

## ANNEXES

(en anglais)

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

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

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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 globalization 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>1</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,

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<sup>1</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)

- profit maximizing becomes more important,
- all of these trends are today much more pronounced.

### *The dataset*

The BIBB/BAuA Survey in Germany is a representative German survey<sup>2</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>3</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

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<sup>2</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>3</sup> <http://www.inqa.de/Inqa/Navigation/Service/suche,did=62188.html>

equipment create the conditions for new workflows, information management systems and interactive group communication media. This change is expressed, in terms of numbers, 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

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

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### *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 insecurity 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 ownership 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 (Riulli & 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 ea, 2005). These risks are related to an increased job insecurity (Riulli & 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**

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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, Kivimaki, & 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.

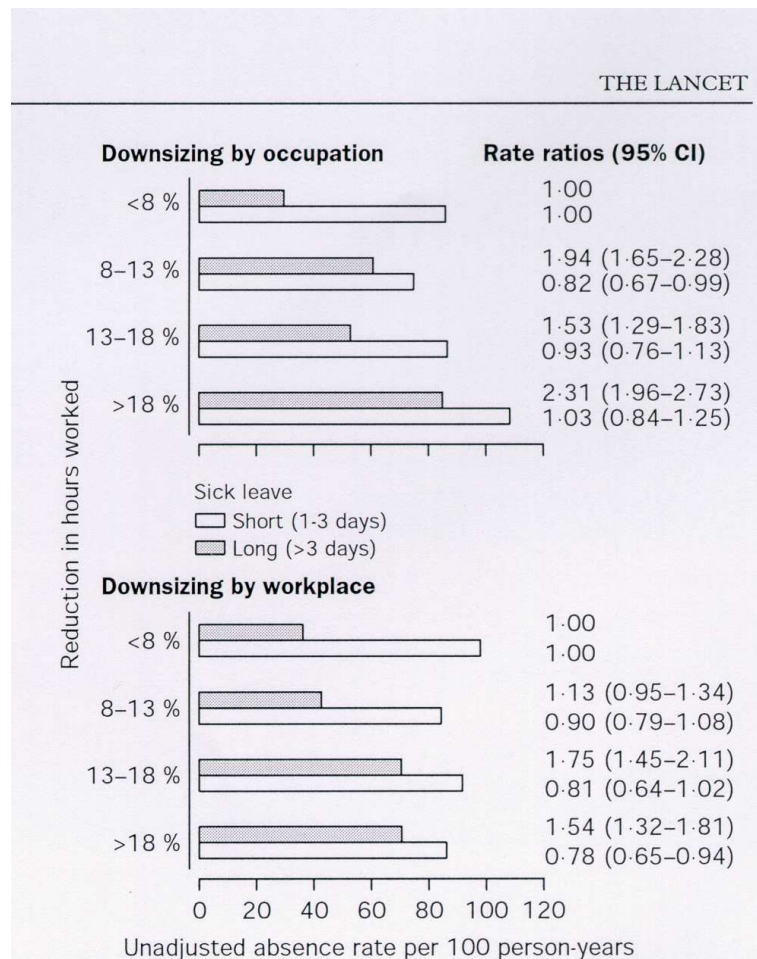
### *Sickness absence*

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

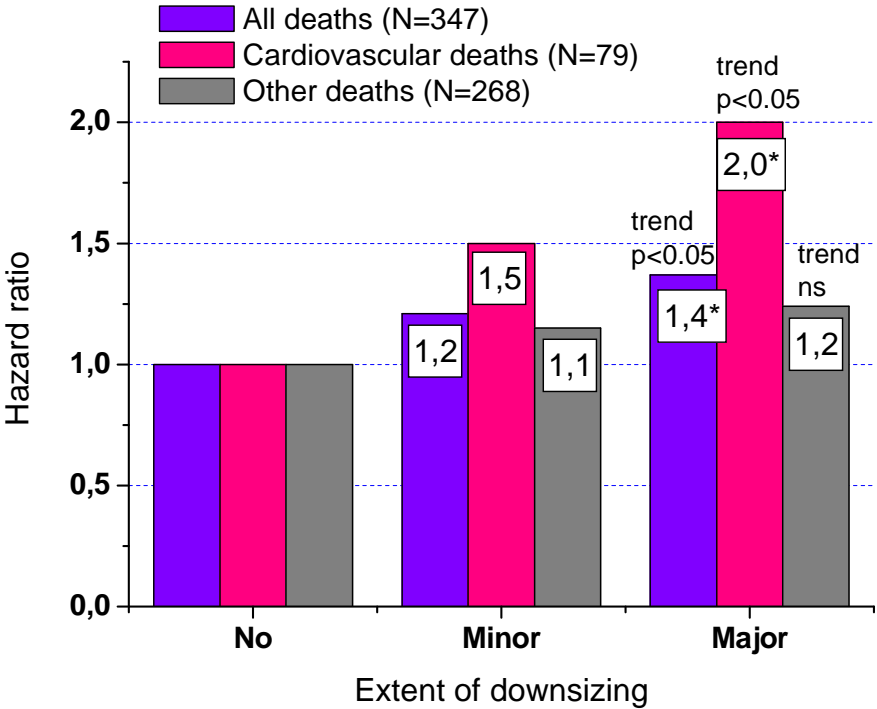


pensioning, suggesting that the association between downsizing and disability retirement did not differ between men and women or occupational groups.

*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 it's 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>4</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 reskilled to undertake alternative duties which would otherwise have been undertaken by third parties under temporary contracts. This trend is

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<sup>4</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.

becoming more significant because of limited availability of voluntary leaver programmes as the company attempts to control costs associated with restructuring programmes.

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.

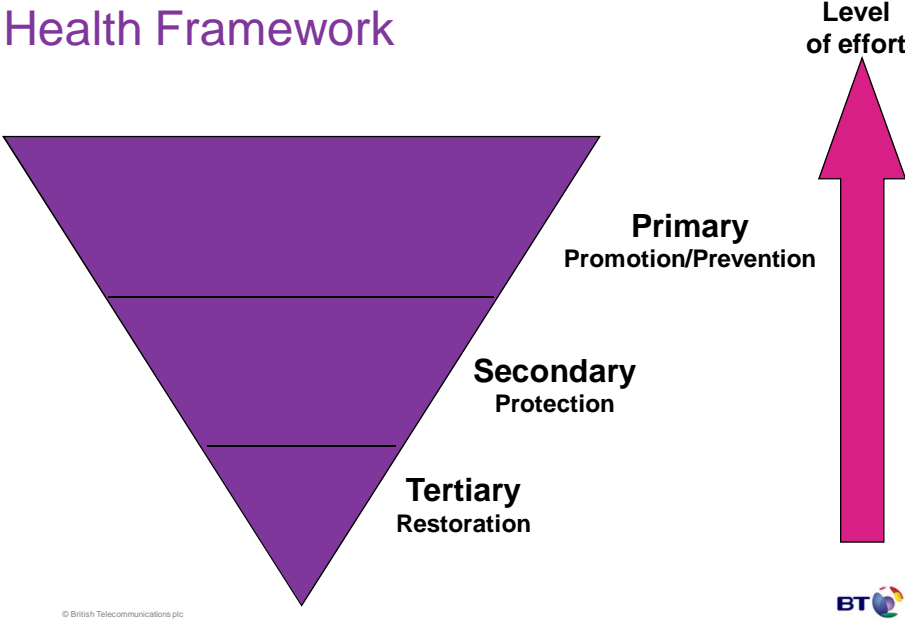
BT's proactive health policy has been promoted within the company as a win-win situation. It is shown to help cost controls, by reducing sickness absence, improving individual effectiveness and benefiting group productivity. It also assists in retaining a skilled and committed workforce and improving 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.

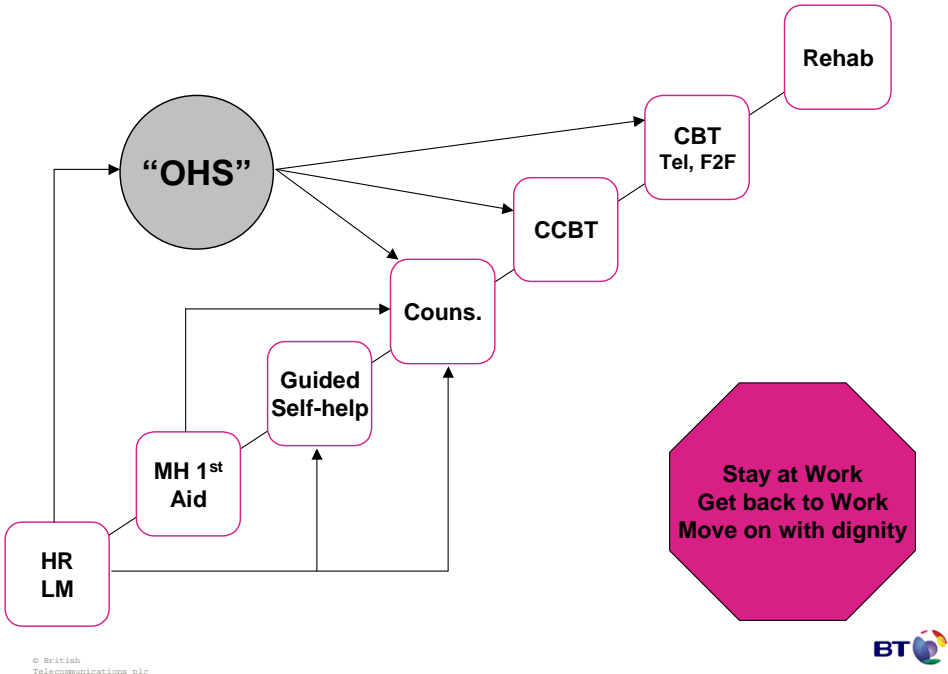
Line managers have many tools at their disposal in the case of colleagues presenting with higher than average sickness records. There are of course all the usual services available through an occupational health service but these are supplemented by other clinical interventions such as self referral physical rehabilitation that utilise a psychosocial 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 Employee 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>5</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 wellbeing questions, the full survey was reviewed and matched to the

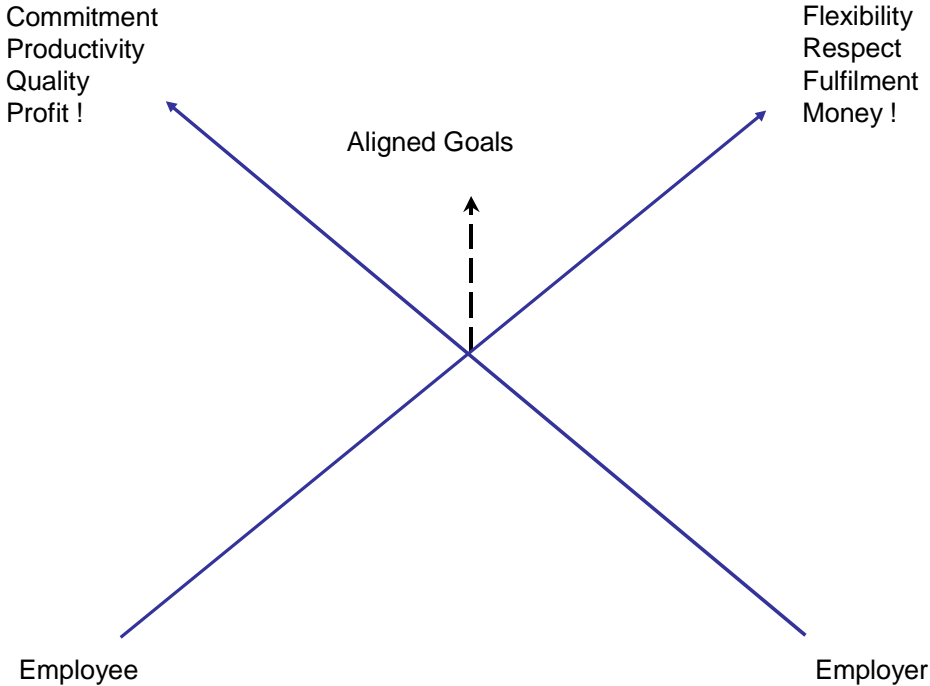
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<sup>5</sup> published with permission of Dr. E. L. Teasdale (Chief Medical Officer, AstraZeneca)

stress-related hazard conditions associated with work context and content, with the assistance of Tom Cox (1993).

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**



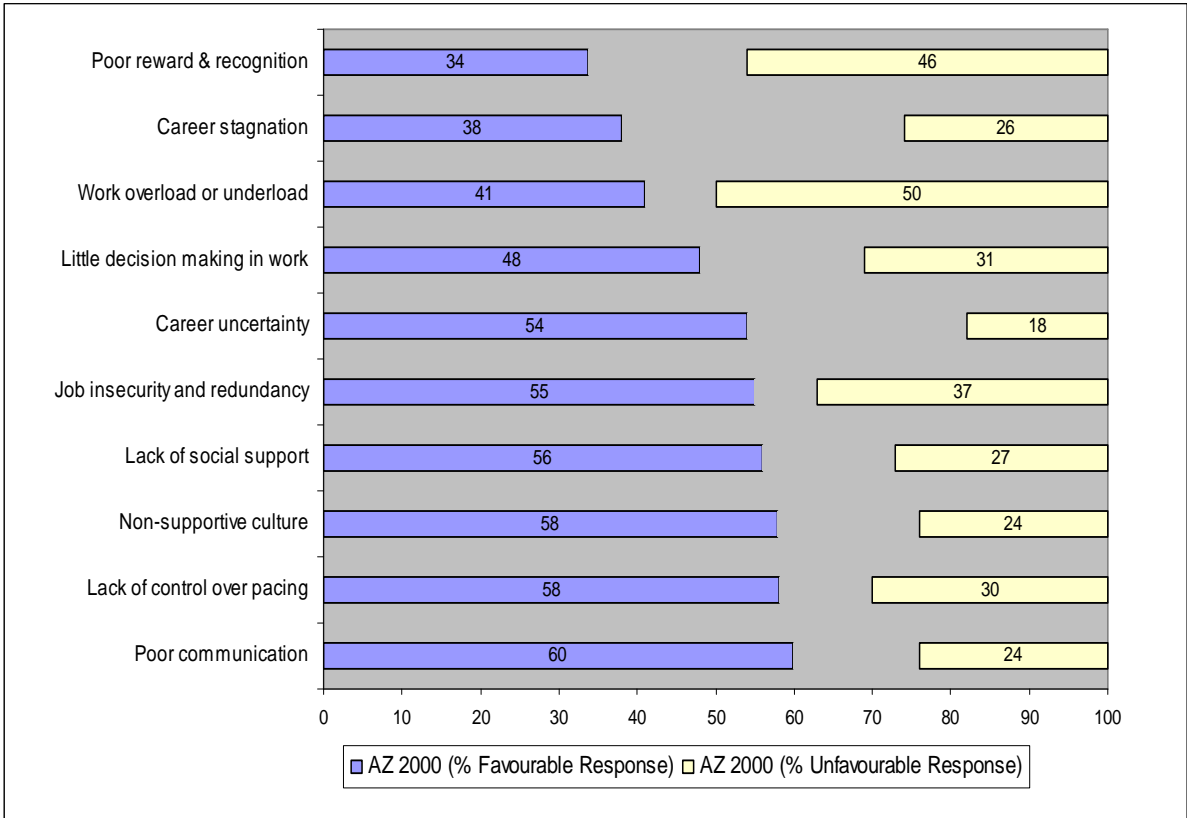
As with all personal data gathering exercises there is an important ethical tenet to consider that is the right of each employee to confidentiality or personal privacy. Such considerations benefit individual employee and organisation. When employees are confident that their private information is secure, 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

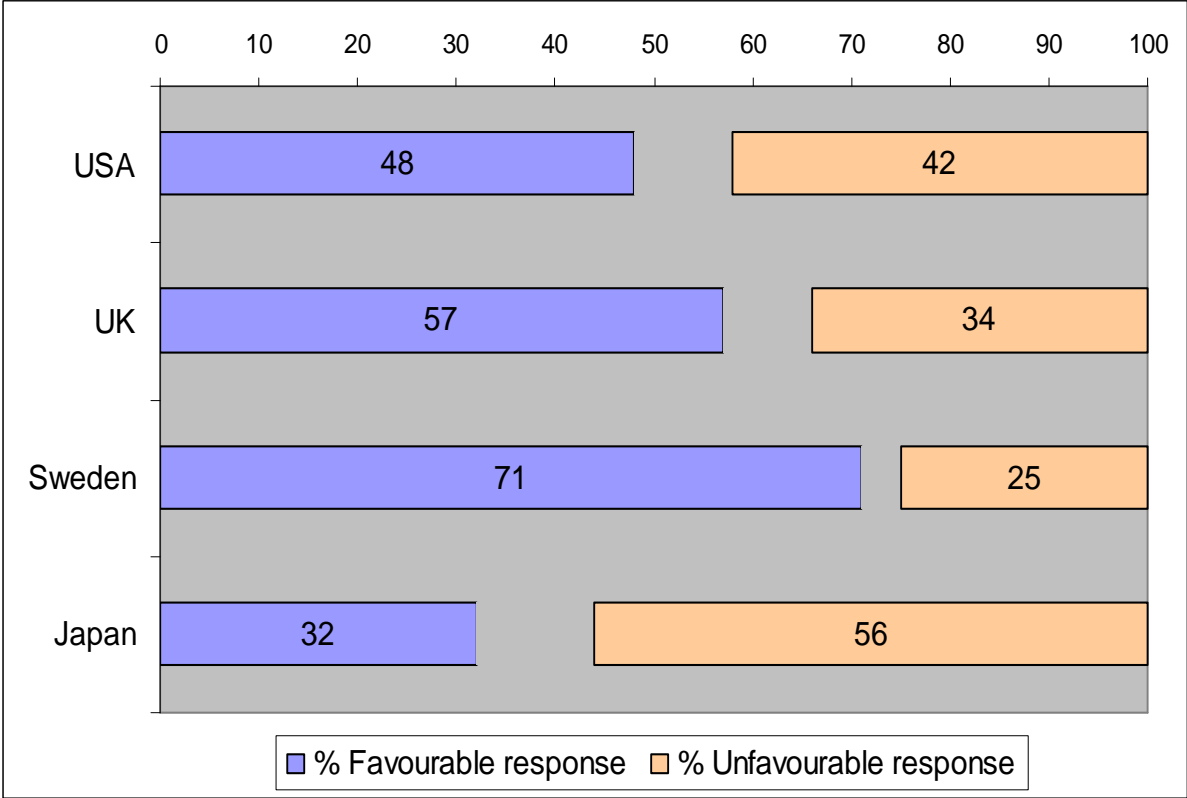
“Actions need to be defined to respond to the (survey) results especially in the areas of work pressure and reward and recognition” R&D Exec. Vice-President

“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.

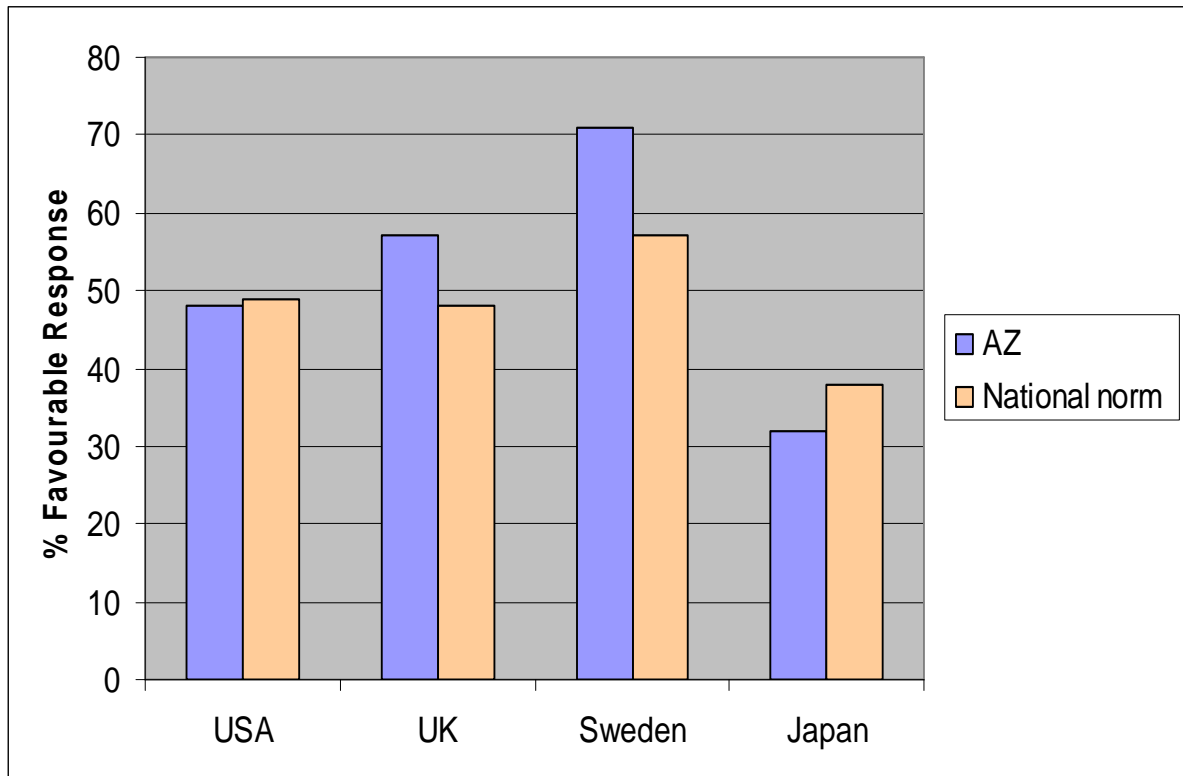
The value of such global surveys is enhanced by consideration of local cultural norms when interpreting responses. It is essential to refer to culturally relevant benchmarks as responses vary considerably, in accordance with local contexts. Examples may include local or national employment trends which 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  $p < 0.01$ ).

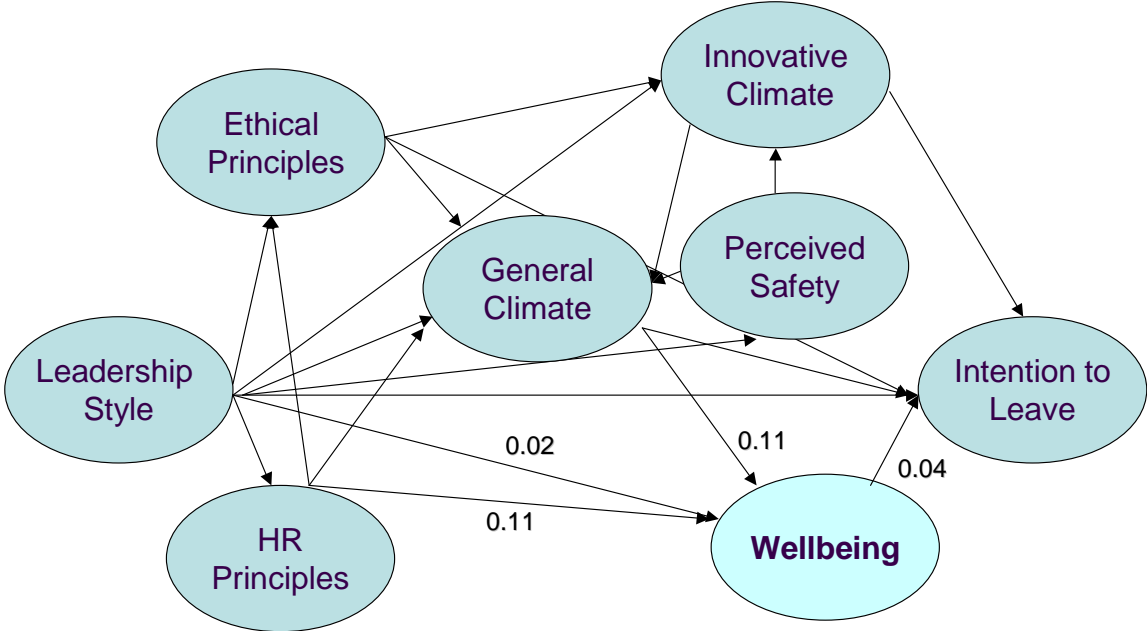
Perhaps more importantly in terms of addressing underlying concerns was the requirement of line management to identify the local issues underpinning significant findings and to take actions in to address them.

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, Seaboard 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*

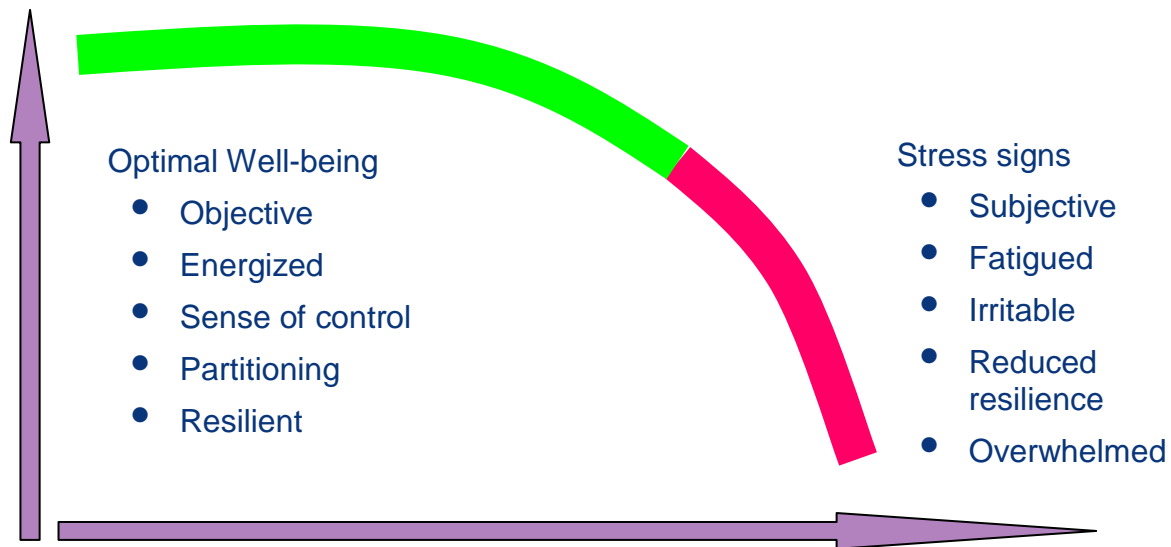
The six management standards approach has been developed by HSE to help reduce levels of work related stress reported by British workers:

- 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

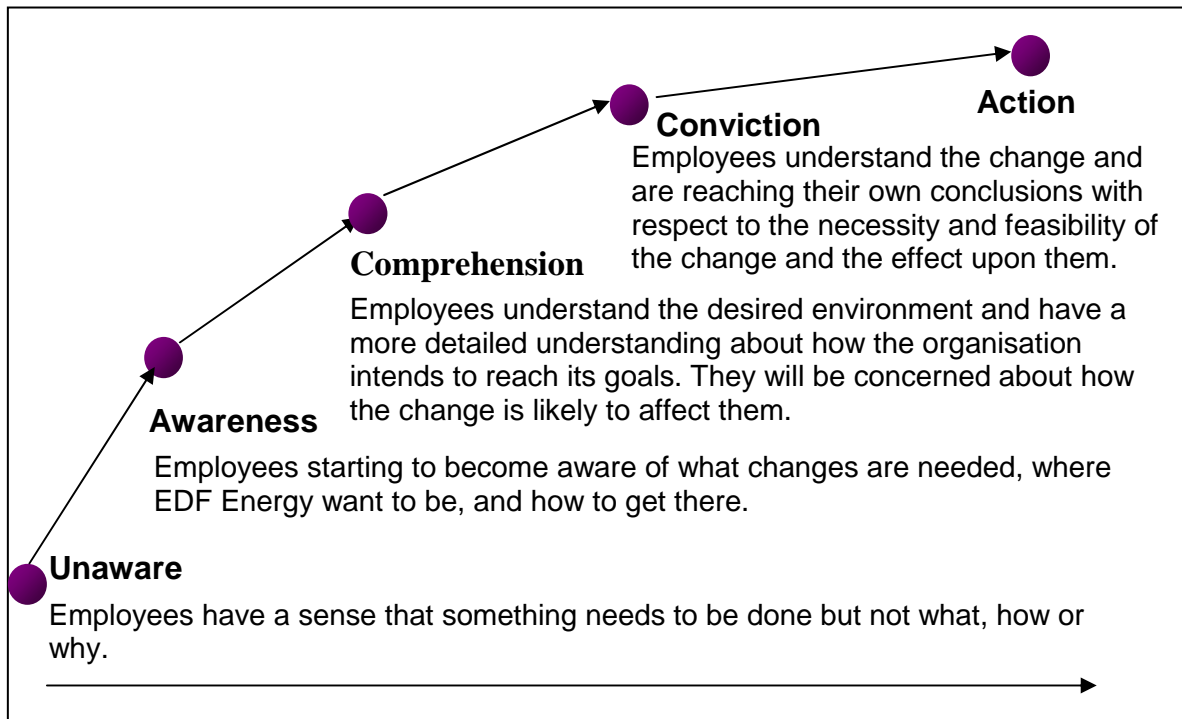
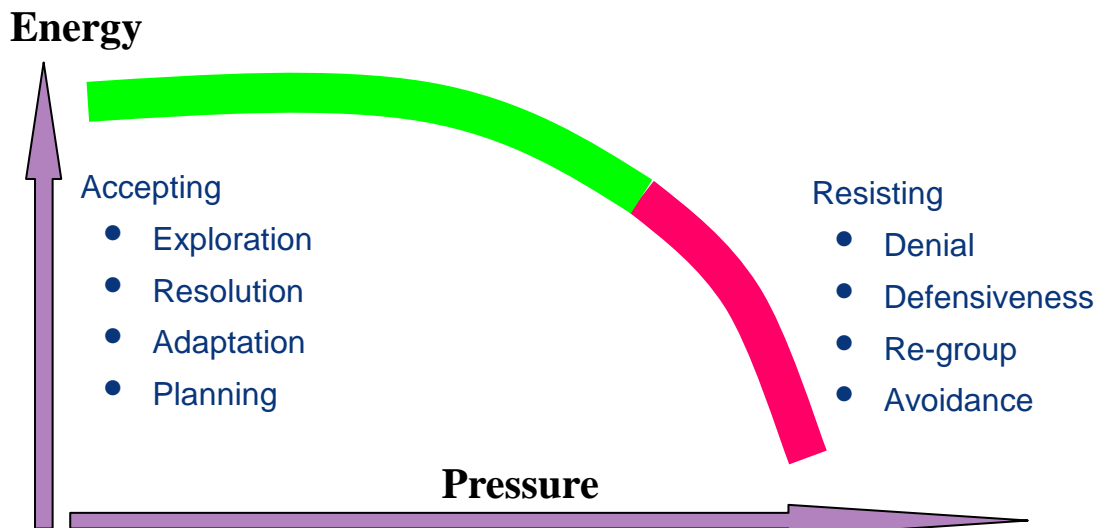
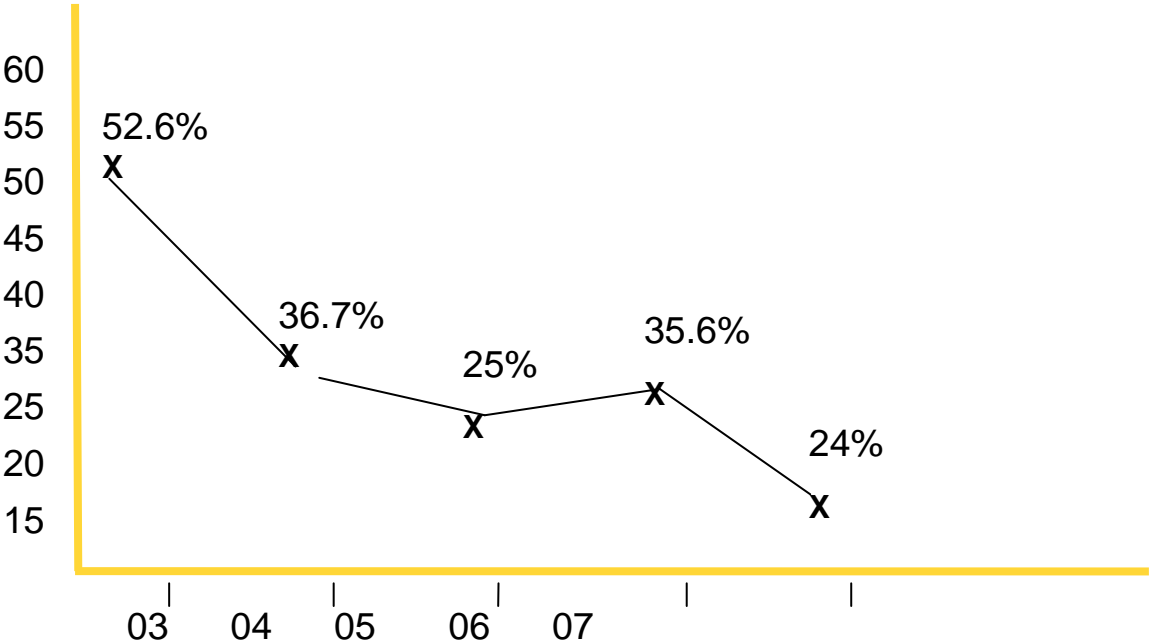


Figure 7.4.3: Adaptation to change



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

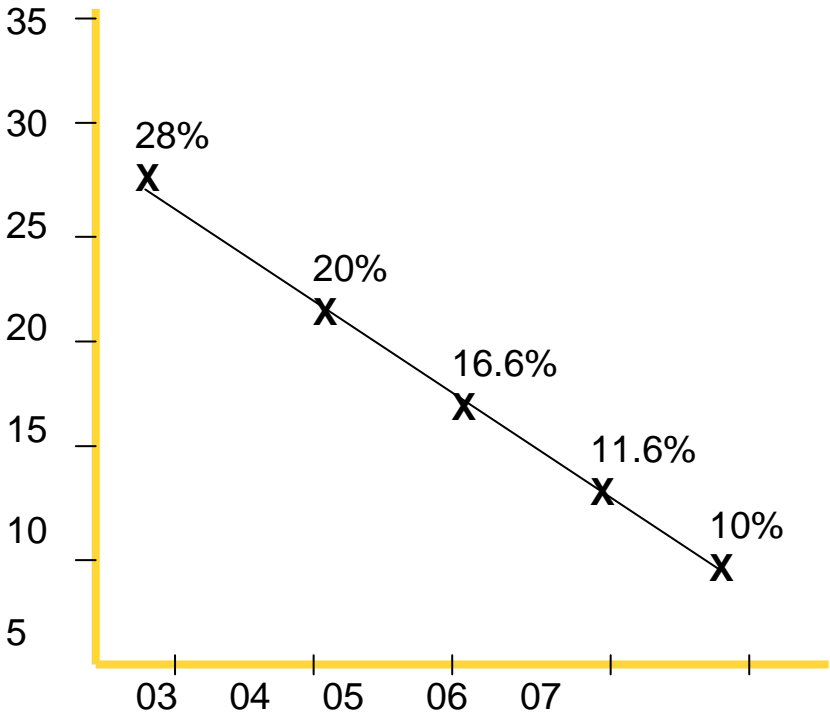


*Round Table Meetings*

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 determined 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 optimize 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.

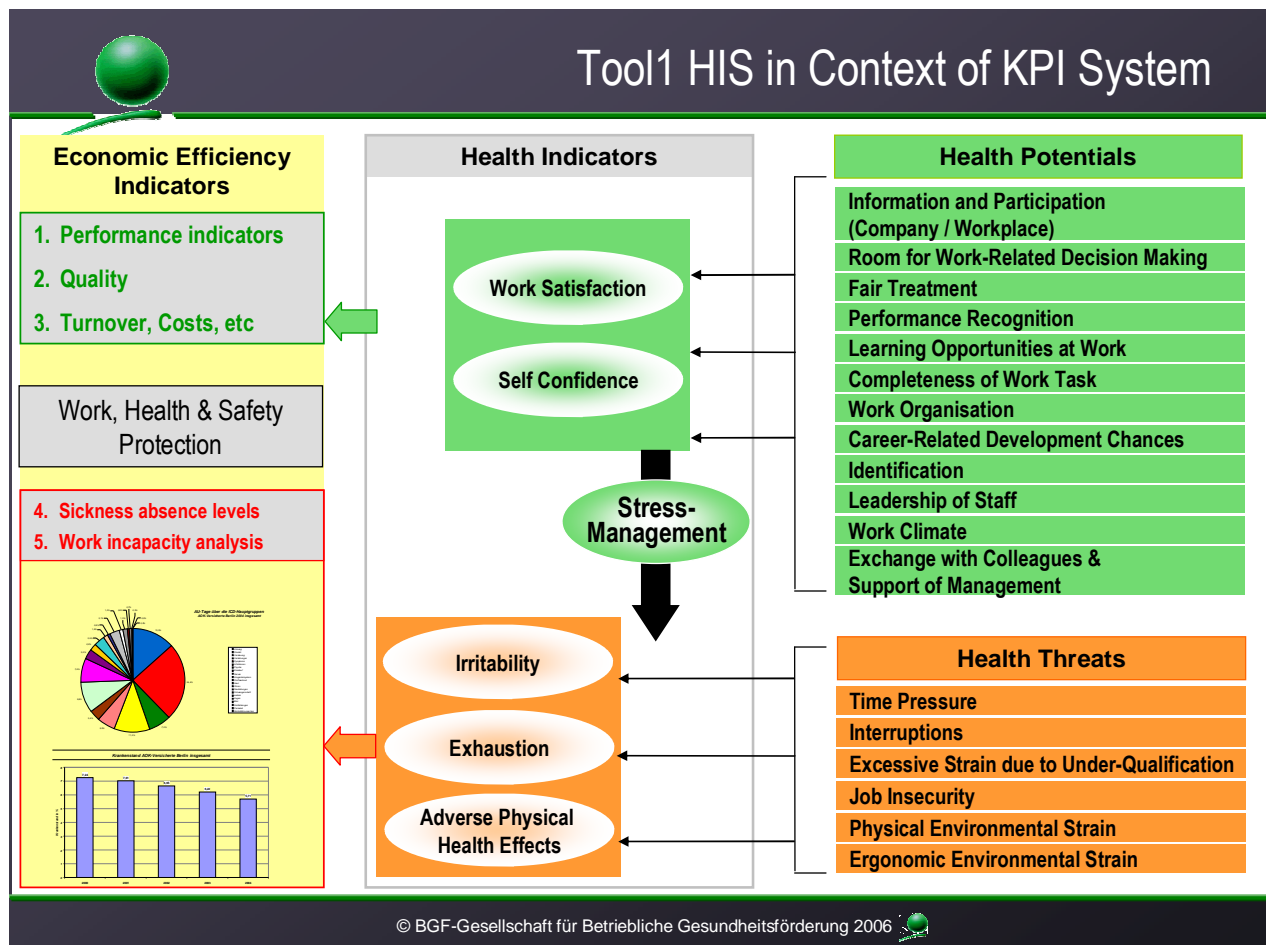
This controlling and steering system consists of various empirically developed and theoretically deduced methods from the quantitative and qualitative social sciences.

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.

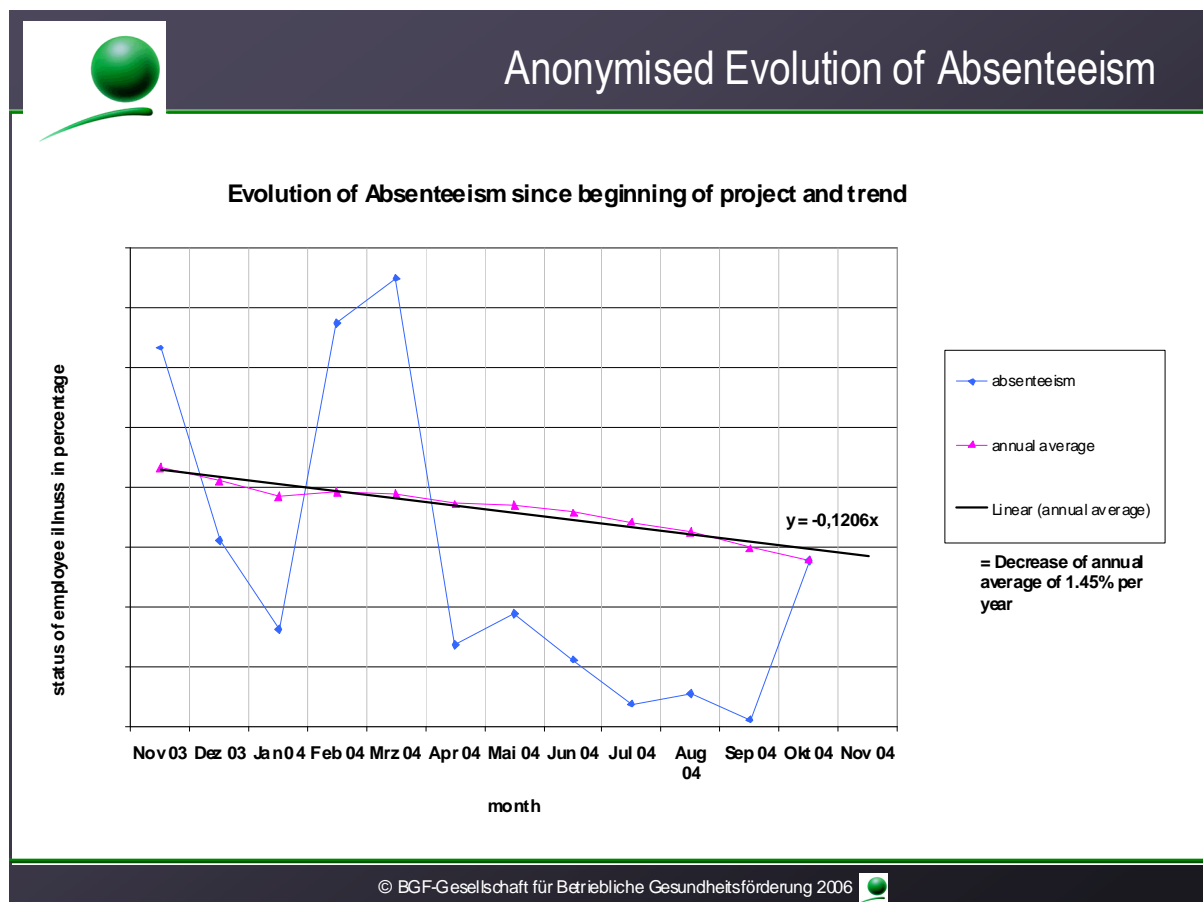
## *Roles of the management representatives, workers' representatives, and government assistance in making decisions?*

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 intensified, 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>6</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>6</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 negotiation 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*

#### 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).

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.

#### *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 person 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 job 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.

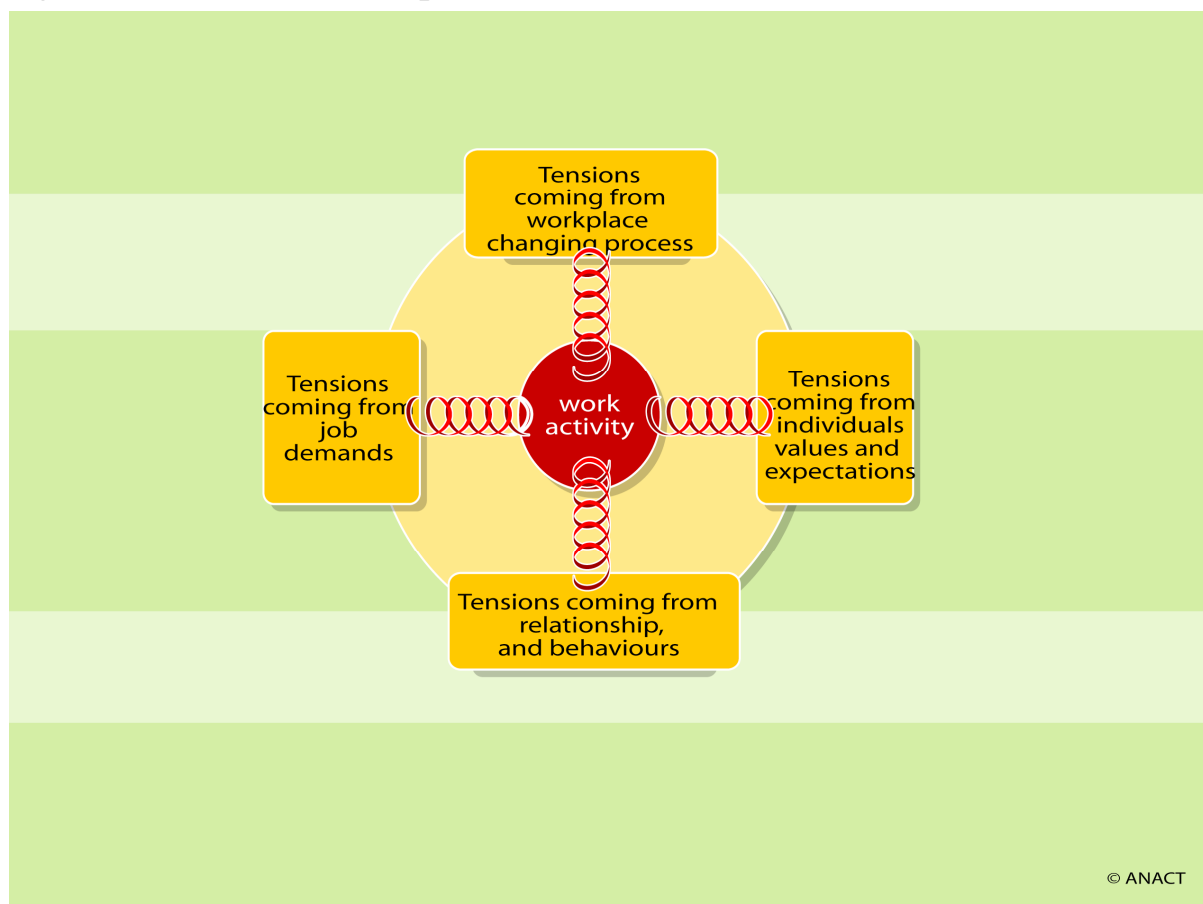
The first innovative question about that social plan was: How to include the health issue as soon as possible, in a truly preventive attitude, and lead the whole process in accordance with the ANACT stress prevention model.

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:

<b>Level/phase</b>	<b>Before restructuring</b>	<b>During restructuring</b>	<b>After restructuring</b>
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.

	<b>To prevent crisis occurring</b>	<b>When a crisis occurs</b>	<b>After the crisis</b>
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	To give the teams	The teams try to	Each specialist



management level	<p>information and training concerning the crisis risks (products, materials) and the safety behaviours.</p> <p>To arrange alert simulations from time to time, despite being a nuisance to daily work.</p> <p>Devoted teams are trained and well known. Their members are present by rotation.</p>	<p>save and to protect people in danger. To control the crisis, to confine it and limit its spreading and to protect the essentials.</p>	<p>plays their proper part</p>
Individual level	<p>As soon as someone enters the company, everyone is made aware of the crisis prevention, and one is often informed again, despite their workload.</p> <p>A special attention is given to absent-minded people.</p>	<p>Each person must know their role, how to protect them self, how to protect others and how to avoid damaging behaviour.</p>	<p>The wounded are nursed, and then prepared to return to work.</p>

*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 stigmatization 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 analyse 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>7</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,

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<sup>7</sup> Compiled on the basis of the original Finnish text by Anna-Liisa Elo (FIOH)

amended in 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 analyze 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>8</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 wellbeing 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 that one third (about 1.000) of the enterprises in the district are owned and managed by immigrants from the Peoples Republic of China, where

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<sup>8</sup> Design, with marketing and finance, is, indeed, under direct control of the brand owner.

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.

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 (LAF, 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 (musculo-skeletal 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 knowledge 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><input type="checkbox"/> Employees in small medium and medium-sized enterprises with less than 250 employees</li><li><input type="checkbox"/> 20 cheques per enterprise and year, two cheques per employee</li><li><input type="checkbox"/> 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 cooperative 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 resiliency 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 setbacks 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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