a new job, within ten months 70 per cent would have a new job and all participants should have a positive picture of Svenska Posten as a responsible employer that provides professional support.

Futurum became the tool that Posten provided to redundant employees that would allow them to secure different employment and act as a speaking partner locally.

The program offered redundant employees security through a guarantee to retain their pay and conditions as before, for up to an 18 month time period, while being completely released from the workplace to search for another job. The company provided an additional financial incentive to motivate employees to search actively by offering a bonus of 5.000 EUR to anyone that found an external job within four months.

A series of consultations were held with employees that were at risk of becoming redundant at which time they were given information as to what their options were. For employees that were terminated, a contract with Futurum was extended.

During an employee's time with Futurum, they were given several tools to aid in the job search. Each employee had an individual action plan, received a survey of personal competences, advice, individual coaching and skills training where needed. For those who were interested, Futurum also provided support for entrepreneurial efforts via a consultant helping evaluate their business plan.

To date, there have been over 2.600 participants in the program, 1.750 of which have found new jobs, started up their own business, etc. Ninety per cent found solutions within the 18 month proposed time period and 98 per cent have responded that they were satisfied with the support from Futurum.

Key learning's regarding the success factors of the Futurum program included:

- realizing the need for active engagement from the participants from the start,
- great engagement by the coaches,
- focusing on tailor made plans, not a one size fits all solution,
- the voluntary nature of the program,
- being honest and respectful towards all of the participants.

The *key tools* applied were counselling, skills assessment, training employability, external job search, SME creation and severance package.

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## 7.2 Health policy in BT under continuous restructuring

Dave Wallington (British Telecom, London/ UK), Steve Jefferys & Sian Moore (Metropolitan University London, UK)

This case study of UK-based telecommunications company British Telecom (BT), considers health and safety initiatives within the context of continual organisational restructuring.

BT is one of the world's leading providers of communications solutions and services. Its principal activities include networked IT services; local, national and international telecommunications services; higher-value broadband and internet products and services and converged fixed/mobile products and services. Its annual turnover is about £22.2 billion. It operates in 170 countries although the vast bulk of its workforce of around 100,000 is based in the UK. In the UK BT serves over 20 million business and residential customers with more than 30 million exchange lines, as well as providing network services to other licensed operators.

In 1981 British Telecom was formally separated from the Post Office and the first steps taken to introduce competition in the UK telecoms industry. In 1984 British Telecom became a public limited company with 50.2 per cent of the new company offered for sale to the public and employees. This represented the first national flotation of a public utility with shares listed on the stock market. In 1991 British Telecom began trading as BT and the government sold over half of its remaining shares. The remaining shares were sold in 1993, completing the privatisation process. During this period BT formed a number of partnerships and alliances with international telecoms companies. In 1998 the European telecoms market was opened up to liberalisation. In 2000 BT secured a mobile license in the UK. At the same time it radically restructured, separating the telephony business into retail and wholesale and creating four new businesses: Ignite; BT Openworld; BT Wireless and Yell. In the same year Yell was sold and BT Wireless was renamed MM02 and de-merged, with employees covered by a TUPE transfer, including the transfer of trade union recognition. By 2007/8 its pre-tax profit was £2,506 million and BT is now organised into seven lines of business:

- Global Services (employing 28,000 in 75 countries)
- Retail (employing 20,000)
- BT Operate, Wholesale
- BT Design, Group Operations
- BT Openreach (employing 33,000) which conducts its network engineering role in highly regulated environment.

In the first ten years since it was privatised in 1984 BT's workforce fell by more than half without recourse to compulsory redundancies, and subsequently it has maintained this number of employees despite continuous restructuring.

The Communication Workers Union (CWU) has 70,000 members in the UK telecommunications sector, with around three quarters employed in BT and the remainder in over 30 telecom companies. The union represents over 60,000 non-management employees of BT realizing an union density of well over 90%. A separate union, Connect, represents management employees. There is company level collective bargaining and terms and conditions are jointly regulated. A European Works Council has been established for the international business – BT Global. The company also has a health and safety committee, based upon trade union representation, which is proactive on health and safety. Under a partnership agreement the health and safety representatives have 'extensive rights' to perform their duties and are integral to all procedures.

The wider context of restructuring has thus seen the transformation of the UK telecommunications sector from a nationalised to a privatised industry operating in a liberalised European economy and global markets, characterised by the fast pace of technological change and increased competition. BT's consumer division alone shed 13,000 jobs between 2001 and 2003 following major restructuring, with reductions through retirement, non-replacement of vacant posts and the non-renewal of contracts.

The rapid changes that have been required have been a major challenge to a labour force whose profile remains predominantly male and relatively old. Only a quarter of the employees are women, and many have very long service records with the company<sup>20</sup>. The other health risks that can be identified are the changes linked to the transition from a physically-focused company to one where around 75% of employees are largely sedentary with desk based or agile administrative jobs, having to cope with increased psychological demands and pressures.

BT has been required to manage a significant amount of redeployment within the company, based upon the anticipation of skill requirements and retraining. The avoidance of compulsory measures in the change processes has, at least in part, been possible because of the use of high levels of agency staff. The BT 2006 Retail Resourcing Agreement, negotiated with the Communication Workers Union (CWU) addressed these concerns for staff in one major operating division, as well as union opposition to the relocation of call centre work to India, guaranteeing no further relocation as well as a fixed ratio of agency to permanent staff. However in more recent times agency replacement programmes are becoming more common where redeployed people are re-skilled to undertake alternative duties which would otherwise have been undertaken by third parties under temporary contracts. This trend is becoming more significant because of limited availability of voluntary leaver programmes as the company attempts to control costs associated with restructuring programmes.

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<sup>20</sup> The proportion of ethnic minority employees is at the national average of 9 per cent, while 2.4 per cent of the employees are recorded as having a disability.

The innovative nature of the case study lies in BT's emphasis on the physical and mental health of its employees through workplace programmes that aim to identify and address stress throughout the workforce and to promote workers' health. Recently, for example, BT ran a 16-week campaign with Mind and the Sainsbury Centre of Mental Health called 'Workfit – Positive Mentality'. Comprising modules based on a simple 10 step programme to raise awareness of mental health, tackle stigma and to promote mental well-being.

The traditional approach to health in many companies including BT can be described as defensive. Essentially it was restricted to four elements that tended to be kept in their own discrete boxes: absence management, occupational health, health and safety and health insurance.

Absence management tended to be focused on discipline to compel attendance. It was confrontational and involved very limited interventions aimed at helping individuals. The occupational health regime was based on mandatory health surveillance that stressed the medical diagnosis of an individual's capability or fitness for a particular job. In many ways it was a comfort blanket for line management who could rely on its black and white assessments. Health and safety was essentially legalistic and reactive to problems. Finally, health insurance stressed the benefits that could be made available in the event of poor health or an occupational incident, but did not seek to promote better health.

While elements of this earlier approach are still present, BT's emerging health policy is much more proactive. In particular it focuses on the role of the line manager, who is expected both to undergo extensive training on all aspects of health promotion and to be much more attentive and proactive concerning the health of their staff.

As shown in the figure below the health policy framework used by BT aims to shift thinking and behaviours about health from a focus on how to deal with the consequences of poor health (Tertiary action) and from measures to protect people's health (Secondary action) towards the promotion of good health and the prevention of accidents (Primary action). The company understands that the level of effort involved – and the numbers of staff implicated – is much greater than in the past.

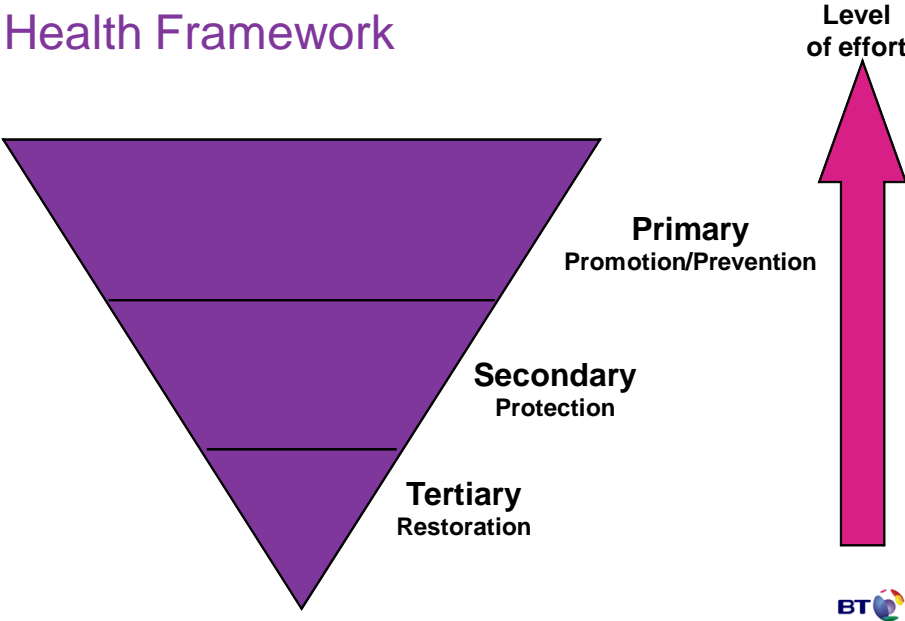
BT's proactive health policy has been promoted within the company as a win-win situation. It is shown to help cost controls, by reducing sickness absence, improving individual effectiveness and benefiting group productivity. It also assists in retaining a skilled and committed workforce and improving customer service whilst avoiding many of the avoidable entry and exit costs associated with churn in the working population initiated by ill-health related issues. These elements are also important in positioning the company as an employer of choice attracting new talent and BT believes it also empowers people to protect themselves outside work helping ensure that changing demands at home do not translate into increased stress and ill health.

Additional health advantages identified within BT as arising from this policy are that it enhances employee engagement, facilitates an acceptance of diversity and stimulates

creativity. It is also seen as helping externally to position BT's image and brand and to contribute to its Corporate Social Responsibility credentials.

The policy premise is that work is generally good for physical and mental health and well-being. Work, it has been shown, can reverse the adverse health effects of long-term unemployment and of prolonged sickness absence. Of course, the beneficial effects depend upon the nature and quality of the work offered, and this requires careful and individual tailoring to particular needs.

**Figure 7.2.1: BT's Health Framework**



In 2004 BT, in consultation with the trade unions, launched STREAM, a tool designed to identify and address stress throughout the workforce. This was introduced within the wider context of a drive in the UK, encouraged by the Health and Safety Executive (HSE), to improve mental health issues in the workplace and the prospect of legislation. The company monitors sickness absence rates and was aware that around 20 per cent were due to mental health issues.

The tool aims to help managers and their people identify mental health issues, relatively simply, emphasising a bottom up approach, which focusing upon individuals, but aggregates the individual data to provide a measurable barometer of mental well-being across individual business units and the company as a whole. The union was heavily involved in developing the concept, where stress was defined as “*excessive or intolerable pressure leading to physical or psychological effects on the human body*”. A set of questions were developed by a clinical psychiatrist and evaluated through a series of workshops. Results found a correlation between data arising from pilot questionnaires and independent assessments of the mental health of those involved, providing validity for the questions upon which STREAM is based.

STREAM takes the form of an on-line assessment, through the company intra-net (where it is widely advertised), with on-screen instructions, and takes about ten minutes to complete. The questions are focused upon:

- work demands, including the nature of work (repetition, emotional demands)
- workloads, deadlines, the working environment, working hours and the impact of absence levels on workloads,
- control – the extent to which workers control their workflow and how they do their work, flexibility in working hours and how they are coping at work,
- support – contact with line managers, equipment and systems, help and support from colleagues and line managers,
- workers health, previous ill health as a result of work pressures and pressures outside of work,
- relationships – verbal and physical violence at work; bullying and harassment in the workplace,
- unacceptable behaviour affecting health and relationships with work colleagues,
- roles – the possibility of conflicting priorities at work,
- whether duties are clearly defined; how jobs fit into the organisation and training,
- change – access to information on organizational change,
- the effect of change on work teams and the impact of staff turnover on work teams,
- a final section asks a number of standard questions designed to identify depression or mental health issues.

On completion employees received an emailed report giving a stress rating of red, amber or green. If employees receive a red or amber rating the report includes guidance on what they may do to help reduce stress levels. A report is also sent to the employees' selected line manager. In the case of a red or amber rating he/she is required to conduct a one-to-one meeting with the employee providing the opportunity to discuss any relevant issues and agree on any necessary actions. If the employee does not feel comfortable discussing these issues with their line manager they may discuss them directly with a second line manager (recognising that the line-manager could be the issue). STREAM may identify a number of problems and available solutions could include childcare provision, work scheduling within flexible working policies, or debt counselling. One of the questions addresses the pressure of workloads, although it was reported by management that stress was generally the result of a multiplicity of issues. There is also an option to talk to a counsellor via the company's Employee Assistance Programme, there is a free confidential telephone support service and free face-to-face counselling (subcontracted to a counselling service through a third party). This programme also provides support for managers in dealing with issues raised by employees.



The information provided by the STREAM assessment is used to compile the report for the employee and their line manager, but the employees' actual answers are not seen by the selected line manager or anyone else. The content of the summary report remains confidential between the employee and the selected line manager.

BT also uses anonymised results from assessments to measure and manage the levels of stress throughout the organisation. The tool has been taken up by 20,000 employees (around 15% of the workforce), with higher take-up in customer contact centres, where it was launched and has been embedded in day to day practice to a greater extent than other areas of the business. A union officer suggested that take-up was initially rather limited, but take had increased following internal health promotion campaigns such as Workfit – Positive Mentality which actively promoted the tool including union representatives promoting the programme at road shows in the larger BT buildings. The union is also very interested in the data that STREAM can provide in terms of locating areas of stress within the whole organization and data is regularly made available by the company to help foster the partnership approach to improving health management.

The new proactive policy not only includes a strong emphasis upon health promotion, but also stresses a sensitive attendance management programme, the advantages of labour force diversity, and the need to rehabilitate staff on long-term sickness leave. These elements have been identified as commercial opportunities for the company rather than as burdensome costs and are being implemented by BT in order to make it an 'Employer of Choice'.

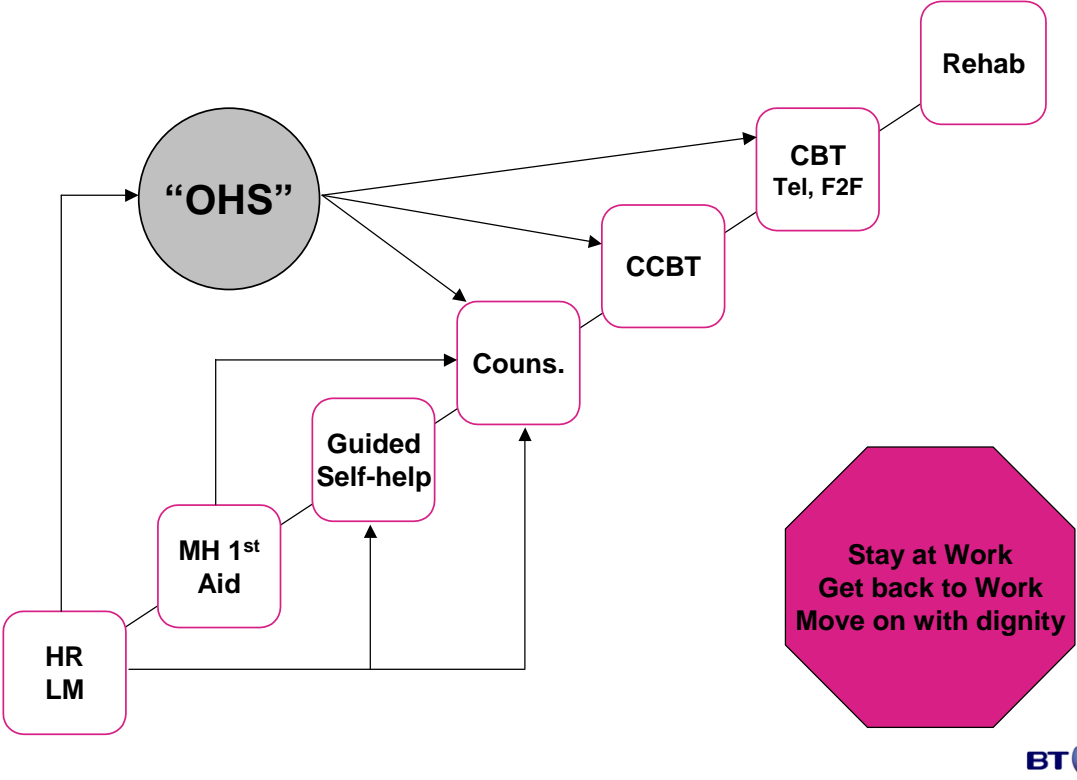
BT's attendance management focuses on what people can do rather than what their doctors say they can not do and BT gives the line manager the central role with support from a third party case management service. It encourages a flexible approach to adjustment and to managing changing capabilities as the individual's ability to work improves and changes over time.

Line managers have many tools at their disposal in the case of colleagues presenting with higher than average sickness records. There are of course all the usual services available through an occupational health service but these are supplemented by other clinical interventions such as self referral physical rehabilitation that utilise a psycho-social functional restoration approach designed to facilitate a full and accelerated return to work rather than simply providing treatment of the individual illness or injury.

For mental health issues the company is establishing an innovative stepped care approach as illustrated in figure 7.2.2. Managers take the initial lead in supporting an individual who is showing signs of distress and this should be proactively undertaken before the situation deteriorates to a point where sickness absence is incurred. In traumatic situations such as verbal or physical assault the company is establishing a network of first responders through a mental health first aid programme providing support and assistance to management teams and individuals. The company also provides significant self help resources through dedicated intranet resources specifically focused on mental well-being. These stages are supported throughout by a comprehensive Em-

ployee Assistance Programme offering advice, support, counselling and potentially cognitive behavioural therapy either delivered face to face or via self teach using an internet based resource. The processes available can be graphed as in figure 7.2.2.

**Figure 7.2.2: Health intervention processes at BT**



The availability of these processes and the adoption of BT’s health framework brought many tangible benefits. Thus it is more than five years since BT rejected a candidate on grounds of mental illness. A major advance is that the sickness absence rate due to mental health problems has fallen by nearly one third in 4 years, despite continued pressured market conditions. Compared with five years ago, when just 30% of people off work for six months or more with mental illness returned to their own jobs (the national rate at the time was 20%), today nearly four out of five BT staff in this situation do get back to their original work. As a result, the medical retirement rate for mental illness has dropped by 80% over the 5 years since 2003, and stress claims against BT have dramatically reduced.

### **7.3 Business restructuring, health and well-being at AstraZeneca: HRM tools for personal and business benefit**

Heron, Richard J. L. (BP, London/UK; University of Nottingham)<sup>21</sup>

In 1999 two International Pharmaceutical companies, Astra AB of Sweden and Zeneca Group plc of the UK merged to form a new Company. At the time of the merger AstraZeneca employed approximately 50,000 staff. Although it was essentially a merger between a Swedish and British Company, there were major Research Centres in five countries, manufacturing assets in twenty countries and sales in over one hundred countries. More than two-thirds of the staff were employed outside UK and Sweden.

At the time of the merger the importance of frequent, clear communication was recognised publicly by chairman and chief executive alike.

“We strongly believe that during the process leading up to the merger and integration of AstraZeneca it will be important and it is our intention to provide regular (communication) material.” Dr. Tom McKillop, Chief Executive

“Communicate often with clarity and passion.” Percy Barnevik, Chairman

Integration newsletters were published; sites, departments and managers were encouraged to conduct regular briefings, and courses were offered to help people manage uncertainties that many were likely to face. It was anticipated that for many people such a change may well be a shock, perhaps unrecognised or even denied; that such changes may be associated with periods of frustration before personal and organisational clarity and integration emerged; and that the timing of individual change journeys were unlikely to be synchronous.

Communication is a two-way process, and the company also recognised the importance of early identification of change-related uncertainties which may aggregate in business units, national companies or segments of business activity. Timely responses were seen to be mutually beneficial not only for restoring individual stability, but also in increasing employee engagement. A particularly valuable HR management technique employed during the merger period was the employee survey.

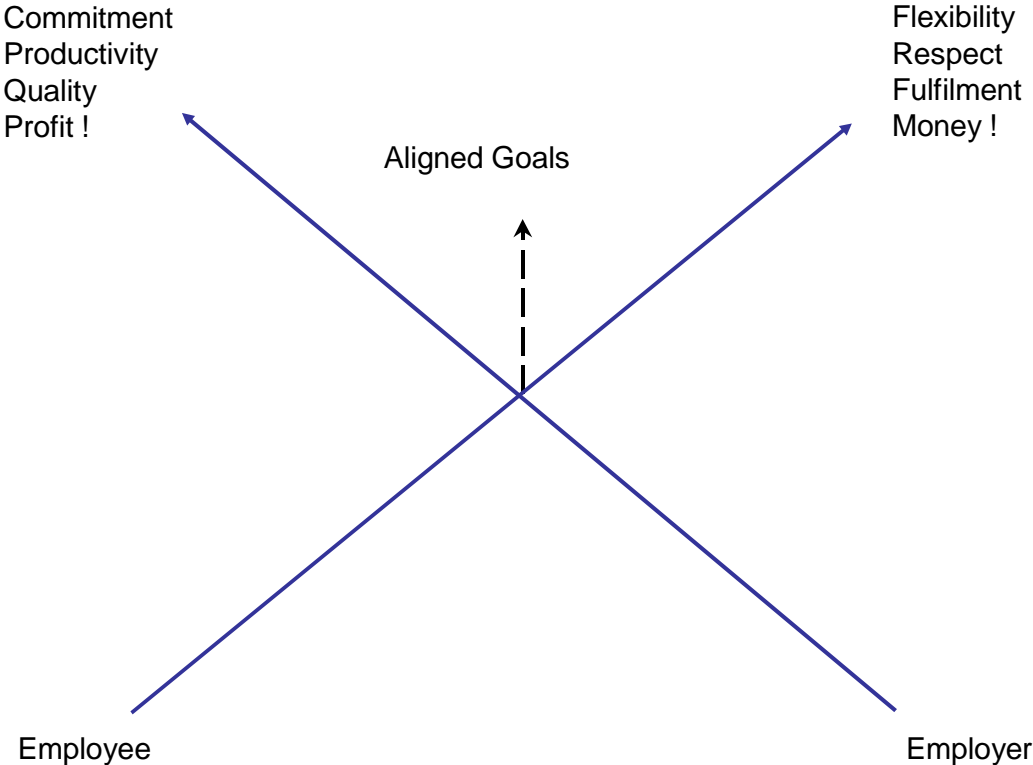
Approximately one year after the merger an employee survey was conducted, led by the human resources function. The survey contained approximately 100 questions covering issues ranging from the clarity of leadership and direction through to personal stress. Well-being questions were embedded within it by occupational health, and the survey utilised to identify the specific stressors impacting individuals. In addition to the specific well-being questions, the full survey was reviewed and matched to the stress-related hazard conditions associated with work context and content, with the assistance of Tom Cox (1993).

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<sup>21</sup> published with permission of Dr. E. L. Teasdale (Chief Medical Officer, AstraZeneca)

This pragmatic approach enabled anonymous data-gathering, one outcome being a facilitated alignment of individual and organisational needs for mutual benefit (see figure 1). It also presented the opportunity to prioritise limited resources and target interventions towards areas of greatest need. Aggregated information provided executive management with headlines for focused responses and indications of more systemic risk factors at global, functional and site level.

**Figure 7.3.1: Alignment of individual and organisational goals**



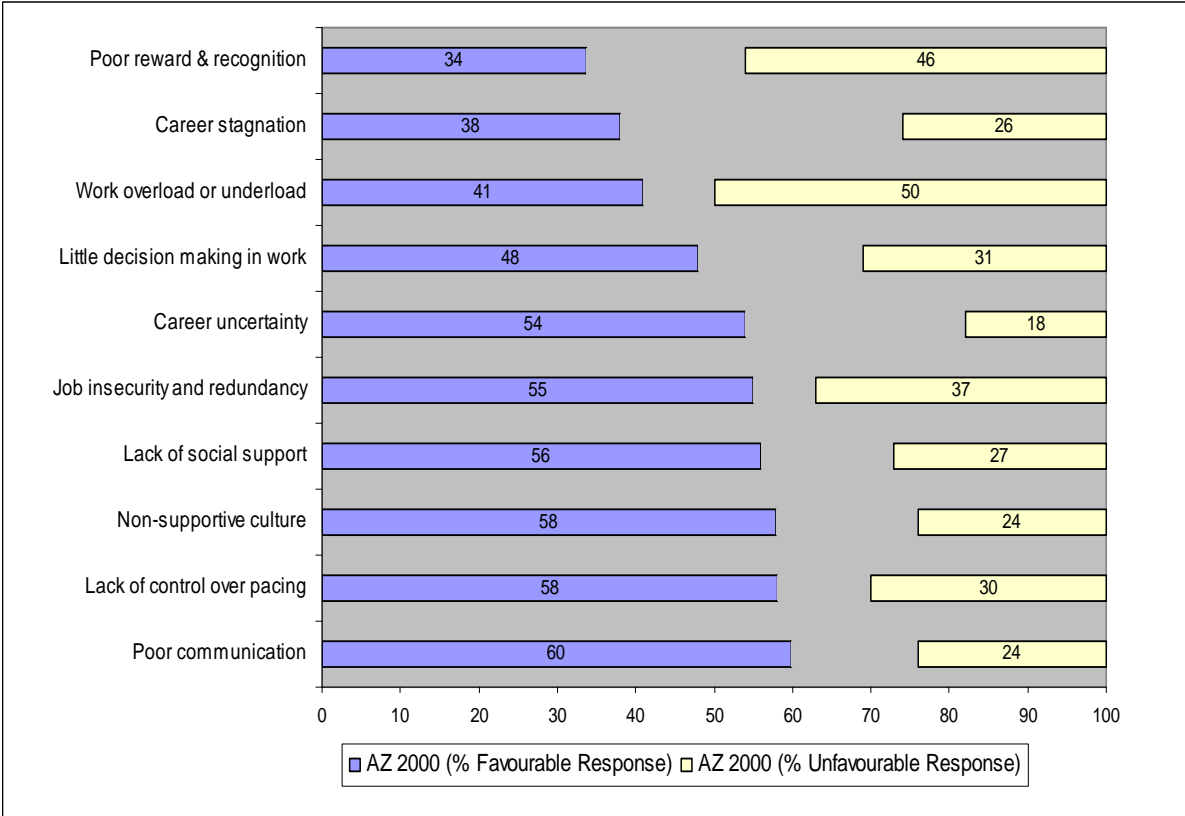
As with all personal data gathering exercises there is an important ethical tenet to consider that is the right of each employee to confidentiality or personal privacy. Such considerations benefit individual employee and organisation. When employees are confident that their private information is secure, where they perceive mutual benefit arising from shared or grouped anonymous data, response rates are likely to be increased. Trust is in itself a moderator of psychological wellness in the context of employee/employer relations, hard fought to win, and readily lost.

Failure to identify and address areas of concern arising in a merger situation was acknowledged as a risk with potentially damaging personal and organisational consequences including: demotivation, cynicism, exit from the organisation of (key) people, organisational disruption / lowered productivity, fearful anticipation of the future, resistance to change, hostile attitudes / aggression, irrational fears / panic feelings and passivity.

In 2000, 38,401 staff were surveyed and 22,680 responded, an average response rate of 59% by country (range 29 to 100%). Data analysis allowed several positive conclusions to be drawn, summarised and communicated back to employees: Approximately 70-92% of staff were satisfied with their role in the organisation, the quality of their working environment, task design and the ability to balance home and work (see next figure).

General concerns were identified as workload, concerns regarding potential for career stagnation and a sense of exclusion from involvement in work-related decisions by between 30-50% of staff. All of these might be expected in post-merger uncertainty.

**Figure 7.3.2: General staff concerns after the merger**



Particular responses were very insightful to senior management. Approximately 50% of staff cited that they were experiencing significant or frequent stress, and approximately 35% that this was significantly impacting their ability to do their job. While this may be unsurprising shortly after a major organisational change such as a merger, it highlights the need to recognise the link between individual distress and personal perceptions of productivity. The strength of such a large data increased the bias for action by executive management. In their public statements they openly recognised the personal impact of such uncertainty and the need to pay attention to it:

“We will also have to pay attention to the heavy work pressure reported by large portion of our people” Senior Executive Team

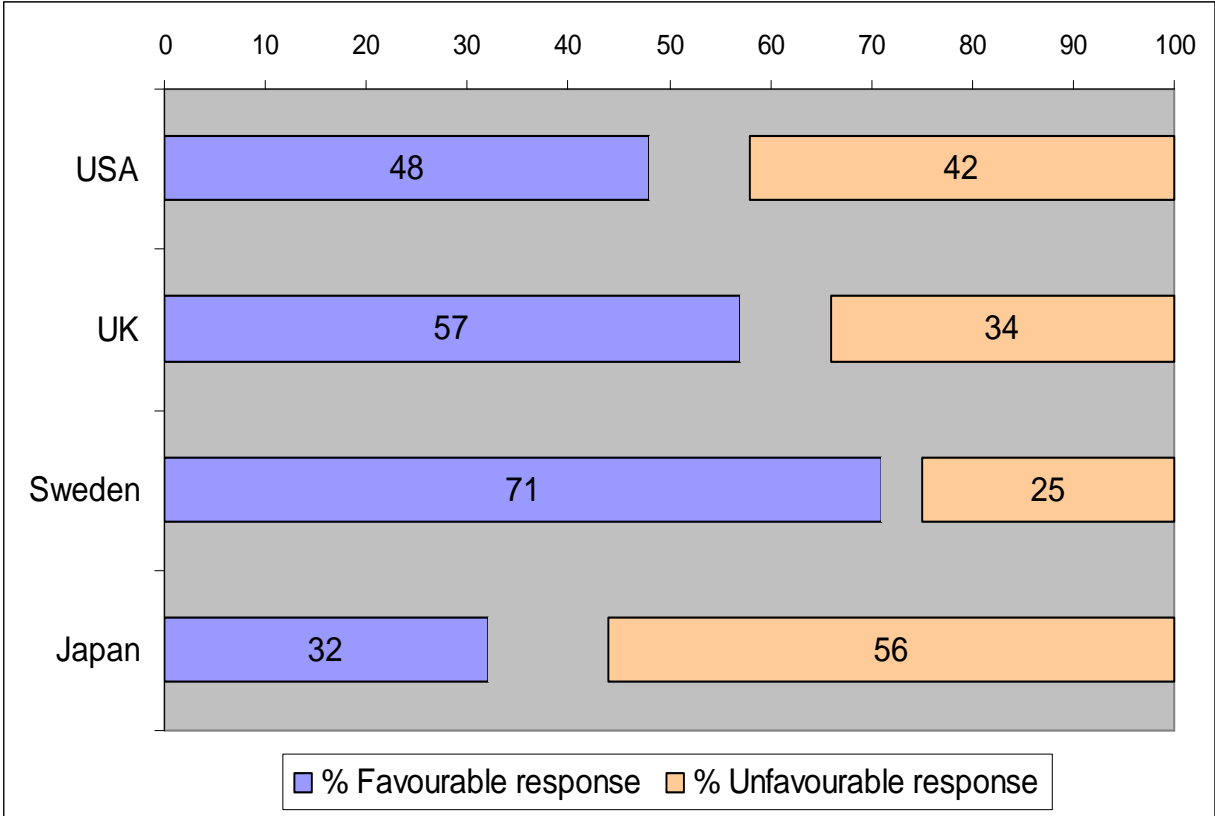
“Actions need to be defined to respond to the (survey) results especially in the areas of work pressure and reward and recognition” R&D Exec. Vice-President

“There is a clear difference, in terms of success, between a company that has the engagement of its employees, and one that doesn’t.... I know that for many of you this has impacted on your family and private life, so please extend to them our sincere thanks.” Chief Executive Officer

A “Chief Executive’s Safety Health and Environment Award” was put in place shortly after the merger to recognise assets for excellence in Safety, Health and Environmental management. The year after the survey, a special award was offered for well-being programmes.

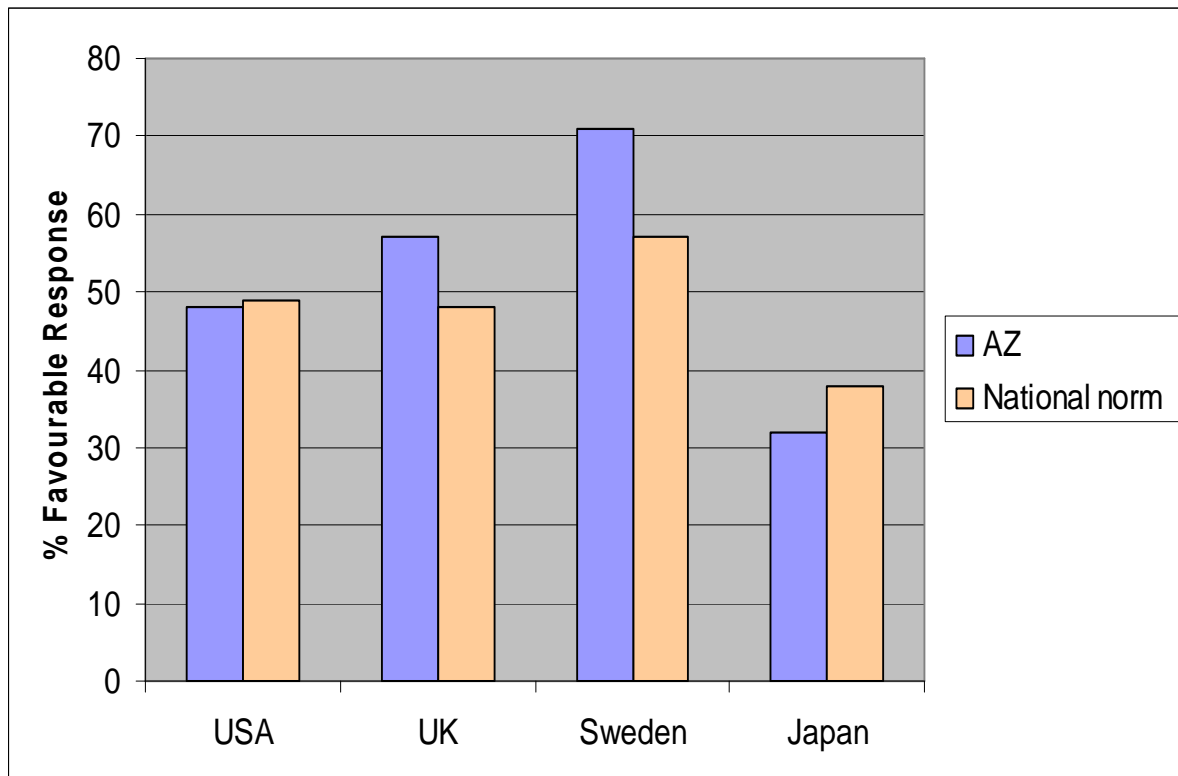
The value of such global surveys is enhanced by consideration of local cultural norms when interpreting responses. It is essential to refer to culturally relevant benchmarks as responses vary considerably, in accordance with local contexts. Examples may include local or national employment trends which may magnify the sense of uncertainty expressed in the context of an organisational change. In the following illustration it appears that there is a higher “unfavourable” response when questioned about job security amongst US based employees than those in UK, Sweden and Japan.

**Figure 7.3.3: Perceived job security after the merger**



However, when compared with regional benchmarks another interpretation emerges.

**Figure 7.3.4: Perceived job security compared to national benchmarks**



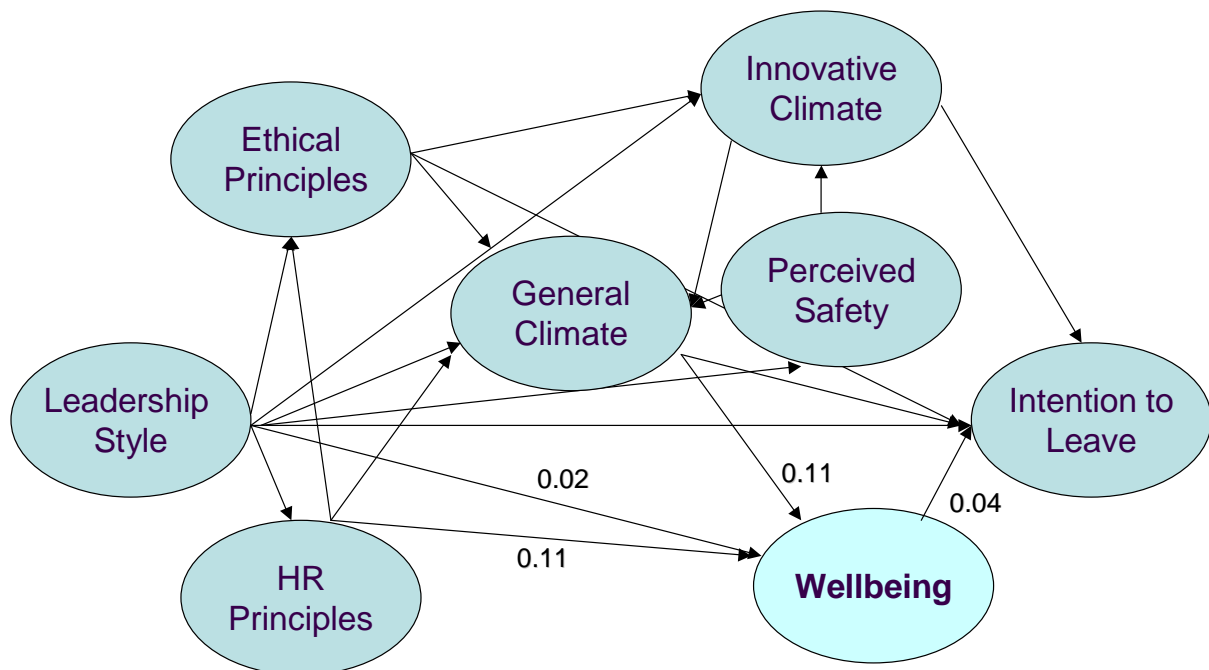
The result in US is close to the national norm (not significant), and of greater interest and worthy of further analysis was the response regarding job security in Japan – not because of the low raw score in isolation, but to its significant difference from the national norm (significant  $p < 0.01$ ).

Perhaps more importantly in terms of addressing underlying concerns was the requirement of line management to identify the local issues underpinning significant findings and to take actions in to address them.

Further follow-up work has demonstrated that such surveys are not only of value in addressing specific concerns, but also they demonstrate the inter-relatedness of interventions.

In the employee survey referenced above 66 questions were variously measured on a 3 point and 5 point Likert scale. Data was reduced to identify core factors using a principle components factor analysis. Multi-level LISREL analysis was used to identify the core components, significant relationships being identified using correlation analysis. A best fit model was generated which was found to be stable across gender, tenure, age and level in the organisation. A number of factors are shown to impact on both innovation and well-being including leadership style, HR principles, and general climate. Innovative climate, safety and well-being was also found to be directly related to intention to leave. These are clearly issues with the potential to impact profitability.

**Figure 7.3.5: Costs of well-being to the organisation**



(Chi Square = 14.8, df = 10, P value = .14, RMSEA = 0.004)

Every year there is a Chief Executive’s award to an AZ site for excellence in Safety, Health and Environmental management. There is also a special award each year. In 2001 the special award for Well-being was made to the Lund site, in Sweden in recognition of their stress prevention programme – “soft values with hard impact.” A special recommendation for the “Balanced Living Charter” was awarded to the Alderley Park, UK site.

When considering transferability of the employee survey approach to other companies and sectors as an assessment tool regarding the psychosocial impacts of a merger, the extent to which employees feel able to honestly voice their concerns, and the extent to which they believe their responses will lead to mitigating actions is critical. The fact, that a response rate of up to 59 % can be achieved just 12 months after a merger, suggests that it is possible to overcome issues of cynicism, mistrust, and to make the process an effective tool.

*Reference*

Cox, T. (1993). *Stress research and stress management: Putting theory to work*. HSE Contract research report No.61.



## **7.4 EDF Energy – Monitoring psychological well-being during change: Change management and resilience enhancement**

Margaret Samuel (EDF Energy, London/ UK)

EDF Energy is one of the largest energy companies in the UK. It provides power to a quarter of the UK's population via the electricity distribution networks in London, the South East and the East of England. Gas and electricity is supplied to over five million customers and about 5GW of energy is generated from the coal and gas power stations, as well as combined heat and power plants and wind farms.

Through the Climate and Social Commitments, EDF has launched the biggest environmental and social packages of any UK energy company. The company is also a key player in national infrastructure projects, including management of private electricity networks serving four London airports and the Channel Tunnel Rail Link, the country's first major new railway in 100 years.

EDF Energy employs nearly 13,000 people at locations across the UK and is a core part of EDF Group, one of Europe's largest power companies. EDF is the official energy utilities partner and sustainability partner of the London 2012 Olympic and Paralympic Games.

EDF Energy was formed in 2003 with the integration of four separate companies, London Electricity, SWEB, Seeboard and Eastern Electricity to form one company and one brand. This was a huge challenge for the business in terms of increasing customer expectations and increased efficiency demands and to staff in terms of change in role, redeployment and relocation.

*Business objectives behind EDF Energy's approach to supporting the psychological well-being of employees during this change*

With over 300 employees diagnosed every year through Occupational Health with psychological ill health, resulting in £1.4 million loss in productivity, EDF Energy introduced a psychological support service, the 'Employee Support Programme' (ESP) in 2000, the primary motivator being the improved health of employees but the business benefit being improved productivity (the direct payback) and improved performance and staff satisfaction (the indirect payback) at a time of significant change. This is evidenced by focus group findings from the late 1990s which showed the work place to have unacceptable levels of stress, the most common 'stressors' being workload and change.

*The main society benefit to be achieved*

The aim was to reduce the impact of psychological ill health on employees' lives, whether or not caused by work, particularly during times of significant change. This

would benefit both the employees and their families, particularly those employees for whom the impact is so great that they retire from work altogether.

### *Employee Support Programme*

This innovative programme aims to reduce both the incidence and impact of psychological ill health at work whether or not caused by work, thereby creating a shift from a downstream, reactive, treatment based approach with employees presenting as long term sickness absence cases to a more upstream, proactive, risk management based approach designed to:

- prevent occupational stress through addressing the key stressors at an early stage,
- enable employees to access psychological support at a very early stage, thereby strengthening their coping skills and reducing their chances of ending up as sickness absence cases.

The ESP is a flexible referral process:

- employees can self refer and receive three treatment sessions confidentially,
- line managers and HR are also encouraged to refer their staff when they see warning signs developing,
- the treatment model adopted by the ESP is a cognitive behavioural therapy (CBT) one,
- CBT is recognised by the National Institute of Clinical Excellence as the treatment of choice for psychological disorders but it is difficult to access on the National Health Service.

### *The fit with company values*

This approach relates specifically to two of the five publicly stated ambitions that lie at the heart of how EDF Energy conducts its business.

“Safe for all” & “High performing people”

Aligning the programme with the ambitions was a very important factor in gaining the support of the Company’s Executive team and now every employee’s bonus is based on performance against the ambitions.

### *Stakeholder dialogue to help with programme development*

Discussions between the Chief Medical Officer (CMO), Chief Health and Safety Officer (CHSEO), Human Resources, full time union officials and safety reps from five Unions – Amicus, TGWU, Prospect, GMB and Unison – took place and all five Unions fully endorsed the programme.

### *The fit with company health and safety targets*

EDF Energy chose targets in line with the Health and Safety Executive (HSE)’s ten year Securing Health Together strategy to reduce the number of days lost through sickness and the incidence of work causal stress by 20 per cent from 2000 to 2010. The three targets are:

- reduce the incidence of work causal psychological ill health by five per cent year on year during the program,
- reduce the number of days lost due to psychological ill health by five per cent year on year during the program,
- promote good mental health, through ensuring that at least 50 per cent of staff take part in health promotion initiatives.

#### *Health and Safety Executive's Stress Management Standards*

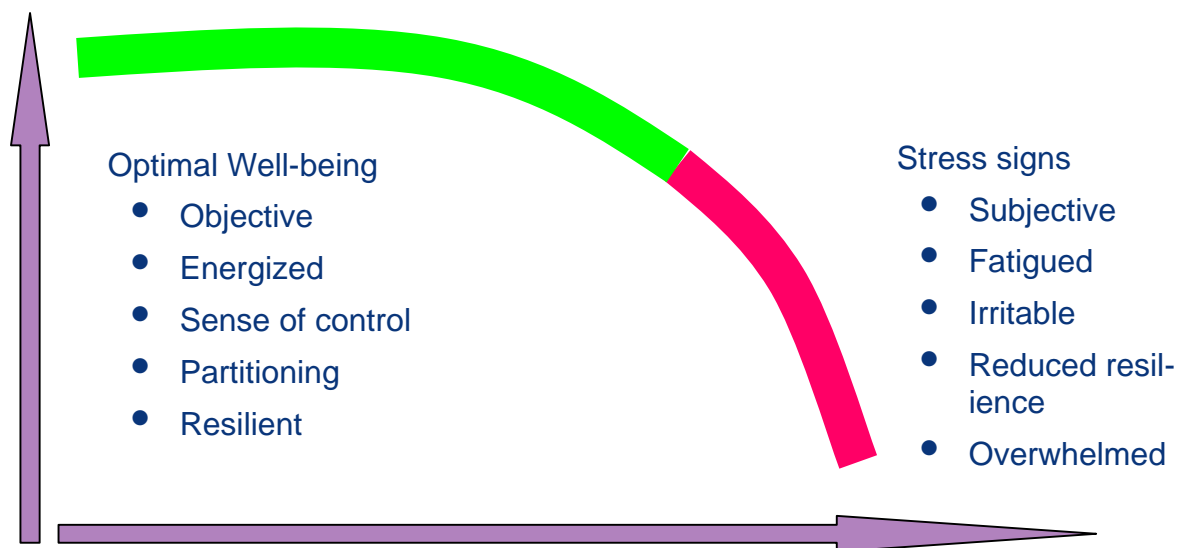
The six management standards approach has been developed by HSE to help reduce levels of work related stress reported by British workers:

- demand: Includes issues such as work load, work patterns and the work environment,
- control: How much say a person has in the way they do their work,
- support: Includes the encouragement, sponsorship and resources provided by the organisation, line management and colleagues,
- relationships: Includes promoting positive working to avoid conflict and dealing with unacceptable behaviour,
- role: Whether people understand their role within the organisation and whether the organisation ensures they do not have conflicting roles,
- change: How organisational change (large or small) is managed and communicated in the organisation.

Through the stress management training delivered by the ESP, stress is increasingly being accepted within EDF Energy as a transitional state between optimal well being and ill health, i.e., a pathway (performance stress curve) from being energised and resilient to a state of clinical depression or anxiety, and there is a growing acceptance that early referral of employees to the ESP when the signs of stress first appear helps restore them to their optimal state of resilience.

These Stress Management Standards also help simplify the risk assessment process for work related stress and EDF Energy used them as the basis for a series of over 70 focus groups conducted throughout the company in 2006/7 to assess their impact on groups of staff and to develop action plans within the businesses to address shortfalls. Change was found to be one of the key stressors and the standard advocated by the HSE for change is that employees indicate that the organisation engages them frequently when undergoing an organisational change. Systems are in place locally to respond to any individual concerns.

**Figure 7.4.1: Stress as a transitional state between optimal and ill health**

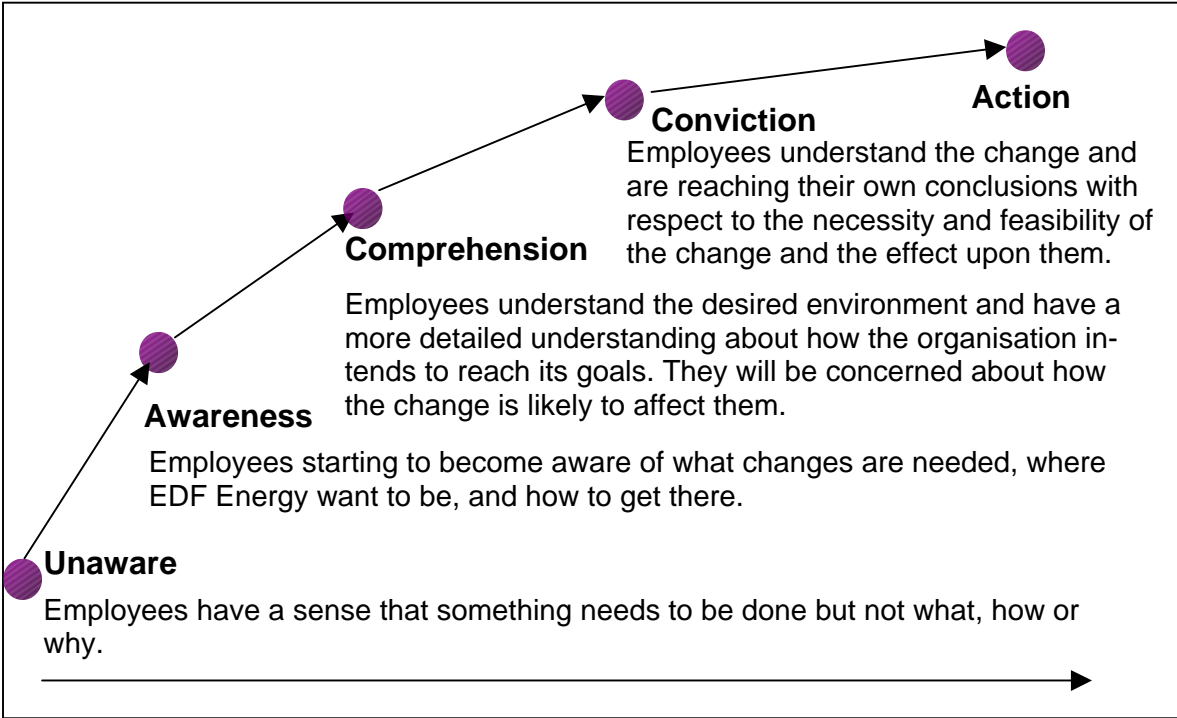


#### *Change Management Workshops*

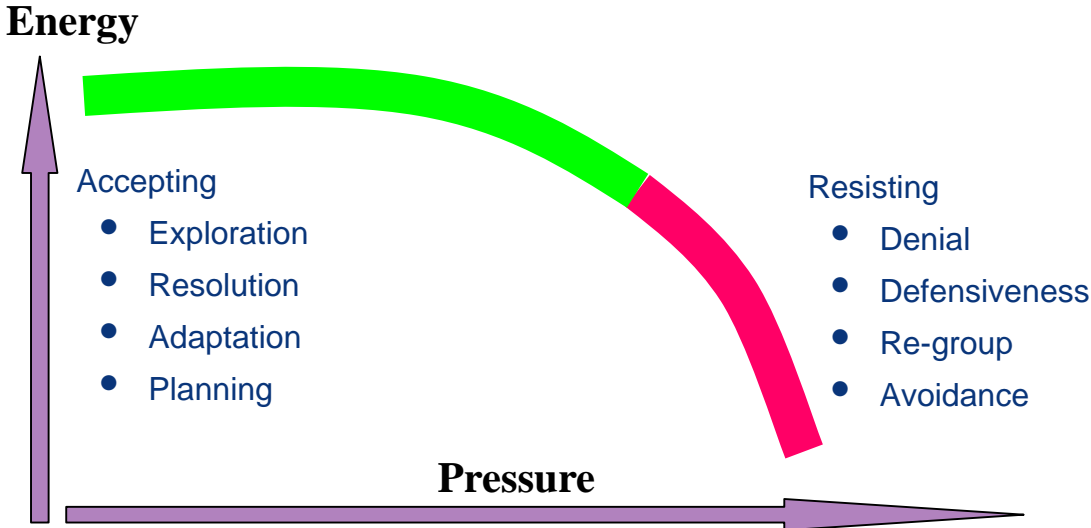
From analysis of the focus group outcomes and the statistics relating to the cases of work related stress seen through the ESP, it became clear that more needed to be done to manage change effectively. OH and the ESP psychologists therefore ran a series of change management workshops for the different branches of the company, firstly taking the senior team through the change curve followed by their direct reports and finally the employees themselves. The focus of the workshops was to help managers understand the personal effects of change, to enable them to take their teams through a change project aimed at minimising the risk of psychological ill-effects and to build resilience and team cohesion. In this way, they came to realise that the behaviours they demonstrate in effecting change has a significant influence over the outcome of the change as those reporting to them will model their own behaviours on those of the more senior team members.

The employees reporting to them will be on different points of the curve when the change is introduced, i.e., those employees on the green part of the curve are more likely to embrace change and see it as a positive challenge, whereas those on the red part of the curve will be more resistant to change, needing more time to adapt to it and likely to benefit from psychological support to help them cope.

**Figure 7.4.2: The change curve**

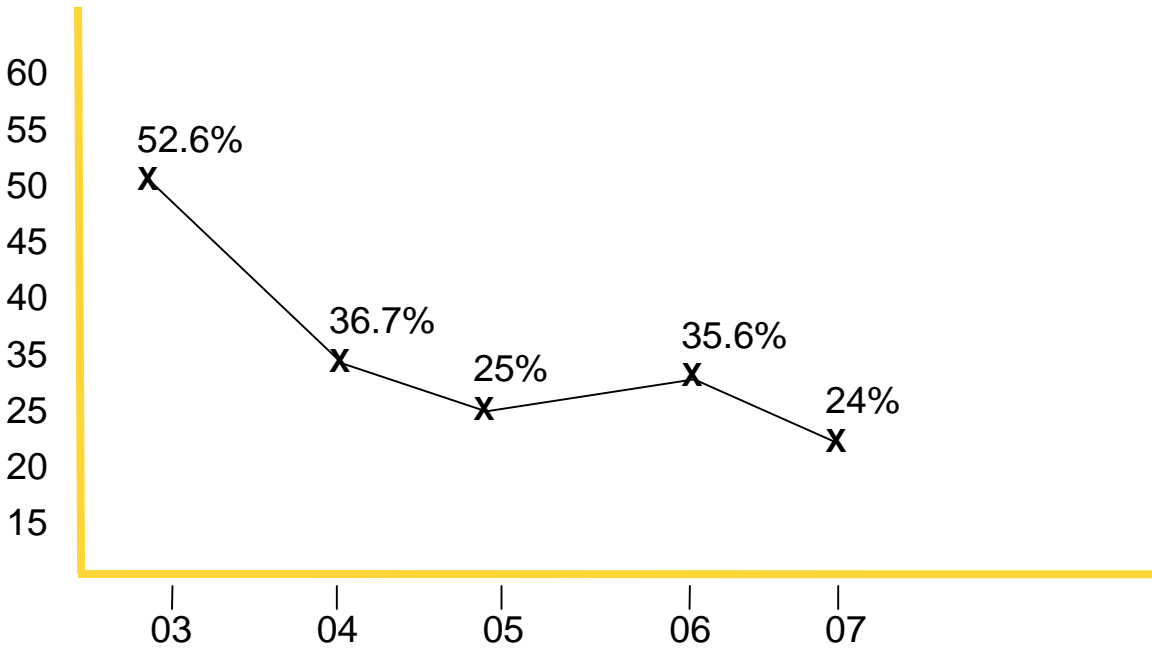


**Figure 7.4.3: Adaptation to change**



The following graph illustrates the impact that the ESP stress management training and change management workshops has had on the incidence of work causal psychological health which has shown a demonstrable reduction in 2003-2007.

**Figure 7.4.4: Percentage of employee support program referrals showing work related circumstances**

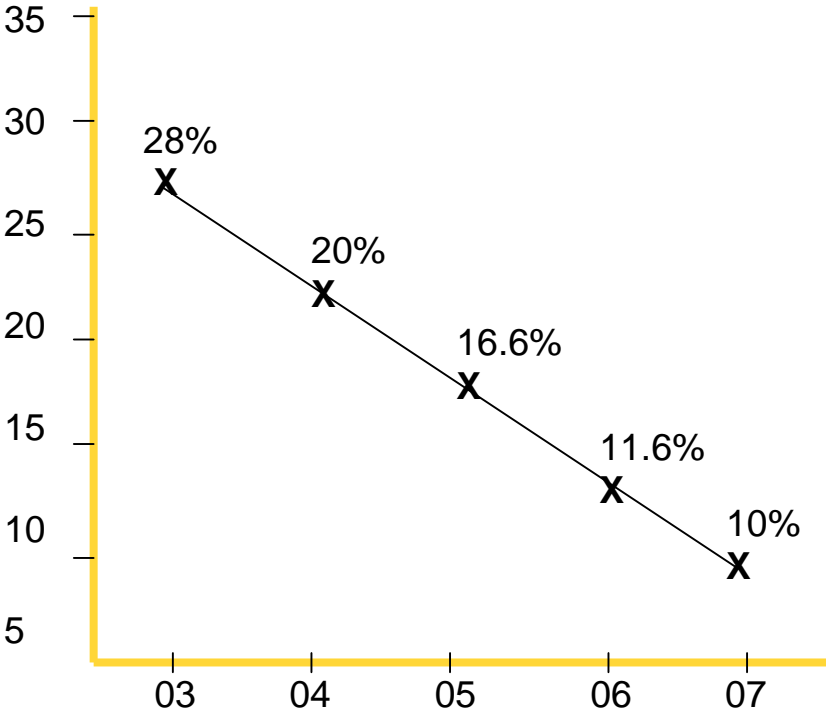


*Round Table Meetings*

It became clear, however, that a different strategy needed to be developed to help those employees who had moved down the red part of the stress curve. This led to the introduction of round table meetings geared towards helping in particular those employees with problems relating to one of the six HSE stressors. At these round table meetings OH/ESP therapists and the employee meet with the employee’s manager, HR and sometimes the Health and Safety Representative, enabling the employee to engage in discussion with the manager about their perceived worries in a supportive environment which is particularly important when the employee’s concentration, memory and confidence is impaired. This helps the employee and manager to understand each other’s interpretation of the particular work issue and to agree a way forward. These meetings are particularly useful in facilitating discussions regarding rehabilitation and agreeing reasonable adjustments that are acceptable to all parties and they have also contributed to a reduction in sickness absence, particularly during periods of change which tends to impact all of the other five stressors i.e., demand, control, relationships, support, clarity of role all being potentially adversely affected during periods of significant change.

Conducting Change Management Workshops supported by round table discussions has helped EDF Energy reach the final stage in its journey upstream in managing stress and ill mental health with the development of the Resilience Enhancement Programme.

**Figure 7.4.5: Percent off work at time of referral to employee support programme**



*Resilience enhancement programme*

It became clear that less resilient employees experience greater difficulty in embracing change and other potential stressors than their more resilient colleagues. The Resilience Enhancement Programme which is currently being piloted in the Company is designed to help employees who have started to drift down the performance-stress curve to climb back up through addressing the five key building blocks of well-being which focus on developing an understanding of the physiology of ‘energy’ and how to protect and improve energy levels through planning time for key priorities such as: exercise; diet; relaxation time and sleep, maintaining a better balance in life through protecting one’s physical well-being without letting work take over and creating a sustainable work life balance; building a good support system; gaining different perspectives from others rather than becoming too self-reliant in trying to resolve difficulties; recognising how much one can influence the outcome of a stressful situation; and being willing to confront difficult decisions or people developing a robust cognitive system of self protective beliefs to build resilient attitudes. It should also benefit those who are currently on top of the curve through helping them stay there.

*Benefits of adopting this approach to support the psychological well-being of employees*

Two key benefits for the business have been the financial net effect which was an estimated £228.000 in improved productivity per year and morale benefits expressed as an increase from 36 per cent to 68 per cent in staff morale (feedback in staff survey relating to “happy in my job”). Moreover, two key benefits for society could be deter-

mined as well: The incidence of psychological ill health was reduced (whether caused by work or external factors) by 14 per cent in three years (the Health and Safety Executive target is 20 per cent in ten years). This figure is even greater (63 per cent) when we look purely at work causal psychological ill health. On top the impact of each incidence was reduced. The majority of those diagnosed with psychological ill health now recover completely as a result of ESP intervention, and retirement due to psychological ill health reduced from 15 (2000 -2004) to just one in 2007.

*Why the programme has been so successful*

It sought input from all stakeholders – before developing the programme the business conducted thorough consultation with all stakeholders including the EDF Energy Executive, Branch MDs, Occupational Health, Health and Safety, Unions, over 500 members of staff and Top 300 managers.

It changed attitudes amongst staff: As a result of a series of 20 workshops and internal marketing. It changed attitudes amongst managers – it taught 1.000 managers (through a related training programme) to recognise psychological ill health amongst staff and minimise its adverse effects. Twenty per cent of referrals to the programme now come at the suggestion of a manager (negligible before).

It has improved employee ‘response time’ by improving awareness for psychological ill health amongst employees and their line managers, and reduced stigma which means that employees don’t wait until they are so ill that they go off work before seeking help. In fact, the number of cases off work at the time of referral has reduced from 28 per cent to just ten per cent.

It responds quickly: The ESP team capitalises on this faster employee response time by responding rapidly themselves, the vast majority of employees are seen within a few days of referral.

Finally, it focuses on long term improvements: The treatment model adopted by the ESP is Cognitive Behavioural Therapy (CBT). CBT is recognised by the National Institute of Clinical Excellence as the treatment of choice for mild to moderate psychological disorders. This is because it not only alleviates symptoms but it also increases coping skills and improves resilience in the long term – minimising the likelihood of relapse – and is therefore a long term solution.



## **7.5 Restructuring Department A460 of the German pension fund: A BGF Case Study Report**

Gerhard Westermayer & Verena Bonn (Counselling Institute for Occupational Health, BGF GmbH, Berlin/ Germany)

### *Type of enterprise*

Department A460 of the Deutsche Rentenversicherung Bund took part in a project explicitly planned as a healthy restructuring project. The whole organisation, which is the official German pension fund with 23.000 employees in total, is now in its fifth year of complex restructuring (the Deutsche Rentenversicherung Bund has been merged out of the former BFA and the former LVA and 16 additional smaller insurance companies).

According to German law, employers have to keep documents concerning their employees which could be used to claim the right to receive a certain amount of pension for ten years after they left the company. Department A460's task was to process all the rights to a pension of the former GDR within a short period of time. If this issue wasn't dealt with in a timely manner, the employers' deadline for saving their former employees' documents would have expired, thus creating new and unregulated legal ground.

### *Reason for restructuring*

As it was easy to see that the files would not be processed on time, the pressure was increased, extra employees were hired and extensive restructuring measures were put in place. At the same time, a new objective was combined with the original one, which had been to dissolve the department after the given deadline. This new objective was to integrate and retrain the department employees, who would be integrated to other departments after the dissolution of department A460.

### *Type of restructuring*

For the remaining three-year-deadline, department A460 was completely restructured: new functions were defined, an extra level of hierarchy was introduced, the work sequence was completely changed and an eye-to-eye principle was introduced in order to optimise the process and assure quality, which delivered the central controlling basis and data for the entire company, with the help of a newly introduced software. All employees were told that the restructuring was exclusively put up in order to process all the files until 2005 and that the department would be completely shut down afterwards. In this first restructuring, the employees not only had to deal with an extreme increase in performance requirements, but they were also provided with many trainings and restructuring-information-meetings.

### *What was done?*

After two of the many internal development-of-organisation department workshops the participating employees got up and left the room, saying they had work to do, the BGF GmbH was called in for support.

At this point in time, a more or less open resistance to the restructuring and the tremendous increase in performance requirements became obvious among the employees. The management of the department was in a very critical position, because the work to be done required specialized legal knowledge and therefore the current employees could not simply be replaced by employees from other departments or by hiring new workers. The request for external support by the BGF GmbH and the AOK Berlin was also justified by the increase in absenteeism among employees, which was far too high at that point in time, and therefore threatening the project.

The BGF GmbH cooperates with and on behalf of the AOK Health Insurance Berlin. The AOK have, over many years, closely cooperated with the Deutsche Rentenversicherung Bund in a wide-ranging organisational health promotion (OHP) project. The project had the aim of improving the health of employees. First and foremost, it aims to implement a sustainable controlling and steering system that enables the identification and strengthening of organisational health potentials (positive influence factors). Simultaneously it should also enable the identification of health threats (negative influence factors), and their elimination or reduction.

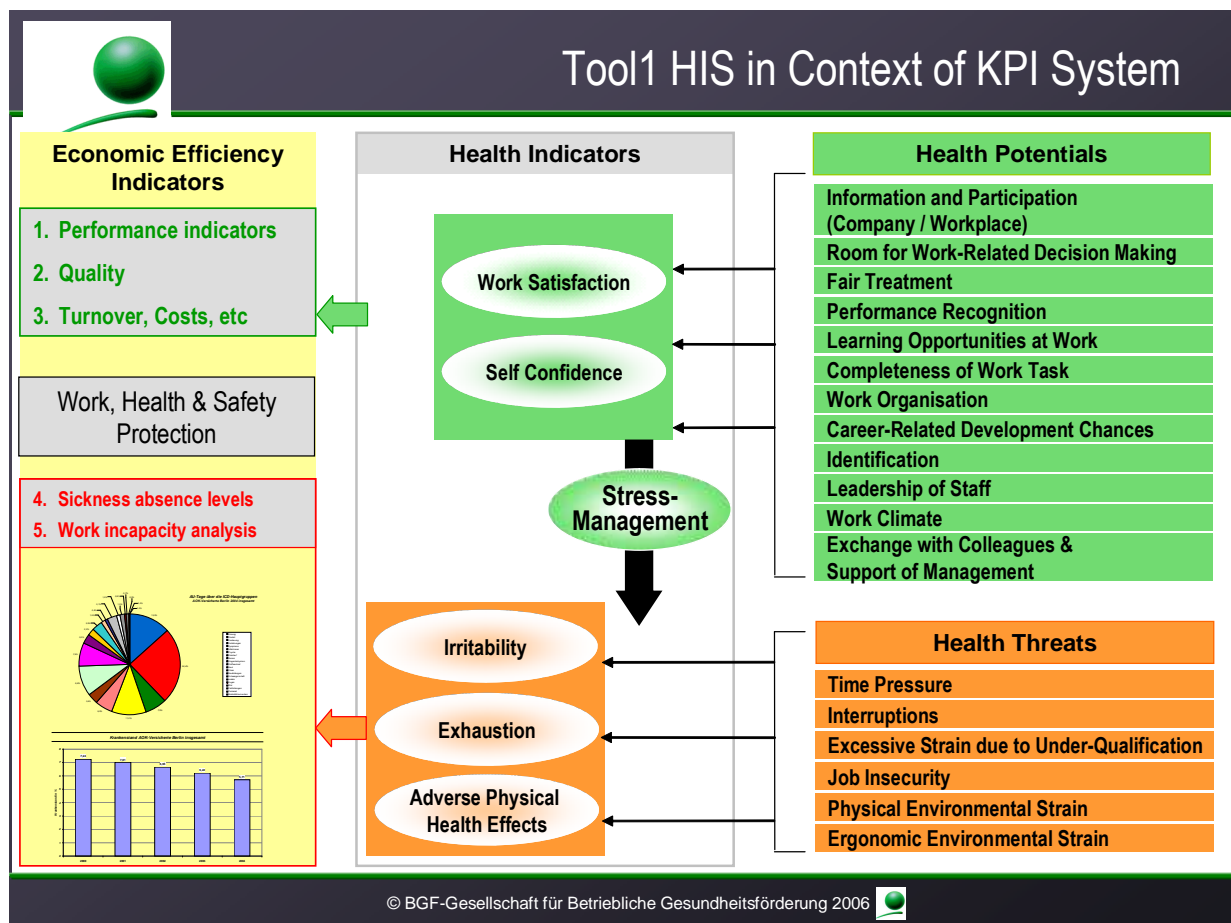
This controlling and steering system consists of various empirically developed and theoretically deduced methods from the quantitative and qualitative social sciences.

The project integrated analysis and interventions: company-based statistics were related to absenteeism data, survey data and results of interviews and workshops. A steering group controlled the analysis and change project, which was formed by all different interest holders of the department. Basically the process was a cyclic chain of different interventions and evaluations. After defining different hypotheses, these were reassessed by the instruments of analysis. The results of the reassessment mark thematic and local points of intervention. These interventions were evaluated and the results were compared to the original aims. Discrepancies were re-analysed and became re-formulated aims of intervention.

### *Why were these tools chosen? How did it work?*

The survey was especially chosen to reach every employee. Everybody had to think about the health potentials and the health threats they were questioned about, as well as their health indicators (see fig. 7.5.1). Using statistical methods, the most important health potentials and health threats for the health indicators could be identified and therefore targeting interventions accomplished. This is why the interventions relating to this analysis strongly affected the employees.

**Figure 7.5.1: Model of the survey and controlling system**



As a result, the health potentials of the department grew stronger and became more noticeable for the employees. The identification with the department and its goals became stronger and therefore the efforts to reach them as well. Information concerning the future of the department became more concrete since other departments, which were linked to these matters, became more aware of the problems and the necessity to act. The employees of the department also became more self-conscious and tended to ask questions more frequently when they hadn't understood the given information or needed more information. The number of sickness leaves sank at 1.45 per cent per year and productivity grew, so that the employees dealt with 1.800 more cases a month than in the year before, even though they had more post to handle.

#### *Effects of restructuring on the value chains, the communities and other stakeholders*

Not only did absenteeism decrease, but also the productivity seemed to increase in comparison to the year before, despite higher income numbers. It must be stressed, however, considering health improvement aspects and in order to secure a sustainable development, that productivity must be held within a range in which it is possible for the employees to maintain their good health.

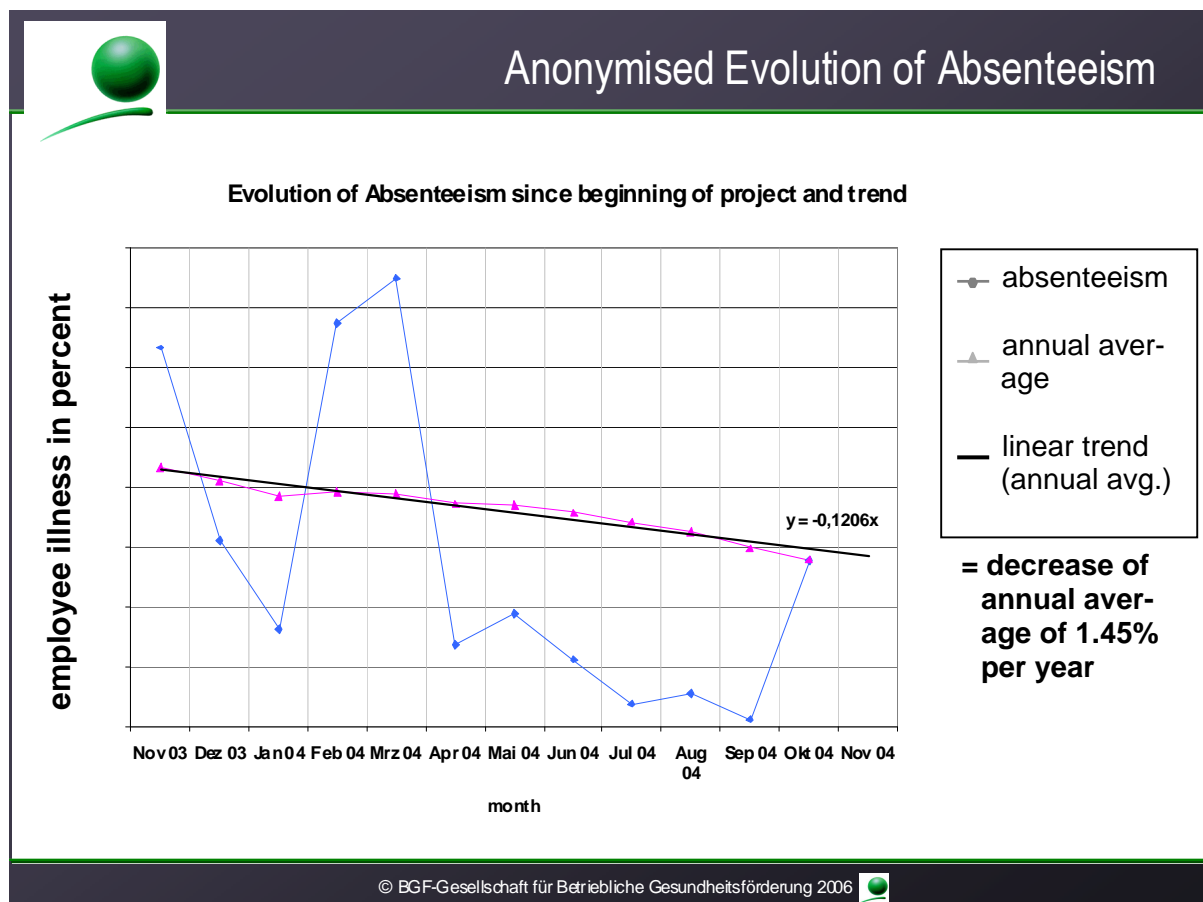
### *Roles of the management representatives, workers' representatives, and government assistance in making decisions?*

As the steering group consisted of many different interest holders, management representatives and workers' representatives took part in discussions about the applied instruments and improved the process by expressing reservations and suggestions for improvement. Every intervention was discussed and decided unanimously. As members of the steering group, the representatives promoted the interventions to their colleagues.

### *What makes the practice exemplary?*

Apart from the identification of a salutogenic management style, the further development of the function of consultations not only as analysis tools, but also as a very efficient intervention which creates a collective consciousness about constructive influence from potentials and dangers, had all in all a positive development on the level of key numbers.

**Figure 7.5.2: Declining absenteeism in the department**



Since the beginning of the project in December 2003, the annual average of absenteeism has clearly decreased. The actual annual average is lower than in the five preceding years. As figure 7.5.2 shows, the linear trend suggests an average decrease of the annual average of 0.1206 per cent per month. Estimated on a year, this means a yearly decrease of 1.45 per cent. In the last months of the project, however, this trend has in-

tensified, so that an even higher yearly decrease may be possible. But not only did absenteeism decrease, but also the productivity seemed to increase in comparison to the year before, despite higher incoming rate.

### *Transferability*

Since the project was completed in 2004, BGF applied this method to more companies in restructuring, like more departments of Deutsche Rentenversicherung Bund, Freie Universität Berlin, Bezirksamt Tempelhof Schöneberg, NCC, Gegenbauer, Mosaik, Deutsche Bahn, a big bank in Berlin, Vattenfall, Waldfriede Hospital, Heinrich Böll Stiftung, and the municipality of Reutlingen. Ten more company projects are planned to start in autumn 2008.

The following modifications, however, have been made: The course of action of a specific questioning and subsequent analysis of the main influence factors and the identification of further intervention possibilities emphasizing and pointing out health potentials has already been carried out in different lines of business (hotels, food, retail and commercial cleaning). Thanks to the comparability of the working conditions, examples of best practice can be identified and highlighted. After questionnaire representative samples of the lines of business, the main influencing factors were identified and on this basis a short questioning was produced. An electronic version of the short form of the survey, an instruction how to use it and the possibility of an immediate score in comparison to the average line of business can now be requested<sup>22</sup> and used by the enterprises itself. Therefore many enterprises and organisations can easily prepare themselves for future reorganisations and control the effects, knowing which health potentials are relevant for their employees and how their employees perceive their working conditions.

### *Conclusion and implications for health in restructuring*

It is of utmost importance to set high value on the employees' health, especially while restructuring, because they are put under tremendous stress due to the uncertainty of what lays ahead of them. It is very useful, in such situations, to use questionnaires in order to make "fuzzy" subjects clear, palpable and treatable. Through this process, it is possible to establish a new situation in which health potentials are made certain. Thanks to a survey that clearly points out how health potentials and health hazards affect not only general health, but also absenteeism and productivity (see fig. 1), employees obtain freedom of action and the management gets the opportunity to direct the process in a clearer manner. However, this is only possible if the protagonists manage to win the employees' trust and carry out the measures in a responsible way.

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<sup>22</sup> The enterprises can order a CD-Rom from the IHK:  
[http://www.berlin.ihk24.de/servicemarken/branchen/Gesundheitswirtschaft/starthilfe\\_gesundheit/betriebliche\\_Gesundheitsfoerderung/index.jsp](http://www.berlin.ihk24.de/servicemarken/branchen/Gesundheitswirtschaft/starthilfe_gesundheit/betriebliche_Gesundheitsfoerderung/index.jsp), the AOK Berlin <http://www.aok-business.de/berlin/-gesunde-unternehmen/gesunde-unternehmen.php?id=0&gt=aok07&si=AOK71219836092975124> and the BGF itself <http://www.bgf-berlin.de/> check for "Selbstcheck" and "Healthy Hotels".

## **7.6 Restructuring and individual health: Ericsson and Manpower Health Partner/Sweden**

Elisabeth Armgarth (Ericsson HRM, Stockholm/Sweden) & Anders Hvarfner (Manpower Health Partner, Stockholm/Sweden)

### **7.6.1 Ericsson**

It started in 2001 with a large Swedish restructuring project effecting around 12.000 employees at Ericsson. In 2006, it resulted in a new company, Manpower Health Partner. In July 2008, as part of the initiative “Back to work” founded by the Swedish Government, a department of the Swedish Social Insurance Agency (Försäkringskassan) was outsourced to Manpower Health Partner.

#### *Background*

Ericsson is a world-leading provider of telecommunication equipment and related services, for both mobile and fixed network operators globally. Over 1.000 networks in 175 countries utilize Ericsson network equipment and 40 per cent of all mobile calls are made through its systems. Ericsson is one of the few companies worldwide that can offer end-to-end solutions for all major mobile communication standards. In 2000, the company contributed roughly three per cent of Sweden’s GDP. Ericsson origins date back to 1876, with its headquarters located in Stockholm, Sweden, and subsidiaries in more than 50 countries.

From 2001 to 2005, Ericsson reduced the number of employees from 107.000 to 48.000 worldwide. The reason was mainly due to reduced orders from telecom operators. The sales had collapsed by 32 per cent and orders by 43 per cent in the last quarter of 2001 alone.

At the same time there was a technology shift within Ericsson. Consequently, Ericsson closed the development of the first and second generations of mobile telephony and focused mainly on the third generation 3G. Ericsson went, during this restructuring period, from a decentralized organisation with a large number of local IS/IT-systems to one global company with common functions and processes. The number of Research and Development Centres around the world was reduced from over 80 down to around 25. The hardware factories were closed in many countries and centralized mainly to Sweden, Eastern Europe and Eastern Asia. At the same time, the main part of the manufacturing was outsourced to a handful of companies. A single global business IT-system including HR functions, was introduced, replacing several hundred local systems around the world.

#### *Restructuring in Sweden*

This report describes the reduction of staff in Sweden during 2001-2005. Out of more than 40.000 employees in Sweden, a total of 12.000 people were given notice to quit,

roughly 2.500 people each year. Furthermore, there were two to three notice periods from different geographical and functional areas in Ericsson annually. For Ericsson, it was very important to demonstrate that the human resource policy also was applied in adverse times. Ericsson, together with the labour unions, did not want to pay people off with a severance payment, but instead help them to a new long-term financial solution. This policy was also a form of security for the “survivors”, knowing that Ericsson would take care of them if they later on would be laid off. It was moreover important not to harm the Ericsson brand.

In Sweden, the labour unions represent the rights of the employee, which means that the employee is not guaranteed any individual rights that can be defended in court. The labour laws in Sweden states the seniority principle (LIFO), i.e. “last in – first out”. However, as the seniority principle is not absolute, it is possible to negotiate deviations from this principle with the unions. An extensive support package for the employees given notice made it possible for Ericsson to deviate from the seniority principle (see box 7.6.1).

Earlier versions of support packages for some minor restructurings had been developed together with the unions, over the years before 2001. Thus, by the start of the restructuring in 2001, Ericsson had already some tested versions of support packages. Continuous improvements were applied during the whole restructuring period. This resulted in a very efficient restructuring process. By 2003, time period from restructuring to an agreement with the unions was around four months, and to the end of the support program it was another five to twelve months.

It should be noted that the Swedish Government during the restructuring period was not part of the process, except for dedicating a handful of consultants at the Employment Agencies to assist more than 10.000 employees from Ericsson.

#### *Outcome Career Change Program*

The target was set to 80 per cent, i.e. 80 per cent of the people that entered the Career Change Program should find a new job or another suitable solution within the respective program length. A suitable solution could be, e.g., studies for a new career, or the start of an own business.

The total outcome by the end of 2005 was just below 80 per cent. For one of the supplier of career change programs, Manpower, the outcome was 80.8 per cent. The average time in the program was 8.2 months and more than 90 per cent rated the program as valuable or very valuable.

### **Box 7.6.1: The Support Package**

#### *Part 1: Career Change Program*

The aim of the program was to assist redundant people to new employment as soon as possible. Each person could spend between five to twelve months in the program, depending on the length of employment at Ericsson. During the time in the program, the person was still employed by Ericsson with normal salary and terms. The program was handled by six external suppliers. One of the suppliers was Manpower, which will be further described below. Almost 9.500 people chose to enter the Career Change Program.

#### *Part 2: Early Retirement*

Early retirement was offered to all redundant employees from the age of 58 with at least six years employment at Ericsson. The company paid up to 70 per cent of the normal salary. Around 1.500 people chose early retirement.

#### *Part 3: Severance Payment*

The severance payment was not as favourable as the career change program. Ericsson didn't want to "pay people into unemployment". Around 1.000 people chose severance payment. Many redundant employees working for Ericsson came from subsidiaries outside Sweden and either had to or wanted to return to their home countries.

#### *Part 4: Ordinary Notice to Quit*

The normal notice period of one to six months was applied, but the employee was free from work. The stipulated re-employment priority could also be applied. However, re-employment was useless as Ericsson did not recruit any people during the restructuring period. Only 100 people chose this alternative.

However, rather early in 2001, it became clear that it would not be possible to reach the target of 80 per cent. The reason was that 10-15 per cent of the people were not ready to take on a new job or participate in job interviews etc. They belonged to one or more of the following groups:

- sick leave – long or short term,
- addiction to alcohol, drugs, gambling, etc.,
- handicapped or disabled (physically and/or mentally),
- personality/mental disturbance – known or unknown to Ericsson at the time of notice,
- "wrong" self-esteem,
- inadequate "social competence",
- "Ericsson takes care of its employees" – victims,
- crimes and fraud,
- poor language knowledge in Swedish and/or English,
- cultural differences (more than 20 nationalities).



## 7.6.2 Manpower

The following describes the solution to the problems explained above by Manpower.

### Box 7.6.2: Lines of activities within the Future Forum

#### *Individual Coaching*

The Manpower coaches:

- handled the change process,
- facilitated skills assessment,
- supported and coached in creating the development plan,
- were continuously coaching the individual with distinct focus on job and career,
- evaluated and followed up goals and activities,
- were responsible for day-to-day management.

#### *Skill Reinforcement*

This meant that individual competencies were strengthened via:

- seminars on e.g. contemporary social and environmental issues, job searching techniques, motivation and goals,
- external training programs in accordance with the individual's development plan.

#### *Job Application*

The participants actively applied for jobs:

- on their own,
- through recruitment officers in Future Forum,
- through Manpower's recruitment services and temporary services,
- using Manpower's close connection with the job market,
- using other partners with focus on the job market in the project.

#### *On-the-job-training*

On-the-job-training was arranged to:

- expose the individual on the job market,
- widen their network of contacts and references,
- improve competence and experience,
- generate job offers.

### *Manpower Strategies and Actions (2001-2003)*

Manpower collaborated with Ericsson and the works councils or the unions in designing the Career Change Program known as Future Forum. This was developed by Ericsson but run by Manpower. A steering committee consisting of representatives from Ericsson, the unions, and Manpower oversaw its operation.

Future Forum offered a wide range of services, including individual coaching, group seminars, and access to skill reinforcement and training. The program also included recruitment services and clients benefited from Manpower's close connection to the

job market. Whilst Future Forum offered resources and tools, the individual was responsible for achieving set goals and activities in the program.

### *Management Training*

Before Ericsson had completed negotiations regarding the downsizing, Manpower trained managers and HR professionals in preparation for the restructuring. For example, Manpower helped managers to explain and appreciate what Future Forum had to offer, and trained them in the process of giving notice to employees. Next, Manpower established the location, administrative processes, staffing and resources of Future Forum. During the peak period, Manpower had about 50 career coaches, ten recruitment officers and administrative staff working full time on the project, using the latest tools and methods and co-operating with a range of recruitment agencies.

### *Tailor-made Health Support Programs*

More than ten per cent of the individuals in the Career Change Programs had been on frequent or long-term sick-leave during their Ericsson career. Manpower then developed a tailor-made health support program, using specific tools to coach these individuals on their way back to the job-market (“Rehab coaches”). Close co-operation with Ericsson’s Occupational Health Services and the Social Insurance Agency was established. Apart from this and the specific coaching techniques, however, all other ingredients in the Career Change Program were provided for this group. About 70 per cent in this target group found new solutions.

### *A new trend – health issues on the HRM agenda*

Rapid changes on the labour market and ongoing political discussions concerning sickness rates have influenced the agenda for Human Resource professionals. The society is putting more responsibility and cost on the employer, and it will be essential for every company to implement effective strategies and operational methods to create a healthy organisation.

This strong trend combined with the experiences from the Ericsson Career Change Programs developed into a completely new line of business in the Manpower group – Manpower Health Partner. Their “Service Delivery” focuses on occupational health services, health promotion, work environment and rehabilitation.

Health Partner’s client relationships have two main targets:

- to reduce absenteeism and illness figures by using the Manpower experience from the labour market,
- to shift focus from rehab support to pro-activeness together with line managers and HR by offering management training/coaching and financial analysis regarding health issues.

### Box 7.6.3: Steps of service delivery

Step 1) Acquire tools to establish health status:

- a) Market-leading surveys are used for the whole workforce to identify status on health-related issues, such as lifestyle, stress factors, physical capacity, and business and management issues.
- b) Data on absenteeism is used and medical advice is provided when needed.

Step 2) Collection and analysis of data:

Statistics from the analyses above (1a and 1b) is provided showing where the client has particular issues, e.g. higher than average absence rates, significant health and lifestyle problems divided into business units, regions or specific skill groups, leadership and motivation issues.

Step 3) Establishing starting point for the client's health status

Step 4) Establishing goals for the client's health status:

Workshops with client's management teams are designed to present and establish health status of today, i.e. Step 3) and also to set goals for the coming period/year.

Step 5) Define action plans to reach the goals:

*Client reference: ABB Sweden (power and automation technologies)*

Reducing sick-leave numbers and act more proactively on health issues by:

1. designing a more efficient rehabilitation process,
2. management support and coaching on managing the rehabilitation process,
3. individual support and training programs,
4. medical support and other work environment specialists when needed.

Step 6) Collection and analysis of data:

Continuous follow-up of all activities with the client's line managers and HR-professionals.

Step 7) Follow-up on goals, key learning and next step:

The last step is a workshop with the client's management team and final report with key findings.

Client reference: ABB Sweden (Q1 2004 –Q4 2006) – a total decrease of sick leave numbers by 25.6 per cent, and the numbers have continued to drop.

The Manpower health-related services always work in two ways: for the individuals – to guide them to reach their full potential, on health issues and in their workplace, and for organisations – to provide them with tailor-made action plans and solutions based on their own statistics.

As a result of the successful Service Deliveries, a part of the Swedish Social Insurance Agency (Försäkringskassan) was outsourced to Manpower Health Partner in July 2008.

#### *Manpower's Key Findings*

- outplacement and rehabilitation processes follow the same principles,
- the importance of common goals and beliefs for all actors involved,

- motivation and coaching is everything regardless of medical reasons,
- management responsibility is essential before, during and after the change and rehabilitation process,
- external expertise and resources, e.g. medical professionals, coaching, networking and connections to the job market, is almost a must to succeed – at least when change involves a great number of people,
- rapid changes in the job market and in the social welfare system require non-traditional solutions.

### **7.6.3 Conclusions**

Out of around 12.000 people, almost 9.500 chose to enter the Career Change Program (2001-2005). Around 7.500 succeeded in getting new jobs, started their own business, or went back to further education, etc.

At the same time, close to 400 people were supported by Manpower resource coaches. At the end of their time in the program, 37 people were still on sick leave or had received disability pension. However, most people had new careers, which was hardly expected a year earlier.

Further, experience from the restructuring period has led to new policies and routines within Ericsson, in order to pay attention to and prevent people in the future from falling behind.

So, how was the Ericsson brand affected during and after the restructuring period? According to Universum (Employer Branding, Sweden) Ericsson was and still is, in the top two of popular employers in Sweden among engineers and IT-people, and in the top ten among economists. The restructuring did not harm the Ericsson brand.

## 7.7 Human Resources Management protocol on restructuring

Elisabeth Armgarth (Ericsson HRM, Stockholm/ Sweden)

From the concrete experience with the restructuring in ERICSSON the responsible HR manager tried to formulate a protocol in which she resumed the learning process during the different phases of the restructuring described above. As the learning process often had been done by trial and error this is an attempt to lay down the complex experience in a structured way (applied to a fictitious company) that could be used in future restructurings and in other company settings. The purpose with this document is to give a proposal for the main restructuring activities and in which order the activities ought to be carried out.

Number of employees: 35, plus Managing Director, MD

Products/Services: A and B

Sales of product/service A is slipping drastically. Managing Director (MD), along with the three managers, which together form the Management Team (MT), decide after market research and analysis to phase out product/service A over a period of six months. The decision is to cut down the number of employees with eight.

*Comment: To facilitate the restructuring for all parties, it is sound to involve the union or any employee representative in the process that leads to the decision.*

### *Change Communication Plan*

The first activity after the decision is made is to create a change communication plan.

#### **Box 7.7.1: Change Communication Plan**

- Appoint one person responsible for the change communication plan.
- Create a message describing the market situation and the reason for the redundancy of eight people. Explain what will happen next. Make sure that messages are integrated and coordinated. Then use the same factual material in all communication. The goal is to inform, not to manipulate.

*Comment: People interpret information differently depending of where they work and what they do, as well as where they are in the change process. By using the same source of information, i.e. the same words, the risk for misinterpretations will be reduced.*

- Identify all interested parties, such as employees, managers, HR, unions, external consultants, authorities, and mass media. Appoint one person responsible for all external media contacts and prepare different scenarios (crises situations).
- Identify possible communication channels and make sure to use the right channels for important messages.

*Comment: As the saying goes, in order to convey a message you have to communicate it seven times in seven different ways (channels). The use of the internet for interactive Q&A (Questions & Answers) is one example.*

- Make a schedule for the announcement day. Coordinate the information internally and externally both in time and contents.

*Comment: The employees must get the information immediately after the authorities and/or mass media have been informed. The only correct channel at this moment is face-to-face.*

*Comment: The day of notice should be on a Monday, Tuesday or Wednesday. The notice should never be given close to weekends, holidays or vacation periods. There must be possibilities for all people, not just the ones given notice, to meet with managers, colleagues, HR managers, therapists, health services etc when needed.*

- Arrange a rehearsal or message training for all involved spokespersons the day before the announcement.
- After the first announcement, communicate at prescribed time and channel at least once a week, even if there is nothing new to report.
- Monitor the communication continuously to learn if anything must be revised in the communication and its plan.

*Comment: "Until I know how the change affects me, I do not feel informed".*

### *Plan of functions*

The labour laws may stipulate which employees have to leave. However, the optimal situation is when the future business and functions can shape the new organization. A new organization and its functions puts new demands on the resources, in this case the employees. These demands translate into required skill. Further, the functions along with market plans etc. translate into a required number of each skill, in this case a total of 27 employees.

The trade union will be informed about the result from this activity and, depending on national labour laws, the result might be negotiated.

*Comment: The main steps described should be followed even if there is no union in place or required. This is to certify that the employees perceive the actions by the company to be fair and valid.*

### *Mapping of skills*

A mapping of all 35 employees regarding their skills has to be done. This mapping can start by asking every employee to write or update his or her CV.

Next step is to match the 27 required skills with the actual 35. The result of this matching will be a list with the names of eight people to be made redundant. The list will be communicated or negotiated with the unions, whichever the case may be.

MT has to take into consideration that product/service A is being phased out over a period of six months when deciding about the final working date for the redundant personnel.

*Comment: Normally, any manager who knows that he or she has redundant employees knows from the beginning which people to let go. However, this can kill any negotia-*

*tion with the union. It is much better, also for the company, to start the other way around – to decide which people the company needs in order to survive in the future.*

### *Negotiating the terms*

The terms for the redundant people are negotiated with the union. The terms can vary from ordinary notice to quit in accordance with national laws, to early retirement, severance payment, career coaching etc. There might also be special terms for possible volunteers. The final agreement with the union has to be in writing.

*Comment: This negotiation with the union regarding the terms can be done in parallel with the negotiations mentioned previously.*

### *Documentation*

A special edition of the final agreement with the union has to be made for the eight employees concerned. This edition has to be in a written form easily understood by the employees. It can preferably be made into a “glossary” from A to Z, including not only the information about the negotiated terms, but also general employment terms. Important examples are: “Do I work tomorrow, when is my last working day, what will happen with my mobile, my laptop, my company card, my vacation, if I get sick now etc. If I have the possibility to choose early retirement or severance payment, when do I have to make that decision and who should I inform”. The more information, the better. The cover letter of the glossary should be a letter from MD explaining the reason for the lay off and ending with a “thank you and a wish of good luck”.

### *Schedule for the day of notice*

Human Resource-responsible (HR) or MT, will create a schedule for the day of notice.

*Comment: If the company lacks competence or resources (e.g. HR) to handle some of the activities described above, it is recommended to use the services from external agencies.*

### **Box 7.7.2: Schedule for the day of notice**

*08:30* “All-employees meeting”. The manager with redundant people in his or her group briefs all personnel that people will be informed if they are redundant. A second “All-employees meeting” will be held in the afternoon.

*9:00* Each manager with redundant people will meet each one of the persons concerned. A manager with no redundancy meets with his or her personnel and inform that there is no redundancy within the unit.

*15:00* When the manager has informed all redundant people he or she calls all personnel within the unit to a meeting and informs which people has been made redundant.

*After 15:00* All managers with redundancies report to MT and HR-responsible and also inform about any absentees among the redundant persons.

*Later* All managers with redundancies meet with HR-responsible to discuss the day and collect questions and experiences (debriefing).

### *Checklist for the day of notice*

HR-responsible, or MT, will create a check-list for the day of notice.

#### **Box 7.7.3: Checklist for the day of notice**

What should be ready before the meeting with the redundant person:

- Sign any form for redundancy.
- Be well informed about the reason for redundancy to be able to answer questions.

What should be done during the meeting:

- Inform at start when the meeting ends.

*Comment: It is important not to let the person dwell on why he or she instead of someone else was being made redundant.*

- Hand over the form for redundancy (if any) and have it signed.
- Hand over the information, e.g. the “Glossary”.
- Schedule the next meeting to take place within a couple of days, in order to discuss how to work during the period of notice: how to hand over tasks and at the same time start looking for a new job.
- Ask if he or she wants to participate in the group meeting later the same afternoon.

What should be done after the meeting:

- Arrange a group meeting to announce that all redundant people within the unit has been notified. Let the people talk.
- Discuss with other managers that have redundant personnel.

Be available, walk around among the employees.

### *Management training*

The managers of the eight redundant employees have to be well informed about the downsizing. They need:

- information concerning the conditions of the agreement with the union
- education in appropriate labour laws
- training in handling of personal crisis
- practical training in what to do and what to say when informing a person that he or she has to leave the company.

### *When the employees leave the company*

It is of utmost important that the people given notice will end their job within the company in a dignified way. They should not just disappear from the company. If there is a standard procedure to say goodbye within the unit, the manager should definitely do the same for the redundant people.

*Comment: Experience shows that if a laid-off person is able to say a proper goodbye to the company and his or her colleagues, the faster the person gets a new job - a per-*



*son needs closure to be able to go on with life. Experience also shows that the anger or hate for being laid-off will decline faster with a proper goodbye.*

*Follow-up and key learning*

Most probably this restructuring will not be the last for the company. Thus, MT should document the process and any key learning in a final report for future reference.

*Closing words*

The company should do what they can to help the redundant people into new jobs as quick as possible, and after some time has passed, these people might just feel that the company did something good for them in the end.

## **7.8 To protect the health of employees during restructuring: Case studies from the pharmaceutical industry in France (ASP)**

Patrick Madié (Action Sociale Pharmaceutique, ASP, Paris/ France)

### *Context*

The pharmaceutical industry in France employs more than 100.000 people directly in French companies or subsidiaries of multinationals. Two thirds of the workforce in this field is bound in firms with more than 1.000 employees. A recent forward-looking study of the consultancy company Arthur D. Little states important challenges for the sector under the influence of five main factors: pressure on the prices by governments, the rise of generics, emergence of new zones of growth, outsourcing of activities, international competition.

According to different related scenarios, the estimated job decrease for this sector in France would vary between 10.000 and 30.000 until 2015 due to downsizing, site closures, mergers and acquisitions, internal reorganisations, etc.

### *The program led by an occupational Health and Safety Service*

Action Sociale Pharmaceutique (ASP) is an Occupational Health and Safety Service whose clients are firms of the pharmaceutical industry located in Paris and its surroundings. In the aforementioned context, ASP gives advice and helps employers, employees, and their representatives to:

- improve the knowledge about healthy practice of firms during restructuring,
- improve the knowledge about the role of health teams,
- identify the roles and the synergies of the different actors,
- identify the difficulties, the key-change factors, and goals,
- identify the good practices to make them be known.

The underlying information was collected through questionnaires and through discussions with:

- Human Resources Departments of different companies,
- Occupational Health physicians (most of them are employed by ASP),
- and the PREVENTIS experts (this company has accompanied most of the restructuring case studies in order to help firms to protect the health of their employees).

The resulting case studies were then presented in a generalized and anonymous way. They refer to various types of restructuring (headquarters, sales representatives, research and development sites, industrial plants, etc.). The examples are not representative for all the firms in the pharmaceutical industry as they refer to large-size or medium-size companies only.

### *Common features of the case studies*

Beyond the specificities of each case, due to the culture of the companies and the contexts and wishes of the actors, the following common features can be extracted:

- *all companies have established a set of means of accomplishment* such as management of skills and competencies to increase employability, individual coaching, external job-shop to help employees in job search, assistance in creating a company, early retirement, voluntary departures, social workers, etc.,
- *these means often involve external experts from various fields* (psychological, social, and managerial) to establish and adapt practices,
- *three main actors should be involved in the operational plan*: human resources management, occupational health teams (physicians and nurses) and external experts) steered by the company's head office and representatives of the social partners.

Finally, all of the ASP cases went beyond the traditional aims of restructuring programs as in all cases the dimension of health was a main concern, in order to protect the health of employees and to increase the impact of the more traditional practices. In fact, the results of programs that aim to help employees in job search or to increase their employability may exceed their resources if their physical and mental capacity is impaired due to the destabilized working situation. Therefore, the health objective of our approach is to assist these employees transforming their concerns and problems into positive dynamics to get (fit for) a new position or job.

### *Details of the resulting program to protect the employees health*

The program has both collective and individual aspects. It addresses employees as well as managers and some specific modalities can vary according to the wishes of each firm (cf. program proposed by PREVENTIS).

Program line for employees: The program line for employees consists of two different approaches. First, collective meetings are organised to inform the employees about restructuring related stress reactions in general and second, an individual support system is established.

*Collective information meetings*: The main objectives are to enable the employees to understand their reactions facing the possibility of losing their job and their professional identity, to strengthen their feelings of control and help them redefine their professional identity within the company or outside. The following points are developed during these meetings:

- What are the stress effects, on a collective and on individual level?
- What are the stress mechanisms?
- How can unhealthy stress reactions be avoided (e.g. sleep disorders or addictions)?
- How can well-being be kept and strengthened (e.g. by cognitive restructuring, relaxation, a specific diet, physical activity, etc.)?

All points can be deepened with the employees on a voluntary basis and everyday practices can be experimented in the workshops.

*Individual psychological support:* Individual support is provided in a confidential way to the employees on a voluntary basis by interviewers or through a hot-line. The company may chose to establish individual support by contracting external expertise. The main objective of this support system is to especially assist high risk persons. As numerous studies demonstrate, the risk of physical and mental disease is higher for persons who already are/ feel subject to strong pressures. The support system tries to arrange sufficient space to express and cope healthily with such pressures.

Doing so the individual support aims at providing a setting which allows each employee to recover, to rebuild and to help them think about their professional future. Information about psychological and physical reactions and the events that can provoke them is deepened. Practical advice is also given which is specific to the situation of each employee. All this can be initiated with the agreement of the employee or on their demand.

It may be profitable for the whole company to work out individual anonymous feedbacks for the different actors concerned (Human Resources Management, health physicians, nurses, etc.). And the individual support system can also be considered as a structure of regulation for the company, beyond the immediate interest of restructuring and of the concerned employees.

*Program line for managers:* The main objective is to increase the capacity of the managers involved in the restructuring to assist their employees. Thus, during the meetings the managers are trained to mobilize personal resources and guide the adaptation to the changes. The following points are developed during these meetings:

- How to make declarations (for instance, the announcement of a redundancy)?
- When and how should thoughts, feelings, and wishes be expressed?
- What are indicators for stress and suffering?
- How to help the employees and what resolutions work for which specific problems?

*Specific programs during restructuring and permanent programs for health*

In several of our case studies, firms have set up permanent tools for the monitoring of stress, anxiety, and depression together with external experts such as PREVENTIS in order to provide a general risk assessment and to protect the employees on an individual and collective level. In one case, such an observatory was set up on the eve of a merger ten years ago, anticipating the legal obligation of companies to protect the mental health of employees (2002).

The observatory is operating under the authority of the occupational health physician of the company with the involvement of social partners in regard to the modalities of the data collection. The data is collected individually and anonymously using validated medical scales (H.A.D and perceived stress of Cohen). Also each employee has the

possibility to discuss his or her results with the occupational physician of the company. Additionally, most of the large-size companies have set up permanent health programs (so called employees assistance programs EAP) dealing with physical activity, nutrition, addictions, etc. Those programs can be activated during restructuring.

#### *Key factors for the protection of health during restructuring*

Following the lines of our case studies, several key factors for the protection of health during restructuring can be condensed:

- willingness and involvement of the head office to protect health and to integrate this dimension into the restructuring program,
- means adapted to stakes,
- involvement of external experts,
- adapted information and communication (early, clear, sufficient),
- shared information between actors,
- shared responsibility (alert and support),
- specific training programs (employees and managers),
- necessity to act both on an individual and collective level,
- integration of the health dimension into social dialogue.

#### *Conclusions*

Regarding health protection, occupational physicians and nurses are usually the main executives of firms and therefore also the contact persons for employees and social partners. In the case of restructuring this constellation might overcharge such occupational health teams. The supplementary means bought in with external experts should be considered to enhance the level of health protection for the employees.

If we do not have quantitative data allowing to estimate the efficiency of the introduced tools or programs or the satisfaction of the employees, but qualitative data shows that 1) these programs, set up since 2000, have been always renewed upon request of the social actors and 2) audits practised by companies have brought extremely positive conclusions about such devices and have encouraged their pursuit.

Finally, the integration of health as one component in restructuring programs and in the social dialogue is not only a way to preserve health in difficult situations, but also a condition to improve the results of restructuring programs more generally (as to help employees to find a new job or to develop new skills). In this objective, it is essential to constantly identify and to promote healthy practices for restructuring.

## 7.9 How to prevent unhealthy effects of job restructuring using the French ANACT stress prevention toolkit?

Benjamin Sahler (Agence nationale pour l'amélioration des conditions de travail, ANACT, Limoges/ France)

### *Background*

The plant in question manufactures special industrial optical devices in a small city in the south-west of France, whilst belonging to an international group. The company has a workforce of 650 employees and has developed two completely different types of products for the global market. Type A is produced by 250 people, type B by 400. The type A product demand is decreasing for economic reasons and due to growing competition on its main market (the USA). On the other hand, the product type B is on an expanding market on which the company is in a good position.

The business prevision leads to downsize the team A to only 120 (minus 130). The perspectives tend to grow the team B size from 400 to 420 (plus 20). The global number of possible lay-offs would be 110, but the necessary abilities are not completely transferable from one product to the other and the social plan discussed between the social partners includes 121 people who will be dismissed.

### *What was done?*

The local actors (managers and trade unions) have been aware of the possible health risks for both laid-offs and survivors and were trying to tackle the health issue (complementarily with the employment conveying efforts) together with the occupational physician and the network of the French National Agency for Improving Working Conditions (ANACT).

ANACT, the French National Agency for Improving Working Conditions is funded by the Ministry of Employment and Labour and the Regions and run by a tri-partite board that brings together representatives of Employers, Trade Unions, and the Ministry.

It gives the network specific ethic platform of a balanced approach of work issues:

- to improve both working conditions and company efficiency,
- to promote the appropriate methods of change,
- to develop innovative projects in four labour-related fields: Occupational health including psychosocial factors, technological and organizational change, demographic change and work organization as well as skills and employment.

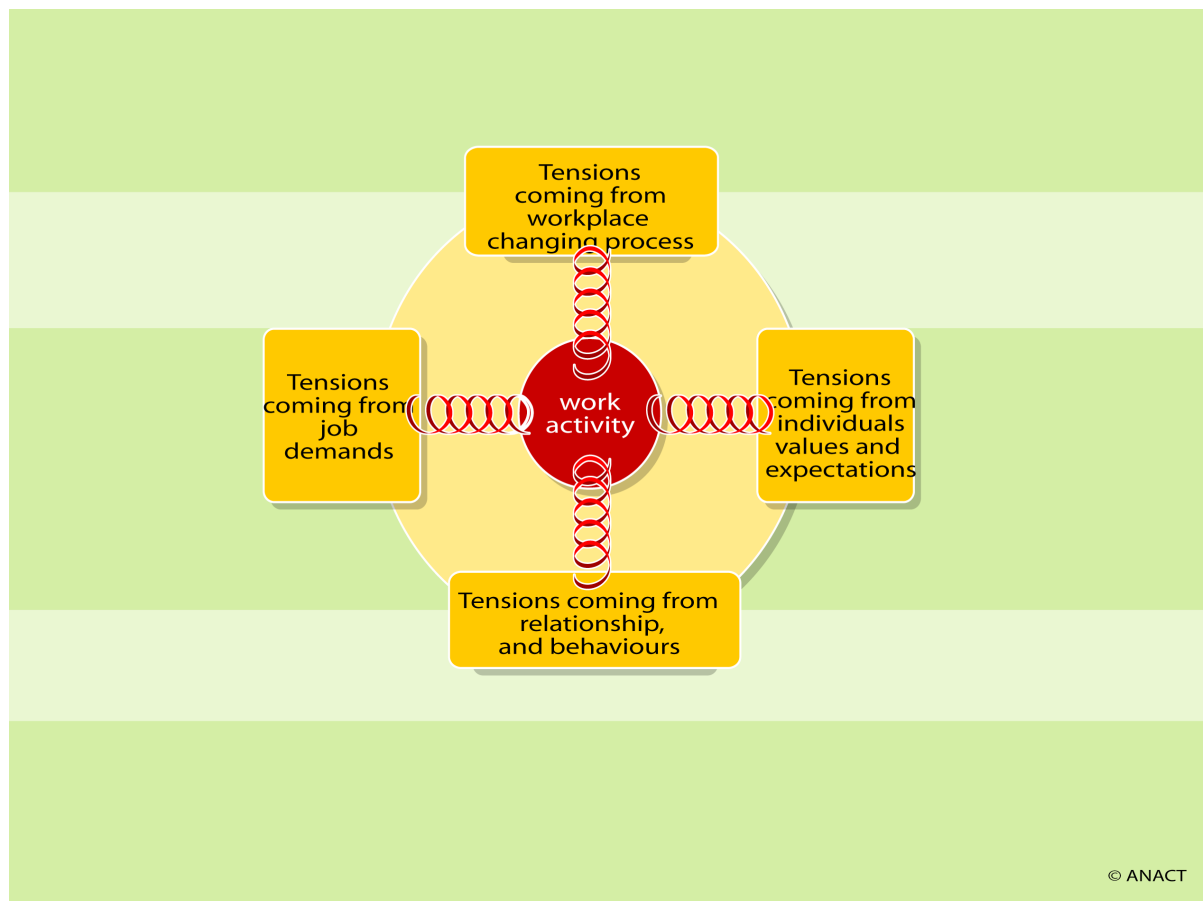
The first innovative question about that social plan was: How to include the health issue as soon as possible, in a truly preventive attitude, and lead the whole process in accordance with the ANACT stress prevention model.

This model aims to describe the possible tensions in the workplace between the company demands and the employees' expectations. This is a helpful scheme, firstly for describing a concrete situation, and secondly for finding preventive solutions.

We put the possible family in four different clusters of tensions (see fig. 7.9.1):

- tensions coming from the job demands, as for instance between prescription and latitude (the 1<sup>st</sup> Karasek model),
- tensions coming from unsatisfied individual expectations, as for instance between strain and reward (the Siegrist model),
- tensions coming from difficult workplace relationships between supervisors and employees or among colleagues,
- tensions coming from unprepared, or unwanted changes.

**Figure 7.9.1: Model of workplace tension**



The second question was: How to deal with the health issue and the restructuring effects prevention at each of the three stages of the restructuring process:

- the period preparing the selection of the 121 to be dismissed,
- the short and dramatic period of the announcement for buffering the immediate effects,
- the “after” period for the two distinct populations, the dismissed and the survivors in the new organisation, and

- at each stage, how to take on board the four different necessary levels (organisation, management, individual aspects, and change management) and which are the different and specific roles to be played by each actor?

Here the “leading change model” and its synthetic scheme that was employed:

Level/phase	Before restructuring	During restructuring	After restructuring
Leading the restructuring process	<b>1-1</b> Involvement of management and social actors	<b>2-1</b> Involvement of management and social actors	<b>3-1</b> Involvement of management and social actors
Organisation: job design	<b>1-2</b> Global thinking about the future company	<b>2-2</b> Settling the new organisation	<b>3-2</b> Controlling the organisation running
Team management	<b>1-3</b> Preparing the evolution of teams	<b>2-3</b> Settling the new teams	<b>3-3</b> Managing the teams
Individuals	<b>1-4</b> Preparing the individuals and anticipating special attention to the most fragile ones	<b>2-4</b> Accompanying both laid-offs and survivors, especially the most vulnerable ones	<b>3-4</b> Favouring the new involvement

Afterwards it was described in a concrete way what has been done (or has been designed to be done) for each box of the chart.

	To prevent crisis occurring	When a crisis occurs	After the crisis
Organisational and material level	To limit the risk of occurrence of a crisis or, when a crisis is necessary, to control its running: To provide conductors insulation, choose handling rules. Distribute phone numbers of emergency aid teams, with clearly acknowledged people.	Detectors start. The alarm system goes off. The alert is given, assistance is called. Crisis is located and identified.	To repair the human and material damage. To diagnose, to expertise and to fix. To analyse what happened in order to learn from it.
Team and management level	To give the teams information and training concerning the crisis risks (products, materials) and the safety behaviours. To arrange alert simulations from time to time, despite being a nuisance to daily work. Devoted teams are trained and well known. Their members are present by rotation.	The teams try to save and to protect people in danger. To control the crisis, to confine it and limit its spreading and to protect the essentials.	Each specialist plays their proper part



Individual level	As soon as someone enters the company, everyone is made aware of the crisis prevention, and one is often informed again, despite their workload. A special attention is given to absent-minded people.	Each person must know their role, how to protect them self, how to protect others and how to avoid damaging behaviour.	The wounded are nursed, and then prepared to return to work.
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*Before restructuring x the restructuring process (cell 1-1)*

The emphasis has been put on three different aspects: To have a really participatory process. Far beyond the French legal prescription of negotiating the social plan with the two steps (discussing the aims and motives of the restructuring – “Livre III” – and the modes and selection criteria for the dismissals – “Livre IV”), the social partners shared the objective of reducing as much as possible the negative aspects of their decisions on every employee concerned.

The executives also clearly felt how important it was to involve as soon and as much as possible the different levels of managers in order that they could fully play their technical and human roles in the whole process, whenever they might also be individually concerned.

Last but not least, the emphasis was put on the necessary information policy as clear and early, as the decisions were made in a way that their possible consequences were to be better anticipated.

*Organisation and job design (cell 1-2)*

Very careful preparation went into the planning of the future organisation and the design of the future jobs and their required ability profiles. Even if it does not seem to be the highest priority at that critical moment, everyone knew how important it weighed in the choice of the people that were to be dismissed, besides other criteria.

*Team management (cell 1-3)*

Here the role of managers and HR was crucial. At that time, before the decision of the list was known, they had to deal with three categories which needed quite different types of help:

Those who already had a personal project were taken on board by a special cell with external consultants. They needed technical support but were most of time in no additional health risk.

Those who had no project and considered the restructuring a threat to them personally, (albeit perhaps incorrectly). Some of them would spontaneously use the temporary medical support cell. But the others, sometimes the most vulnerable ones, would not come and were nevertheless probably in greater risk. The crucial task for HR, team

manager, occupational doctor, union representatives or just colleagues, was to detect, approach and convince them to accept the offered help.

There was a third category, maybe the most risky one, of those who did not feel concerned by the situation but who actually might be in the final layoff list. It was again the managers' duty to detect these people, in the highest risk zone, and to prepare them for every possibility.

#### *Individuals (cell 1-4)*

Here three different structures were employed:

- an information centre with all new employment opportunities in the region,
- a “personal project cell” to support the candidates,
- a medical support cell, led by the occupational doctor and an external therapist, answering the voluntary and detected demands. In the most difficult cases they related directly to the generalist and specialist doctors.

The information process explaining the role of each structure, delivering from any kind of guilt or stigmatisation and giving guarantee of confidentiality was crucial as well.

#### *During restructuring x the restructuring process (cell 2-1)*

At that time, things were clearer, the decision was made and known.

At a collective level, the transparency and objectivity of the decisions had to be explained, it was quite crucial for the necessary belief in justice and equity of the executive for the future collective cohesion and individual commitment.

For the “survivors”, there was a certain relief, but the feelings of anxiousness were not immediately gone, the feelings of insecurity were still latent and attention and support continued to be indispensable.

#### *Organisation and job design (cell 2-2)*

Now that the new teams were designed, the person-job fit had to be very precisely discussed between HR and team managers. The need for additional qualifications and competencies required by the new job had to be tackled through a consistent training program.

#### *Team management (cell 2-3)*

The way the departures were concretely led was very important for the dismissed workers, of course, but also for the survivors, for it showed them the respect with which individuals were treated.

Great attention also had to be paid to the integration of survivors in the new teams from both sides, the welcoming team, the supervisor, and the new entrant. After the dismissal trauma, there could have been subtle psychological phenomena (feelings of guilt for being “saved”, anger for taking a colleague's job, jealousy...). Preparing an

explicitly new team building was necessary, but actually it went differently from one team to another, depending on the manager.

#### *Individuals (cell 2-4)*

The two populations were now differentiated between the dismissed and the survivors. They had to be separately supported.

For the dismissed, the transition agency played its role, but the medical system initiated (between OSH and public health) during the former phase was no more competent – although it could have been very relevant as far as the need for help was concerned. The local actors failed to invent a way of filling the gap between the OSH and the Public Health services.

Among survivors, some would have needed special medical support to go further: The health issue also had to be connected with the professional transition for those who completely had to change their job in the new organisation.

#### *After restructuring x the restructuring process (cell 3-1)*

This was the final phase of this case of restructuring, but in this case the next one was not far ahead. A new market is expected and a new development planned. Besides, the company change management must pay special attention to: learning from experience; thinking changes upstream; and involving the trade unions as real partners for change.

#### *Organisation and job design (cell 3-2)*

Here the new organisation is on its way. Health promotion and risk prevention take their normal part in the process. But during that first year after the restructuring process, managers need to keep in mind that the job design must be controlled very carefully as the regulation is not so easy with somehow wounded people. Checking up on the possible tensions requires constant attention.

#### *Team management (cell 3-3)*

In the same way, managing the new teams requires special attention: how to help each one to adapt in the new configuration with the constant vision of collective efficiency?

#### *Individuals (cell 3-4)*

To follow up the most vulnerable workers with their new role in the organisation is necessary. To cure the most wounded is a special matter dedicated to medical doctors or psychologists related to the occupational physician, the HR and the team managers. We see that at each phase and each level of the process, there were very different tasks that have been taken on board by different actors. Each one of them is asked to play their own role completely, to cooperate but not to take on anyone else's role.

#### *Why these tools were chosen. How did it work?*

There was a common agreement between management, HR and the employees' representatives to have this complex approach that would treat the pressing needs and current health problems, but that would also have a better prevention effect: how to ana-

lyse together the new trends of the job situation and to find together better lasting solutions.

The process has not been fully assessed yet. However, on both economic and human sides, the results are undoubtedly positive; the health problems have been explicitly taken on board. Now, the job satisfaction and the absenteeism must be controlled. In the long term, the inner social climate is also supposed to be better and the participative process must be pushed further in order to create better relationships between management and employees. The company image will also get stronger.

*Roles of the employment representatives and associations, workers' representatives, and government assistance making decisions?*

The regional labour services played an important role in helping to untangle the conflict at a moment of difficult negotiation. Also of crucial importance were the financial contributions by the state to the employment plan.

*What makes the practice exemplary?*

The role of the representatives determined the entire process – from the early complaints and through the whole procedure. A key factor for success in this case was the improvement of social dialogue due to the growing comprehension of the top managers and HR. They learned through the difficult process how they shared more knowledge than they had expected.

And after all, the most striking characteristic is that the stakeholders slowly accepted consideration of the health issue as a goal in itself in the company restructuring process, and not only as individual problems to be solved.

*Transferability*

The general conditions of this framework are easily transferable to any kind of restructuring case: The participatory attitude among the main stakeholders; the systemic analysis of the situation exploring all different kinds of psychosocial factors at each phase of the process; and the search for a global action plan including preventive, controlling and curative aspects.

If the general framework is common, according to the economic sector, to the company size or the local specifications, the stakeholders should of course adapt the method to the local context, to the kind of changes concerned, and so on.

*Conclusion and implications for health in restructuring*

This case study shows a learning process through which both social partners slowly discovered how to deal with the different issues of health in restructuring, integrating both individual and collective sides. A rational method was also helpful to them for it reduced the permanent emotional risk that weakened their constructive energy in solving the real, difficult issues associated with the restructuring process.

## **7.10 Closing of the Voikkaa paper factory: Supporting the health of employees**

Ruuskanen, J., Kallio, L., Salovaara-Simola, R. & Kaipainen, J. (United Paper Mills, Occupational Health Centre, Kymi/ Finland)<sup>23</sup>

This case describes the innovative approach of internal occupational health services to support the health of employees during and after closing of a factory. Internal and external collaboration with other actors was exceptionally comprehensive. This was possible because the necessary trust had been created in the long run. A combination of preventive and curative actions formed a good practice. Health was given priority in all decisions.

### *Type of enterprise*

The Voikkaa paper factory belonged to the international forest company UPM (United Paper Mills) employing 26.000 people in 15 countries. Of them, 50 per cent are employed in Finland. UPM had two factories in the area of south-eastern Finland where the closed factory was located. The Voikkaa factory was established in 1872. From the beginning it had offered education, training and health services for the workers and their families. After several owner changes, the factory had been merged with another company in 1996 under the name of UPM. The factory had offered security and livelihood for many families during four generations.

### *Reason for closing the factory*

Reasons for closing of the factory were heavy global competition and overproduction of magazine paper. New investments would have been needed to keep the factory running. One year before the closure, the employees had committed to a productivity program to enhance competitiveness. As the program had been successful, people were not prepared for the decision to close, which was announced via public media. A stock exchange company was not in a position to anticipate the decision. The factory employed 670 people at the end of 2006. The closure had a deep impact on the whole community.

### *What was done & why these tools were chosen?*

OH-services took an active role from the outset in supporting the health of employees. The chief physician, chief nurse and occupational health psychologist developed a multifaceted program for the factory.

*The occupational health services' preventive actions to protect the health of employees were based on the Act on Occupational Health Care (enforced in 1978, amended in*

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<sup>23</sup> Compiled on the basis of the original Finnish text by Anna-Liisa Elo (FIOH)

2002). It guides the preventive activities of the OH-services in Finland in line with the European Framework Directive 89/391/EEC. The costs of the OH-services are compensated to the employer up to 50-60 per cent by the National Pension Fund.

The OH-services worked in close collaboration with the *occupational safety and health (OSH) organisation* of the factory. Some other OH tasks, such as regular health check-ups, had to be postponed in order to get time for the preventive program and for face-to-face appointments with patients suffering from acute stress.

*Empowering and restoring of the individual's resources:* The starting point for the OH-services was an immediate contact with the employees on the shop floor. Empowering the employees and helping them to adapt to the inevitable situation were basic lines in the process. Preventing helplessness and despair and restoring personal resources were considered crucial in the long run. It was considered important to encourage the employees to take the first step themselves to find a solution. Various training contexts focused on practicing conceptual skills to analyse the situation and practical guidance to act, to look for help and to help others. Altogether, the actions taken were manifold.

*Intranet & internet support:* The OH-services prepared a comprehensive information package in the intranet of the factory. It contained practical advice and information about the impact of change and restructuring on employees. Various approaches to manage one's health and life in these situations were described. It also included useful internet-links.

*Collaboration with local social and employment services:* During the closing process the OH-services collaborated closely with, among others, organisations dealing with alcohol abuse, with the local parish, and social and health sector of the municipality. Mental health services for children and youth was especially high on the agenda. Medical specialists were consulted for the purpose of assessing individual working capacities. Collaboration with the pension insurance company was effective both on a practical level and in decision making.

*Collaboration with the occupational health and safety organisation:* Regular meetings were organised to plan the preventive program. Special challenges were preventing accidents in the change situation, preventing increase of alcohol abuse, preventing marginalization, and managing the stress of the health and safety personnel themselves.

*Participation of the OH-services in personnel & management training:* The OH personnel participated in meetings and information sessions with the employees organised by various actors. They also participated in organising training programs for the supervisors and for the shop stewards and safety delegates. An important theme was to manage the stress of the key actors. Open training was organised by the OH-services for all about how to manage the personal change process.

*Targeted training and support:* In addition, special courses were organised for employees over 50 years of age, and for those in insecure employment and their families. Rehabilitative activities open to all included peer-to-peer groups, “sleep schools”, managing alcohol abuse, AA-internet group for abusers, and physical fitness groups. Special residential rehabilitation courses concentrated on physical and mental health.

Counselling groups were organised for the supervisors. In collaboration with the insurance company special change management training was organised in a rehabilitation institute outside the factory.

*Mental first aid:* Individual crisis support and support groups for all employees were organised. The OH personnel established a telephone emergency hotline every workday at 6-10 pm. They shared the responsibility and resources in running this service during more than half a year. At other times of the day, an automatic answering machine gave advice about other emergency services in the region. Health examinations were carried out for all and free health services were offered during the forthcoming two years.

*Why were these tools chosen?*

The strategy and methods were chosen on the basis of earlier experience and models of psychological crisis management. Although no earlier action models were available for the OH-services to manage a major restructuring such as closing of a whole factory in a small community, the longitudinal experience in active work place health promotion had created the basis and channels for immediate reaction. This was possible due to the commitment of the company and factory management in supporting the employees in transition to re-employment.

*Effects of restructuring on the value chains, communities and other stakeholders. What modifications are suggested?*

The effects of closing the factory were intense for the community, families and individual lives. Unfortunately, similar closures in different parts of the country have occurred since this case. The developed action model has probably helped others to avoid the worst predicted consequences on health of employees. Assessing the cost-benefit of the action model is difficult. Both the company and community costs and benefits should be evaluated. However, communicating the action model can enhance the company image, especially if the model would develop a good practice in working life.

According to the Finnish Act on Corporate Co-operation, all quarters have to be informed and their representatives must be invited in to negotiations about major changes, such as giving notice to the employees, and about procedures to be followed in such situations. The closing of a whole factory, especially in a community where the factory is a key employer, requires initiatives from the government and local authorities. In restructuring, health has rarely been given a priority.

The basis for managing major change by OH-services are developed in the long run by close cooperation of the internal services with workers and employers and mutual

trust. The modern trend of outsourcing the OH-services may limit their capacity for preventive work.

The government gave financial support for the social restructuring of the area. However, at the same time the tax authorities imposed tax on all financial support given to the employees. Even the two year possibility for occupational health services was taxed according to private sector pricing. This was a serious drawback for the employees. Of the total financial support, almost half ended with the state via taxation. Also the work related early rehabilitation services met unexpected financial difficulties. Normal compensation applications were rejected by the National Pension Fund on the basis of the termination of employment. Enhancing the employability of the employees was not accepted as a basis for financial compensation after the end of employment.

After one year, of the 670 people, 110 had found employment inside the company and 170 outside the company, 17 were employed in the company's projects, 79 were retired or on a waiting list for a pension, 99 were in training, 140 had seasonal temporary work at the factory, and 56 were still working in tasks connected to the closing process. After summer 2006, 100 people were unemployed. At that time 100 per cent of the upper white-collar employees, 86 per cent of the maintenance workers, and 69 per cent of the paper workers had found new jobs. In spite of the active role of the employment services, only six people found employment through their facilities. However, their moderating role was important. The number of pension applications increased 2.5 times during the closing period which caused extra work for the OH services. However, the criteria for granting a pension did not change in the insurance system.

During the closing period, accidents decreased – partly due to decreased alcohol consumption. Nobody committed suicide. Several people who earlier had had an indifferent attitude to their own health came to the health examinations where several illness cases were detected in an early phase. It seemed that earlier mastery of one's life predicted the future development.

External consultants were very eager to offer their services but they were considered outsiders and business people making a profit out of other peoples' difficulties. Even the visit from members of parliament to the factory was experienced as something external and awkward by the workers. However, it may have helped by gaining publicity in the media.

After all, the representatives of the employer could have participated even more actively in discussion sessions and more sessions might have been needed. Some of the supervisors stagnated themselves and needed support. Industrial supervisors do not necessarily have the psychological skills to act in this kind of situation. When looking backwards, the OH-services evaluated that they could have used existing networks even more effectively. Everything must not be done by oneself but management of the process is important.



*Roles of the management representatives and associations, workers' representatives, and government assistance making decisions*

In spite of the unpredictability of the closing decision, the management of the Voikkaa factory took a preventive approach to the situation on the same day as the closing decision was informed.

*The factory management* organised immediately a review of the situation and discussion session for all. After listening to the employees the management created the frame of reference for various supporting activities. The development of the action plan was started the next day. Weekly meetings were organised with the employees and initiatives were taken in the terms of the personnel instead of business. Initiatives were written down and reported to the company management.

*The union representatives and health and safety delegates* of the employees were involved in all decisions of the OH-services and management. Solutions were discussed and feedback was given on the impact of various actions taken.

*The company decided* on a severance package to secure the future of the employees. A training fund was established and several crisis operations were initiated. Moving to a new job inside or outside the company was made as flexible as possible. The workers could return to the factory for the rest of the closing period if they decided not to take the new job which they had tested. Training and a priority right of two years to vacancies of the company were examples of actions taken. The paper workers' situation was most difficult as their competence is extremely specified and on a high level. Accordingly the wages were relatively high compared to other industrial wages.

*The local employment services* established a new office inside the factory. The three officials prepared an individual employment program for each employee. They organised weekly information sessions and contacts with local and other employers. Trips to other areas of the country were organised for those workers who were interested in the vacancies offered by various employers. Employers also came to the factory to inform and recruit workers. Even new enterprises were established inside the factory area.

*The government* decided on special funding to support the social restructuring of the area.

### *Transferability*

Although similar factory closures had occurred earlier, never before had the health of the employees been given such a high priority. The Act on Occupational Health Services formed the legislative frame of reference for the actions taken by the OH services. Collaboration inside the factory and with the local community was constructive. The company management offered resources and encouraged adoption. The union representatives and safety and health delegates were involved immediately in the planning process. Local employment officials promptly established their office inside the factory. Collaboration with pension insurance companies was fruitful and effective.

Internal OH-services are available only in large enterprises. The SMEs situation is in many ways more complicated. As SMEs collaborate with external OH-services, clear models should be developed for their crisis management. The closing of a small enterprise does not get the same level of publicity or resources, but from an individual point of view the psychological process is similar as in a large enterprise. Thousands of workers may lose their jobs in a short period of recession without anybody reacting to it as a health risk.

The experience gained in this process has been available for colleagues when corresponding closures of factories have occurred in Finland.

### *Conclusions*

The OH-services must start their crisis program immediately after the decision of the restructuring. Time must be reserved for discussions and for listening to the feelings of the employees. The process must proceed on the terms of the employees, not of the business. Adequate and timely notification is necessary to avoid rumours which may cause stagnation and even reduce capacity to work. The expertise of the employees must be utilized in looking for solutions. The best help can be found in the local cultural context. This starting point corroborates the dignity and self-esteem of the employees. Practical activities of the OH-services can be listed as the following recommendations:

- train the personnel in how to deal with crisis,
- promote the personnel's functional capacity,
- be prepared to meet severe individual crises,
- be prepared for an increasing need for early rehabilitation,
- help in replacements, especially in cases of lowered working capacity,
- assess the work community's working capacity and need for support in the crisis,
- guide patients to mental health services,
- actively and rapidly offer support for individual employees, work groups, and management,
- take care of the follow-up of those who could not find a job and organise support for their families,
- follow-up the impact of actions.

A company's internal OH-services have good prerequisites for supporting the employees and managing health in major restructuring. The OH personnel know the working conditions and employees. The necessary trust and preventive action model can be created in the long run, before the start of the restructuring.

## 7.11 Participative restructuring toward a cascade-based network

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### *Foreword*

The following case study is rather peculiar for a number of reasons. Firstly, it indicates that restructuring is to be conceived as a prolonged process that may involve a large network or a cluster of SMEs. Secondly, it shows that restructuring can have positive outcomes for both employment, and health and safety. Thirdly, it stresses the critical value of ethics and social responsibility, which can be instrumental in establishing and keeping healthy and safe working conditions. Fourthly, it points out the role of the local administrations and SME associations in setting policies and supporting good practices in restructuring. Altogether, it suggests a participative practice to restructuring.

### *Type of enterprise*

Until some dozens of years ago, the area of Florence was characterized by many artisan workshops where leather goods, such as handbags, wallets, gloves, belts, and straps, were produced. They made unique goods, whose processes of production took place within the same workshop and were done by a few skilled craft hands. The workshops belonged to families that passed skills and businesses from generation to generation.

Around the middle of the last century, some of the artisans became known worldwide through combining the skills in leather craftsmanship and personal communication skills which brought about successful marketing intuitions. Movie stars came into their workshops. It was the beginning of the process for becoming globally recognised brands. The brands were, however, rooted in the Florentine culture and taste, and in the Florentine leather craft skills. Any product was felt as a unique mixture of emotions and knowledge that can come only from the Florentine area: a good globally known as Florentine. That is a very local product.

The development and the success of the brands brought about the first restructuring of the leather industry in the area of Florence. Many artisan workshops closed down, while a few were transformed in factories. Most of the previous artisans became workers. At the beginning, they just did the same job as before, but in the same common place, sharing space and utilities. However, quite soon, the tailor model was introduced and prevailed. The common space became a real factory. The leather goods became made in a typical industrialized manner.

### *Reason for restructuring*

By the end of the last century, the leather factories went into crisis. The industrialized products turned out not to be of a good enough quality to justify such high prizes, and

the Florentine leather factories could not compete for prizes with the products manufactured in other countries. The brands themselves tended to become less and less evocative of an atmosphere and of unmatched manufacturing skills. The products were becoming less and less alluring.

Another restructuring (here described in short) has to be undertaken, which is still currently taking place with the aim to regaining the evocative strength of the brand and the extraordinary quality of goods, in order to regain the top of the market, the luxury segment.

#### *Type of restructuring*

At first sight, it has been an industrial earthquake which has brought about the pulverisation of Florentine leather industry. Instead, a new organisational phenomenon has been implemented, steered by some of the brand owners who lead the first restructuring, from craftsmanship to industry, from locally known workshops to worldwide recognized brands, and supported by local authorities and SME associations.

Indeed, the disruption of the factories has been accompanied by the development of a type of industrial district (Brusco, 1990), characterised by a cascade organisation through which a brand owner controls a limited number (four or five) of specialized supplier enterprises, having each one about twenty employees. Each main supplier governs the internal processes of both manufacturing and innovation of the processes, materials and technologies. Each main supplier controls a number (from five to ten) of sub-supplier enterprises, usually very small (less than ten employees), and very specialized and skilful. In their turn, sub-suppliers may involve further, smaller enterprises, with very few specialized people. This cluster of enterprises is organised along with what seems a typical cascade development and manufacturing process, but it has, however, some distinctive features.

All the enterprises are located in the same geographical area: they share the same production culture, gusto, and knowledge. The co-location in the same geographical and cultural area reinforces the brand, as for the aesthetic based sentiments, feelings and emotions (it brings a touch of Tuscany, and, more specifically, of Florence in any good), and as for the knowledge components of the consumer choice that is related to quality and the skilfulness of the makers.

The co-location eases the monitoring and the control of suppliers and guarantees the highest quality. Suppliers and sub-suppliers can be chosen not only on the basis of the mere cost, but also on the direct experience of their skill and reliability. The quality of the products has the highest value.

The process and technological innovations are stimulated and supported along all the processes through a peculiar procedure of cooperation that characterizes any district. Any innovation, when introduced by one enterprise, is very soon copied (even stolen) by one or more competitors, who, in turn, improve upon it. By this process, known as

co-competition – that is cooperation through competition – innovation of processes and products is continuous.

The common cultural background and gusto add a touch of creativity to innovation in every component, besides the innovation in product design that is in the hands of the brand owner, through the department of research and design<sup>24</sup>.

The quality control is distributed along the levels, where the higher level is in charge of the quality of the lower, but all levels are under control and continuous inspections by the brand owners. There are no double standards, very commonly found in a cascade organisation, when distributed around the world in different countries having different legislations.

### *Effects on employment and health*

Overall, employment, after a period when a number of workers have to experience temporal layoffs under social protection schemes, has increased. Nowadays, in the Florentine area, there are, instead of few leather factories, 2.600 enterprises, employing more than 10.000 people. It is the *Florence leather district*.

The closing of the factories did not bring about a collapse in terms of conditions of work, health and safety either. Instead, the restructuring has had strong positive effects. The inspections of the local Occupational Health and Safety Services have shown unexpected improvements. Working conditions are up to the highest standard and are still improving. Such outcomes are very likely to be due to a side effect of branding policy. For a brand, the level of reputation is very valuable but it is also very fragile. The reputation of a brand may be questioned by products of a quality lower than expected, but even destroyed if it enters into conflicts with widely recognized values. This is also the case when people become informed through media that a brand product has been manufactured in unhealthy and unsafe conditions.

The stakeholders of a brand are well aware that the value of the products is highly dependent on reputation, and, for this reason, invest resources and make any effort to improve working conditions and the well-being of their workers. The prioritisation of improving health and safety at work within a comprehensive industrial and marketing strategy of the brand can be understood in the context of pursuing the aim to regain the top segment in the luxury market.

The healthy conditions of work was largely unexpected by inspectors, since they have been well aware that more than one third (about 1.000) of the enterprises in the district are owned and managed by immigrants from the Peoples Republic of China, where about 3.500 people are estimated to be employed. Chinese workers are often accustomed to unusually long working hours and hard working conditions. Furthermore, media often report on clandestine workers, often reduced to slave conditions, and of children at work.

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<sup>24</sup> Design, with marketing and finance, is, indeed, under direct control of the brand owner.

Indeed, inspections have revealed situations where the working conditions were really under the level of acceptability. However, these situations are usually related to the production of low cost, poor quality, faked leather goods, which are still convenient to be produced in Italy, because of the saving in transportation costs. They are frequently close to being illegal, and occupy interstices or live at the border of the district. It is unclear whether these negative aspects are somehow related to a quality based industrial district. At any rate, these are problems to be solved.

#### *Roles of associations, trade unions, and local authorities*

Brand owners are well aware of how much reputation depends on the perceived coincidence between values embodied in the brand and those that are shared by people. They also know that such coincidence needs to be continuously renovated and certified. To this aim, they have applied, and are certified, as for compliance with the ethical and environmental principles of Corporate Social Responsibility (SA 8000), which comprises the issues of health and safety at work.

The application has turned out not to be a mere formality, but it has become an operating culture, that manifest itself in a continuous inspection and control throughout all the layers in the cascade organisation, down to very small enterprises. The very same system used for quality control is also used for health and safety monitoring and improvement.

Cascade restructuring allows the principles of CSR to come into operation at a level at which they are very seldom applied. The proactive defence of a valuable brand, well known, but also monitored throughout the world, has been instrumental to reaching safer and healthier working conditions.

The initiative for application to SA 8000 has been strongly promoted and supported by local authorities, among them the local chapter of CNA (Confederazione Nazionale dell'Artigianato – National Confederation of Craftsmanship), an association of very small enterprises, most of them artisans' workshops, and by the region of Tuscany which are playing a critical and decisive role. They search for, and, in some cases, provide incentives, and communicate at large the development of the process of implementing the CSR policy. This is done in order to diffuse the CSR practices, but it has also shown to be instrumental to further improving the reputation of the brand.

The trade unions, while losing direct control at grass root level – because of the pulverisation of the workforce in hundreds of enterprises – entered into the process of policy building and of good practice implementation, playing an institutional role at the level of policy setting and decision making.

All together, the various stakeholders (brand owners, SMEs, SME associations, local authorities, and trade unions) set up a participative model, or, better, a good practice for restructuring that has shown very positive effects both on employment and on health and safety. In our opinion, however, the need for preserving and improving the reputation of the brand and its products played a crucial role.

### *Exemplarity and transferability*

The reported case study refers to a systemic participative strategy in restructuring. It shows that the convergent initiatives of many social actors can transform an industrial collapse into an opportunity for keeping, and even improving, in the mid term, the level of employment. The participative practice also allows for improving working conditions and controlling them at an unusual level, down to very small enterprises, never reached before.

The adoption of an enlarged CSR approach has been instrumental in providing a reference framework which is very useful for finding and evaluating solutions. In this sense, the case study represents the illustration of a good practice of restructuring by using a participative, systemic approach guided by a CSR framework.

These components of the case study are clearly transferable in different contexts, in both cultural and industrial terms. However, the peculiarity of the cultural background and role it plays in the design of the products, in the processes for making, and marketing and communicating them, it is hardly transferable. Indeed, the type of product, locally thought, designed, manufactured, but globally known, the relevance of its symbolic value, the prevalence of communicative aspects, the fragility of its image, known everywhere but susceptible to damage, make the case study less easy to be transferred, replicated, or even imitated.

Moreover, an industrial district cannot be developed anywhere from scratch. Mechanisms as co-competition are not easy to set up and become well established. Specific industrial and social cultures are needed, where competition is rooted in the very same background, which allows to immediately grasping an innovation, to master it, to improve it, and to put the innovation into practice. From these points of view, the case study is hardly transferable but it may stimulate ideas. And it provides a free lesson: it shows that the collapse of an enterprise does not necessarily mean the end of an industry.

### *Conclusions*

The case study leads to conclude that restructuring has not to be seen as an event, but rather as a process, that takes time to start, to happen, and to be solved. Furthermore, it suggests the need to avoid a sort of social myopia by which people and decision makers alike are trapped when coping with restructuring. One should not focus on critical, hot spots: a factory, a place, and a type of job at risk. Restructuring always has systemic effects.

The restructuring of a factory always affects suppliers and clients, a whole system of SMEs. The victims and survivors are not restricted to only those in the hot spots, but in the whole industrial system. Consequently, the directions for restructuring, the solutions often have not to be limited to the hottest places. Rather, they are to be found in all the various facets of the system affected.

That is why restructuring implies a participative practice, where all the main social stakeholders should play an active role. And some of them might be forced to a change of role, for instance trade unions, as we see in the reported case study. All of them are actors in the system affected by restructuring and might become essential stakeholders in the solution.

Moreover, it has to be underlined that a comprehensive evaluation of a restructuring process takes time, and can be done well later in time. Maybe more time than people involved, left alone, can endure. People in transition through restructuring deserve psychological, social and economic support.

Finally, one has never to forget that even the more successful restructuring provides room for unexpected, negative phenomena, such as those mentioned in the case study. They should not be neglected.

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## **7.12 Restructuring industry and developing a competitive economy under healthy conditions with special focus on SMEs: Policy and actions in North Rhine-Westphalia (Germany)**

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### *Background*

North Rhine-Westphalia (NRW), one of the highly industrialized regions in Germany, has been facing a radical shift of its economy over the last four decades. Downsizing, off-shoring and mergers in traditional primary sectors and manufacturing, e.g. agriculture, coal mining, iron and steel production, textile industry, have been root causes of decreasing employment. The employment decline in the primary sectors and in manufacturing, along with the increase in business, personal and some social services, is a well-known, long-term trend (EUROFOUND, 2006). A comprehensive analysis in NRW demonstrates a 40 per cent average job decline since 1970 with clear regional differences, e.g. in the Ruhr area. But employment statistics balance out in the long term perspective as the result of the creation of new jobs in expanding service sectors and, in particular, in business, social and personal services (Bosch & Nordhause-Janzen, 2005). Another dominant feature of NRW economy is the growing significance of small and medium sized enterprises (SMEs) in the labour market.

Like in most EU member states, three major driving forces of change were identified in North Rhine-Westphalia:

- economic change (globalisation, internationalisation of competition and markets),
- technological change (diffusion process of new and emerging technologies),
- population change (demographic change, migration).

Whereas the influence of change on employment is well understood, there is a lack of direct evidence on the health effects of restructuring at NRW level. One available source of information is the observatory of health risks at work. Introduced in 1994, the observatory proved to be a powerful instrument for policy-making. It gives an insight into how workers in NRW experience their working conditions and working life and monitors changes and trends in the world of work (Lehmann, 2006). The findings of the last representative survey (periodicity: five years) show that work-related stressors are most common at the workplace, such as demands for responsibility, fast pace of work, work overload, anxiety about losing one's job, lack of adequate information/communication at work, lack of influence/decision latitude (LafA, 2005). In recent time insecurity at work increasingly imposes a great burden on the labour force. Due to the multi-factorial influences present at the workplaces these results are not solely attributable to the impact of on-going restructuring processes.

### *Restructuring economy in NRW - Policies*

The promotion of structural change is embedded in all policy areas of North Rhine-Westphalia. Comprehensive strategies have been developed to respond to the change and support the restructuring process. Goals, programmes and instruments serve to support the policy areas involved, e.g. regional policy, science and technology policy, innovation policy, industrial and enterprise policy (cross-sectoral approach). Activities focus on:

- lagging regions that need to reorient their economies to preserve and/or generate jobs and diversify,
- leading sectors (and regions) that drive economic growth and technological breakthroughs, e.g. health sector.

In implementing the Lisbon strategy the Ministry of Labour, Health and Social Affairs of NRW has designed an active industrial and labour market policy (MAGS, 2008a). Targets seek to be consistent with the health at work strategy. Priority setting considers the company size, allocation of resources/funding aims to support development in SMEs. Justification for this decision is found in the way that SMEs manage health and safety issues. Walters (2001) states in his analysis of the situation in SMEs: “*An area of difference between the small and larger enterprise is their management culture. Limited resources mean that often SME managers have to concentrate on the organisation of production and find it difficult to allocate resources to other areas. There is also evidence that managers are less inclined to seek external advice*” (p. 32). On the other hand, poor access of trade unions to small enterprises may be a hindrance in developing social partnerships. In many small enterprises, worker representation structures are never set up.

To encourage participation of SMEs in the various programmes, incentives are offered by the NRW government. Funding is co-financed within the framework of the European Social Fund.

### *Health at world of work – Strategy in NRW*

In the changing world of work a number of challenges will gain importance in the next years, e.g. demographic change and aging of working population, new employment trends (increasing self-employment, outsourcing) and fragmentation of individual careers (EU-OSHA, 2002). Some types of work-related illnesses are becoming more common (musculoskeletal disorders, illnesses associated with psychosocial stress). In NRW a multifaceted approach to the objective of healthy working life has been implemented including initiatives and programmes (e.g. modern work, employability, job fit NRW), which target:

- employment and productivity – by keeping those at work healthy and in work and enhancing employability,

- organisational design of work – by humane designing of working conditions, improving person-job fit, introducing participative management and flexible work schedules and fostering career development,
- health promotion, prevention and rehabilitation – by contributing to health and well-being in NRW and dealing with health inequalities,
- education – by instilling an appropriate understanding of risk management from an early age and developing health competence,
- knowledge acquirement – by conducting specialised research.

NRW recognises the need to do more to make health at work and its benefits more widely understood and accepted and will find ways to demonstrate the moral, business and economic cases for health at work. Appropriate health management is an integral part of effective business management and, as such, is an enabler and not a hindrance.

NRW is developing innovative partnerships to provide health support locally, regionally or by sector according to need. At the core of this support is the principle of proactive management of health risks and health promotion. NRW raises awareness and stimulates demand for these services and finds channels to influence small organisations (particularly SMEs) and other hard to reach groups. NRW strengthens the role of health in getting people back to work through emphasis on rehabilitation as a contribution to employment and collaborates with others – trade unions, employers, insurers and health professionals – in this regard.

### *Restructuring under healthy conditions*

#### *Basic concept*

Promoting employability is the core element of the strategy implemented. The NRW approach reflects the basic concept of employability developed by Hillage & Pollard (1998).

Policy targets and strategic objectives in NRW take a broad view on employability and consider it not simply an individual but a social issue; responsibility is shared more equally between individuals, enterprises and society. The following four thematic dimensions play a key role:

- work ability and employability are interrelated,
- individuals' work ability is crucial for participating in the labour market; individuals need opportunities to maintain and improve their work ability and take challenges to develop their employability,
- enterprises influence work ability; in employing a workforce and serving customers, they inculcate particular values and attitudes and shape behaviours as well as having an impact on health. Employers have a particular responsibility to develop the employability of their staff – for business reasons,

- society and especially public bodies (schools, colleges, universities, the benefits agency, local and national government agencies etc.) have a duty to secure the employability of all citizens.

The focus of activity is on prevention at state, company and individual level and the achievement of sustainable results. Table 1 exemplifies the design of interventions and the instruments introduced in three policy areas to promote the restructuring process in NRW. Preference is given to approaches that incorporate participative concepts and involvement of social partners and/or workers and their representatives. The intention of all programmes is to measure outcomes of activities, but experience shows that evaluation is not a straightforward task.

Emphasis is placed on active measures for employers to (re)design healthy organisations and increase competitiveness of their enterprises such as, for example, counselling services and experiment projects and for employees to enhance their employability such as education and training. Regional agencies and conferences have been established in order to support the implementation of the programmes and initiatives and to foster the cooperation and communication in the regions. The commitment of all stakeholders and promulgation of the policy targets were achieved by the declaration of the social partners and the state government “High competition, innovation and employability with ageing workforce”, which was signed in 2007 (MAGS, 2008b).

### *Interventions*

Due to the broad scope of the enacted plans, the following presentation focuses on exemplary activities related to healthy restructuring and on relevant background information, including target groups, the principles of instruments applied, their performances and utilization. Most interventions were carried out within the framework of the initiative “Neues Arbeiten NRW” [New Work NRW] (MAGS, 2008a).

Considering the fact that SMEs – the main target group – have limited resources and experience in change management, most activities focus on building up capabilities and enabling the enterprises to improve their management competence and performance. To achieve this three main instruments have been successfully applied so far: counselling services, vocational training and experimental projects on restructuring.

### *Counselling services*

An infrastructure with the capacity and capability to provide advice and support in healthy restructuring and serve a wide range of customers’ needs has been established. Constituents of this service network are private consultancies with adequate qualifications, e.g. freelancers, agencies, institutions, offering a wide range of specialist services, e.g. consulting in task redesign, flexible work schedules, career development, participative management and redesign of the physical work environment. They are expected to modify their approaches and practices on intervention to better relate them to the needs of SMEs. Additionally, about 200 consultants acquired specialist knowl-

edge in age management in the last two years. The main characteristics of the counselling services are summarized in the following table.

**Table 7.12.1: Profile of counselling services**

<p><b>Portfolio</b></p> <ul style="list-style-type: none"> <li>• Advice to how to prepare an action plan – based on the SWOT analysis</li> <li>• Support in implementing the restructuring plan</li> </ul> <p><b>Target groups/customers</b></p> <ul style="list-style-type: none"> <li>• Small and medium-sized enterprises</li> <li>• up to 49 employees: three to ten days</li> <li>• 50 and more employees: three to 14 days</li> </ul> <p><b>Costs and subsidies</b></p> <ul style="list-style-type: none"> <li>• 50 per cent of the costs, max. 500 EUR</li> </ul>
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Comprehensive statistical data on the utilization of the services for the period 2000-2007 are already available (MAGS, 2008c). In the region of 11.000 SMEs employing more than 340.000 workers used the services. The vast majority of the enterprises (more than 99 per cent) had 250 and fewer workers and belonged to the sectors manufacture of basic metals and fabricated metal products, personal services, supporting and auxiliary activities for businesses, retail trade, including vehicles and motorcycles, health and social work, veterinary activities, construction. The customers' feedback has been very positive: 99 per cent of the enterprises were satisfied with the counselling services.

Analysis of the customers' demand reveals the relevant subjects of restructuring from the business perspective. Enterprises preferably used the counselling services predominantly for activities related to (re-)organisation, exploit new markets, human resources/training, new products/services, quality management, working time schedules, new wages, new technologies, equal opportunities, OSH/environmental matters.

#### *Vocational training cheques*

Investment in professional development may be in the interest of the employer and the employee. Both have access to the service and can acquire cheques for vocational training. Firms, institutions and agencies specialized in vocational education/training are all providers of the services. Approximately 270.000 vocational cheques were issued by the end of June 2008; about 70 per cent have been already cashed. Table 7.12.2 gives an overview of the requirements for participating in this programme.

**Table 7.12.2: Requirements for acquiring vocational cheques**

<p><b>Services</b></p> <ul style="list-style-type: none"><li>• Provision of vocational training cheques and payment of cheques (only the service providers, e.g. educational institutions, training agencies, and institutes can cash the cheques)</li></ul> <p><b>Target groups/customers</b></p> <ul style="list-style-type: none"><li>• Employees in small medium and medium-sized enterprises with less than 250 employees</li><li>• 20 cheques per enterprise and year, two cheques per employee</li><li>• Both employer and employees may apply for the cheques</li></ul> <p><b>Costs and subsidies</b></p> <ul style="list-style-type: none"><li>• 50 per cent of the costs, max. 500 EUR</li></ul>
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### *Experimental projects*

Parameters influencing work ability and thus employability define fields of intervention that are appropriate to conduct experimental projects and develop robust model solutions. Preference is given to projects targeting innovative solutions in these areas and investigating the potential of organisations and actors to act as intermediaries and establish new forms of partnerships at regional level. Main objectives are:

- development of human resources: qualifications/skills, personal attitudes, and health,
- development of organisational resources: work organisation, leadership, and corporate culture.

Due to the weakness of the trade unions' organisation and representation in SMEs, social partnership approaches successfully implemented in larger companies can not be easily transferred to SMEs. Against this background, pilot projects may be designed to develop participatory structures and procedures that are adequate to the wide range and variety of smaller enterprises. Some examples of experiment projects are given in table 7.12.3. A comprehensive list of projects targeting employability and healthy restructuring is available (MAGS, 2008d).

### *Conclusions*

Taking the challenge of healthy restructuring in the economic and social environment of SMEs is not a matter of individuals and businesses alone. Problems cannot be tackled in SMEs in the same way that they are in larger companies and there is considerable limitation on the evaluation of single activities. The lessons learned in NRW suggest useful ways forward:

- health in restructuring needs a wide social and cultural approach; it requires both formulating and focusing wide ranging health policy priorities and promoting cross-sectoral activities and addressing both social and economic issues,
- the local and regional levels have smaller but more flexible structures that enable them to undertake basic groundwork and to develop and test model solutions in co-operative structures.

**Table 7.12.3: Examples of projects targeting employability and healthy restructuring**

Title/website	Targets
Prevention for workers in the IT sector <a href="http://www.praeventionskompetenz.de">http://www.praeventionskompetenz.de</a>	<ul style="list-style-type: none"> <li>• new corporate identity/culture</li> <li>• new organisation (structures and processes)</li> </ul>
Productivity and social capital in enterprises <a href="http://www.prosob-bielefeld.de">http://www.prosob-bielefeld.de</a>	<ul style="list-style-type: none"> <li>• measuring intangible assets (social and human capital)</li> <li>• establishing relationship between social and human capital, health and well-being of workers and performance of businesses</li> </ul>
Cooperative structures for age management <a href="http://www.bit-bochum.de/BIT/arbeit/Projekte">http://www.bit-bochum.de/BIT/arbeit/Projekte</a>	<ul style="list-style-type: none"> <li>• developing key management capacity (leadership, health, human resources and change management)</li> <li>• strengthening regional cooperation</li> </ul>

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### **7.13 Group method for promoting career management and preventing symptoms of depression in work organisations (FIOH)**

Jukka Vuori & Salla Toppinen-Tanner (Finish Institute for Occupational Health, FIOH, Helsinki)

There is increased pressure for flexibility on both jobs and employees in modern work organisations due to global economic restructuring. Constant changes produce increasing job insecurity and work transitions challenge the well-being and motivation of individuals. To combat the individual costs of these changes, we have developed and are currently testing a resource-building group intervention entitled Towards Successful Seniority. The aim of the group method is to promote the preparedness of employees for career management (Sweeney et al., 2006; Vuori & Vinokur, 2005) and to teach them to develop strategies to carry out their plans. It has been implemented in the form of reference groups at work organisations. The method was developed for promoting successful seniority in work organisations but it can be applied to enhance mental resources for managing changes due to restructuring.

The implementation involves collaboration between the human resources department (HR) and the occupational health service provider (OHS), with the aim of strengthening their mutual understanding and collaboration within the organisations in work career and mental health issues. The objective is to integrate our program into everyday organisational practices, where information on work-related development plans and information on health and well-being can be utilized. Our intervention aims at combining knowledge from stress prevention, promotion of engagement, and individual resilience by using primary prevention at the individual and group level. This means teaching people skills that will enable them to be better prepared for future demands at work, but will also inoculate them against possible setbacks. We believe that by strengthening individual resilience and preparedness for work career management also reinforces the benefits of proactive behaviour in case of organisational changes (Aspinwall & Taylor, 1997; Greenglass, 2005).

#### *Preparedness as an individual resilience resource*

Individuals need confidence in their ability to handle changing situations and endure job insecurity. Preparedness is defined as a goal state of readiness to respond to uncertain outcomes (Sweeney et al., 2006). It enables coping in stressful work life uncertainty or involuntary transitions. Preparedness for career transitions comprises both specific self-efficacies and preparedness for setbacks. Specific self-efficacies are also motivational components increasing the likelihood of behaviour corresponding to a particular self-efficacy (see e.g. Bandura, 1986), and similarly perceived control of a specific behaviour is a determinant of behavioural intention predicting future behaviour (Ajzen, 1991). Moreover, providing participants with the ability to anticipate set-



backs and with the skill to cope with them endorses their motivation to perform difficult behaviours in the face of setbacks (Meichenbaum, 1985).

Preparedness and effective coping can be seen as motivators in a process whereby individuals adjust to their working environment, make plans, set goals and strive to improve their future, and evaluate their possibilities and competencies in achieving these goals. Many previous studies have shown that individual resources may also influence the relationship between work characteristics and adjustment to work (Aspinwall & Taylor, 1997, Lamontage et al., 2007; Parker & Sprigg, 1999). For instance, increased self-efficacy has been found to associate with increasing work engagement and strengthened perceptions of social resources at work (Llorens et al., 2007). The method offers benefits irrespective of the nature of future changes at work.

#### *Towards Successful Seniority group method and group training*

The Towards Successful Seniority group method was developed based on earlier research on human behaviour and earlier experiences with similar methods. Earlier research has shown that self efficacy or perceived control of a specific behaviour can be strengthened with interventions and that the increased control predicts beneficial changes in behaviour and health, especially in challenging change situations (Ajzen, 1991; Bandura, 1986). As the change situations often involve setbacks and barriers and may call for long lasting individual efforts with uncertain results, we also apply inoculation against setbacks for strengthening motivation to perform difficult behaviours in the face of failures.

The workshop uses methods such as active learning process, social modelling, gradual exposure to develop skills, and practice through role playing. Similar preventive group methods have been successfully employed in the past during stressful educational and occupational transitions to increase preparedness for the respective transition. They have resulted in beneficial career and mental health outcomes (Caplan, Vinokur & Price, 1997; Koivisto, Vuori & Nykyri, 2007; Vuori et al., 2008a).

The program is delivered by a co-trainer team of two trainers, one from OHS and one from HR. The groups, comprising some ten to 15 employees and/or supervisors, assemble for four half-day sessions in the course of one week that focus on the enhancement of career management skills. The main skills areas are: (a) identifying, communicating and developing one's skills and abilities, (b) identifying and using one's social network and solving conflicts in social relationships, (c) assertiveness at work, (d) stress management skills, and (e) commitment to their personal work and health related plans for the near future.

The trainers are nominated by the organisations or part of the training is done by an occupational health service provider. Their instruction and certificate is provided by trainer-supervisors in the Finnish Institute of Occupational Health (FIOH) over a period of four full days. During the training in FIOH the trainers rehearse the training program, are instructed in the principles of learning and other related theoretical background and receive practical advice. The workshops are organised in meeting rooms or

similar sites in the participating organisations. A detailed intervention process is documented in the Towards Successful Seniority Trainer's Manual and the Participants Workbook (Vuori et al., 2008b).

#### *Participants' evaluations of the intervention group and effects of the intervention*

An experimental field study on the effects of the method started in 2006. The intervention phase was completed by summer 2008. At present, 722 participants from 17 organisations have participated and 34 groups have been trained. In most organisations, one of the two group trainers was from the human resources department and the other from the occupational health care of the companies.

Participants' evaluations of the intervention group and its atmosphere were very positive. For instance, on five point scales, the participants who responded perceived the atmosphere during the group discussions as very friendly and positive (Mean=4.94, SD=0.23) and they felt that the trainers indicated that they respected their participation (Mean=4.67, SD=0.69). In the feedback that we have received, the participants have felt that the group activities have given them reference support and tools for better time-management, ideas for reconsidering their skills, job tasks and occupational development.

The preliminary analyses of the proximal effects of the intervention show, as expected, a substantial increase in career management preparedness among the group participants compared to the randomly assigned control persons. Work life goals and intrinsic motivation to these goals increased significantly among group participants and according to interaction analysis, these effects were most prominent among participants initially in risk of depression. Based on earlier research, these effects are hypothesized to result in better career outcomes and mental health in the longer term. Long-term follow-up of seven months will be carried out during the year 2008 and the data regarding the effects of the intervention on work career and mental health will be analysed during the year 2009.

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## **Health in Restructuring: Innovative Approaches and Policy Recommendations (HIRES)**

Enterprise restructuring can no longer be understood as a temporal crisis. Current developments show that for many organizations and even regions or sectors restructuring became a recurrent and continuous process. But often restructuring processes fail to produce the intended effects of secured or increased organizational profitability. On the contrary restructuring puts the physical and psycho-social health of all organizational members at risk. Besides the uncovering of pre-existing health problems, also the chronification of these illnesses had to be documented both for laid-off workers and survivors of the restructuring. But not only increased rates of sick leave and presenteeism of sick employees deteriorate the organizational performance. Some of the irritations that restructuring can cause also directly impede inner-organizational interactions. Therefore, restructuring should be understood as an individual as well as an organizational stressor. To limit the risks of enterprise restructuring effectively, several groups of actors at the individual, enterprise and societal level have to collaborate towards the implementation of healthier change procedures and to create a social convoy in occupational transitions for workers affected by dismissal.

The European Expert Group on Health in Restructuring (HIRES) was coordinated by Thomas Kieselbach from the University of Bremen and supported by DG Employment of the European Commission. It presents with this report a concise overview of the effects of enterprise restructuring and the social frameworks and change procedures that should be considered for “healthier restructuring”. The results of this project are based on the interdisciplinary expertises from 15 European project partners and 12 external experts. With its policy recommendations and the case studies of innovative approaches on a company and regional level the report addresses policy makers, governmental structures like labour inspectorates or federal institutes, unions, managers, occupational health and safety personnel, shareholders and workers alike.

The HIRES recommendations are even more important if we consider the current crisis with its unprecedented effects on employment and the health of employees.

**Key words:** enterprise restructuring, health, social convoy, European frameworks, healthier change procedures, case study reports