Enterprise Restructuring, Health Effects and Health Promotion: Background and Recommendations of HIRES

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Health in Restructuring: Innovative Approaches and Policy Recommendations
Antecedents of HIRES

- „Managing change“ (DG Employment 1998)  
  Gyllenhammer Report
- SOCOSE (DG Research, 2000-04)
- ILO – SSER (Socially Sensitive Enterprise Restructuring)
- DG Employment EU projects:
  - MIRE: Health recommendations (2006-07)
  - IRENE: Policy recommendation for social actors (2007-08)
- HIRES: Health in restructuring (2007-09)
Managing change (1998)

• The European Commission suggests that European companies (with more than 1,000 employees) should prepare reports on foreseen structural changes and their policies and programmes for the employees to maintain their employability and adaptability (…)

• We suggest that a main part of these efforts should focus on “health in a changing place of work”
SOCOSE: Social convoy in occupational transitions


1. Normalisation of counselling
2. Early intervention
3. Company-based employability policies
4. CSR beyond actual employment: Active social plans & OP/RP
5. Networking among social actors
6. Improving the quality of counsellors and interventions
7. Successful elements of transition counselling
8. Information and communication strategies, etc.
Main results of the empirical study of SOCOSE:

Kieselbach, Bagnara, De Witte, Lemkow, Schaufeli (Eds.). (2009).

*Coping with Occupational Transitions. An Empirical Study With Employees Facing Job Loss in Five European Countries.*

Wiesbaden: VS - Verlag für Sozialwissenschaften.


www.vs.de
Restructuring as a health issue

1. Restructuring no longer a temporary crisis, but a recurrent and continuous process
   
   different types: closure, downsizing, outsourcing, offshoring, sub-contracting, merging, delocalisation, internal job mobility

2. „Healthy organization“ as an economic term has to be extended (and brought back) to the health of the employees:
   - victims of layoffs
   - survivors of layoffs
   - collective health (social climate, positive relationships)
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# Restructuring risks for individual and organizational health: The business case

## Organizational factors

### Dimensions of change
- work task changes
- work group changes
- increased working time
- staff reductions
- salary cuts
- enforced flexibility
- short-term contracts
- duration of insecurity

### Legitimacy of change
- crisis prevention or short-term profit?
- redundancies as a last resort only?

### Procedures of change
- delayed communication of changes
- veiled and non-participative decision making procedures
- unfair distribution of changes

## Individual psychosocial effects
- perceived job insecurity (qualitative and quantitative)
- perceived organizational unfairness
- lower commitment
- decreased motivation, confidence, concentration and persistence on task
- decreased self regulatory resources

## Individual health effects
- increased stress
- sleeping disorders
- burnout
- changes in health relevant behaviours (drug abuse, unhealthy diet, lack of physical activities)
- work related accidents
- musculoskeletal morbidity
- cardiovascular morbidity and mortality

## Organizational health effects

### Short term
- absenteeism
- ‘presenteeism’
- negative reputation effects: decreased sales
- unintended turnover (creaming-off)
- mobbing
- negative work climate
- decreased productivity
- decreased quality of products

### Long term
- long term sickness rates of victims & survivors
- negative reputation effects: attractive-ness as employer

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Health in Restructuring: Innovative Approaches and Policy Recommendations
HIRES Recommendations

1. Monitoring und evaluation

- Monitoring and evaluation on EU, national, regional and company level
- EU Restructuring Monitor
- European Survey on Enterprises and New and Emerging Risks – Psychosocial Risks (ESENER-PR) Bilbao Agency
HIRES Recommendations

2. Direct victims: redundant employees

- Inadequate personal resources to cope with change (job loss, unemployment)
- Necessity of a “social convoy” in occupational transitions: Outplacement/Replacement counselling
- Improvement of employability
- Immediate offers of help as part of preventive plans for R (help-line)
- Labour market integrative health promotion
HIRES Recommendations

3. Survivors’ reactions and organisational performance

- Increased job insecurity, work intensification, increased stress levels
- Decreased job satisfaction, lower commitment, loss of productivity

Need for
- transparent and consistent information
- Early integration of employees’ representatives: Social dialogue
HIRES Recommendations

4. Role of managers responsible for restructuring

- Key role of middle managers in R: Sandwich position
- Interpreters of upper management decisions and potential victims
- Role models and drivers of change

Need for

- Integration into decision procedures of change
- Creation of awareness of health dimension of R
5. Organizational anticipation and preparation

- Training of employability: Flexibility, readiness for change
- Timely and adequate communication
- Strategic long-term approach: R as necessary and recurrent part of organizations
- Responsibility of sectoral and regional partners
HIRES Recommendations

6. Subjectively experienced justice and trust

• Legitimacy of organizational change: General goals of company
• Distributive justice: Sharing the pain and the burden (injustice of bonus & salary systems in the crisis when large dismissals are involved): Fair selection criteria
• Procedural justice: Transparent, fair procedures, social dialogue
• Interactional justice: Transparent, timely, honest communication
HIRES Recommendations

7. Change communication plan

- Clarification of channels of communication, time schedule, roles of different actors

Elements of good communication:

- Quality: Accessibility, accuracy, usefulness tailored to target groups
- Timing
- Direction: 2-way flow of communication
HIRES Recommendations

8. Protecting contingent and temporary workers

- Convenient buffers in R for employers and unions
- Those in need of specific health support receive less support
- Equal rights for health promotion in R
- Need for trade unions to be more actively involved
9. New directions for Labour Inspectorates

- Stimulate general prevention principles into wider risk assessment
- Include R alongside stress, harassment etc. in the focus of psychosocial stressors
- Prevent discrimination of temp workers
- Develop a more proactive work plan for organizational change
10. Strengthening of Occupational Health Services

- Promotion of prevention and workplace health promotion before, during and after R
- Multi-disciplinary teams (physician, nurse, psychologist, physiotherapist, occupational hygienist)
- Networking with local communities, service chains for dismissed employees
- Plan for capacity building, good practice guidelines, tools for OH services
HIRES Recommendations

11. Specific support for SMEs

- Creation of professional counselling agencies for SMEs
- Specific role of branch organizations and regional institutions
- Health promotion as competitive advantage for companies
HIRES Recommendations

12. New initiatives in Europe

- Open the CSR concept to health in restructuring
- Establish routine health promotion in R
- Normalize discourse on career change and employability
Why health awareness in restructuring?

Insensitive ways of restructuring can lead to

- counterproductive loss of productivity in general
- „creaming-off effect“ of the most productive parts of the staff
- high impact on „public health“ at a community level
- loss of innovativeness, commitment and productivity of the survivors
- reluctance of employees made redundant to return to work after the recovery of the business cycle
- deterioration of the corporate profile with lower attractiveness for future job applicants
Future perspectives: HIRES PLUS

**Contextualisation of HIRES results:**

- in 13 countries of the EU including more Eastern European countries
- increasing awareness in more member states for the issue of health in restructuring
- through national seminars covering relevant stakeholders, actors and institutions
- defining new roles of OSH and Labour Inspectorates
- comparing HIRES Recommendations with national practices
- take up innovative national approaches in order to enrich and modify the HIRES results
The HIRES report in English can be downloaded:

www.ipg.uni-bremen.de/research/hires

or is available under
€ 19,80
www.hampp-verlag.de