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# Exploring the link between restructuring and employee well-being





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First published 2011, by Central Institute for Labour Protection - National Research Institute, Warsaw

ISBN 978-83-7373-112-7

Cover design: Jolanta Maj

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This book has been produced within “Psychological health and well-being in restructuring: key effects and mechanisms (PSYRES)” –project, a research project generated within the frame of NEW OSH ERA, which is funded within the ERA-NET scheme under the Sixth EU Framework Programme for Research and Technological Development. Information given in this book reflects the authors’ view only.

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We thank the employees that responded to our questionnaires, that shared their experiences with us and participated in our workshops.

The project has been supported by the Finnish Working Environment Fund, by the Ministry of Social Affairs and Employment, the Netherlands, by the Central Institute for Labour Protection - National Research Institute, Poland (within the frames of the statutory task number V-25: Restructuring and employee health: main effects and psychological mechanisms) and by the National Research Centre for the Working Environment, Denmark.



Työsuojelurahasto  
Arbetarskyddsfonden  
The Finnish Work Environment Fund

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# Executive Summary

Restructuring is a permanent feature in our economy. Anyone working in the current job market will sooner or later experience restructuring in some form. We know that restructuring can have a profound effect on the psychological health and well-being of employees. It is therefore important to have more insight into the relationship between restructuring and psychological health and well-being of employees. We not only need to have insight into what the effects are, we also need to know how employees' well-being is affected. What are the pathways through which restructuring affects well-being and what are the factors that influence the relationship between restructuring and well-being? This is important because once we know this, it will be possible to define effective preventive actions and interventions to minimise the negative effects of restructuring and foster the positive effects. Furthermore, it will also be possible to define parameters to monitor restructuring processes.

Previous research has largely focused on employees who are made redundant due to a restructuring. In recent years however, it has become clear that restructuring also has a profound effect on the employees who stay behind, or, in situations where restructuring did not include downsizing, on the employees working in the organisation. Our focus is on the employees who are employed in the organisation before, during and after restructuring. We call them 'the stayers'.

To find answers to the questions mentioned above, we used several research methods. We analysed longitudinal datasets and interviewed stakeholders in organisations that had experienced restructuring. We developed a new questionnaire containing concepts that are relevant to the relationship between restructuring and psychological health and well-being, and analysed data gathered with this questionnaire. We have also organised workshops with stakeholders to gather effective strategies, interventions and actions.

For our research we used the definition of organisational restructuring developed in the HIREs (Health in Restructuring: Innovative approaches and policy recommendations) project. Restructuring is defined as an organisational change that is much more significant than commonplace changes. These changes affect at least a whole organisational sector or an entire company rather than focusing on peripheral changes in work practices (Kieselbach et al., 2009)

To define psychological health and well-being, we used the definition of the World Health Organisation (WHO) for the concept ‘Mental Health’: *“Mental health is not just the absence of mental disorder, but rather a state of well-being in which every individual realises his or her own potential, can cope with the normal stresses of life, can work productively and fruitfully, and is able to make a contribution to her or his community”*. In our research, we distinguished between work-related well-being (stress, emotional exhaustion, cynicism, but also the positive side: satisfaction, dedication) and more general well-being (sickness absence, self-rated health and mental health).

### ***The impact of different types of restructuring on well-being***

All our analyses show that restructuring has an impact on the well-being of those working in the organisation before, during and after restructuring. It has an impact on job satisfaction, on dedication, on cynicism, on emotional exhaustion and feelings of stress, on work ability and job insecurity. It even has an impact on sickness absence. We found no proof for that employees get used to restructuring. The impact of prolonged restructuring on the well-being of stayers is negative. In most cases, the effect of restructuring is negative. But not in all: restructuring may also lead to experienced improvement in one’s own job position, which in turn is linked to better well-being.

In the case studies, we found that the impact of restructuring starts long before the actual restructuring process is initiated. The quantitative analyses also indicate that long before the actual change, employees are already experiencing a higher workload and less support from the supervisor than employees who will not have this restructuring event.

We asked ourselves the question *“do different types of restructuring have a different impact on well-being?”* This question is difficult to answer. One reason is that employees hardly ever experience “one type of restructuring”. However, we can draw some conclusions related to this question. From the Danish quantitative analyses, we learn that change of ownership has an effect on job insecurity, which is still present five years after the change took place. From the qualitative case studies, we can conclude that types of restructuring that increase employees’ responsibility (for example the implementation of teamwork) have a positive effect on employees’ well-being, whereas restructuring involving downsizing usually has a negative effect on employees’ well-being.

More important than looking at the type of restructuring to explain well-being, is looking at the magnitude and the impact of the restructuring on the work of employees. The more impact a restructuring has on employees’ work, the greater the effect will be. And the effect will not always be negative. If the appraisal of the restructuring is positive and/or if the employee’s work position has improved due to the restructuring, the effect of the restructuring on well-being will probably be positive.

## *Factors that protect against negative effects and groups that are most heavily affected*

Our quantitative and qualitative analyses both show that: the effect of restructuring on well-being is influenced by how the restructuring process is perceived by employees. If employees can count on good communication and support from top management, from the closest supervisors and from their co-workers and trust their managers, the effects of restructuring on well-being are less negative than in situations where these resources are lacking. And if employees are involved in the process of the restructuring, if they are able to participate in the decision making, their well-being is better than if they are not involved. Communication (and it has to be a two-way communication), participation and support are the three main factors of a healthy restructuring process.

We found that older employees and employees who are less employable (i.e. will have more difficulty finding another job) report more negative effects from restructuring than their younger and more employable colleagues. The case studies only partly support these results. Although older employees are reported to be 'tired of changes' and if possible opt for early retirement, it is sometimes the younger employees who have more difficulties adapting to the new situation and their potentially new future (with another company) than their older colleagues, as they have a long career ahead of them.

We also found that employees who had a high score on well-being indicators before the restructuring took place and who report high autonomy, a good effort reward balance and sufficient co-worker support at the start of the restructuring process, also report fewer negative effects due to the restructuring.

Employees' well-being is also affected by their way of coping. A task-oriented coping style (taking direct action to improve one's situation) results in positive effects of restructuring, whilst an emotional coping style (an emotional reaction to the restructuring) results in negative effects on well-being.

As has already been mentioned, the appraisal of the restructuring is an important predictor of the effects of restructuring on well-being. We found a number of personal factors that influence this appraisal of the restructuring. Employees who feel that life makes sense emotionally, perceive stimuli in a clear and structured way and are confident that adequate coping resources are available (sense of coherence) and employees who are confident that they have the required work-related skills and abilities to perform and to cope with stressful experiences (self efficacy and sense of competence) have a more positive appraisal of the restructuring and report more often an improvement in their job than employees who are less confident and who have a low sense of coherence.

### *The pathways through which restructuring affects well-being*

Our analyses show that restructuring increases job demands and that this in turn reduces the well-being of employees. Sometimes division of tasks becomes unclear and employees are not sure what their tasks are and this too can increase the perceived job demands.

Restructuring, especially when it involves downsizing, has an effect on job insecurity. Employees not only worry about the fact that they might lose their job, they also worry (perhaps even more) about the changes in their current job. Job insecurity in turn reduces employees' well-being.

We found that employees feel that supervisor support declines during the restructuring process. This is not the case for employees who indicate that the restructuring has had a positive effect on their own job. These employees feel stronger support not only from the supervisor, but also from the organisation as a whole. This perceived support leads to a better well-being for these employees.

Restructuring may also increase conflicts and unwanted behaviour among employees, leading to reduced well-being. Support from colleagues seems to be important since weak co-worker support can alter the positive effects of improved situation after change.

Despite the fact that restructuring usually involves change, we found that restructuring has a negative effect on the flexibility and openness to change in organisations which in turn negatively affects wellbeing. Our interview results support this: if employees perceive the past change negatively, they are not open to more changes.

We also found positive pathways. If restructuring increases the autonomy of employees or the level of participation in decision making, this in turn will increase employees' well-being.

### *Parameters for monitoring*

To ensure that restructuring is done in a healthy way, it is good to have information on the key factors that influence the effects of restructuring. Monitoring can be done by organisations at different stages of the restructuring process. It is useful to collect information about the well-being of employees, job characteristics and organisational factors and personal factors even before a restructuring is started. To be able to explain and understand reactions of employees to the restructuring, it is important to have information on the magnitude and impact on the daily work of the restructuring for employees. During the restructuring process, it is important to monitor the implementation of the process. At the end of the restructuring process, the effects of restructuring on employees' well-being should be evaluated. Organisations should try to learn from their restructuring experience and prepare themselves to the future changes.

## *Interventions*

Interventions are defined on four levels: the level of the individual, the level of the group, the level of the manager or supervisor and the level of the organisation. On all levels interventions are formulated to improve the communication, the participation and the support from management, supervisors and co-workers. A communication strategy should be developed that includes elements at the individual level, the group level, the supervisor level and the organisational level. Change management strategies should be participatory. This ensures the use of the expertise of employees and ensures ownership. Also middle managers must be given the authority to make real changes at their level to adapt the overall change strategies to the needs and abilities of their groups and the individuals within them. Finally, support strategies must be put in place that analyse the needs of employees, groups and middle managers and ensures that they have the ability to cope with change as well as undertake the new responsibilities that arise as a result of the new situation in the organisation. Special attention is devoted to the position of supervisors. Supervisors have a difficult task during a restructuring process and they therefore need a lot of support themselves.

## *The way forward*

Different factors play a role in the relationship between restructuring and well-being. However, a lot is done or can be done in organisations to ensure that the effects of restructuring do not harm their employees. These good practices and lessons learned should be spread around the world to help those who are restructuring to do it in a healthy way both for the organisation and the employees.



## Foreword

This book is about organisational restructuring and the effect that these events have on the well-being of people working in organisations undergoing restructuring. We know from research as well as from experience that an organisational restructuring has a profound effect on employees' well-being. All employees will be affected by the organisational restructuring process: those who are made redundant but also those who continue working in the organisation after the changes, the “stayers”. The focus of this book is on “stayers”.

There are several reasons why organisational restructuring can affect employees' well-being. For example, restructuring can increase the workload, because there are fewer people to do the work, or because new work processes are not yet working as they should. Restructuring often involves changes for employees, periods of uncertainty about what their job will be like after the restructuring. This too can increase work-related stress or reduce well-being.

We know that restructuring does not always have a negative effect on employees. Some employees take advantage of the restructuring to improve their jobs. Some are offered better positions or improved work situations after the restructuring. Some are asked to participate in developing and improving their own organisations. How an organisational restructuring affects employees depends on the type of restructuring, but more importantly on how the restructuring process is handled and the (personal) characteristics of the employees involved.

In this book we present the results of our research into the effects of restructuring on employees' wellbeing. We present numbers, but also the story behind the numbers, told by the employees. We try to explain how restructuring affects well-being and how negative effects can be prevented and positive effects can be stimulated.

This book is about Danish employees in the elderly care sector who experienced a change of ownership; about Finnish employees in the Pulp and Paper industry who experienced a merger process and others who underwent downsizing; about Dutch employees who experienced prolonged restructuring; and about Polish employees who experienced different kinds of organisational restructuring. But as restructuring is a permanent feature of our economy, this book is about all of us working in the current world of work!





**PART I**  
IMPORTANCE OF THE TOPIC



# Chapter I

## Introduction

The majority of research into restructuring focuses on the effects on the health and well-being of employees who have been laid off as a result. Losing your job has a significant effect on well-being. Research shows that losing your job is likely to have an impact on your job identity and has been found to be related to low self-esteem, low self-efficacy and emotional instability (Bardasi & Francescone 2004; Kivimäki et al., 2001a). Research also shows that losing your job may affect health behaviour: it can lead to a poor diet and physical inactivity and increased use of prescribed drugs and poor sleep quality (Bohle, Quinlan, Kennedy & Mayhew, 2001; Weber, Hörmann & Heipertz, 2007).

In the past ten years, there has been an awareness of the consequences for those who stay behind. These employees have traditionally been termed the ‘survivors’ and been considered lucky to keep their jobs. However, research shows that this is often not the case (Noer, 1993). In this book, we therefore use the term ‘stayers’ rather than ‘survivors’ for the employees who stay behind.

As mentioned, research indicates that the ‘stayers’ may also suffer. In their recent literature review on studies on restructuring, Westgaard and Winkel (2011) found that restructuring has a negative effect on health and increases risk factors that lead to poor health. Several earlier studies show the effect of restructuring on health. Kivimäki, for example, found that restructuring was related to increased sick leave (Kivimäki et al., 2001a), to reduced self-rated health (Kivimäki et al., 2001 2001b); Kivimäki et al., 2003) and to psychological distress (Kivimäki et al., 2003) and to increased drug prescription (Kivimäki et al., 2007). Others found restructuring to be related to poor quality of sleep (Campbell-Jamison et al., 2001) and to cardiovascular mortality (Vahtera et al., 2004). Evidence has also been found that downsizing is related to poor health behaviour, such as increased use of alcohol (Frone, 2008). Research shows that restructuring has an impact on the attitude of employees towards their work too. Job satisfaction and job involvement are found to decline in a restructuring process (Allen et al., 2001; Armstrong-Stassen et al., 2002).

Several pathways are found through which restructuring can affect health and well-being of the stayers. Restructuring increases feelings of job insecurity (Kivimäki et al., 2000; Kivimäki et al., 2001b; Lee & Teo, 2005; Campbell-Jamison et al., 2001), which in turn increases feelings of stress. Restructuring can also increase the workload (Kivimäki et al., 2001b; Kalimo et al., 2003), reduce trust in management or reduce perceived control (Campbell-Jamison et al., 2001). These factors too can increase stress and reduce job satisfaction and job involvement. Social support from supervisors as well as from co-workers is also found to be affected by restructuring (Brown, Arnetz & Petersson, 2003). Both have an effect on work-related stress too.

Not all restructuring processes have a negative effect on the health and well-being of employees. Several factors have been shown to make a difference. Westgaard and Winkel (2011) found a number of important factors that have an effect on the relationship between restructuring and health and well-being. Most of these factors, like employee participation, information and communication, management style, organisational and social support and perceived justice can be influenced by the organisation. These factors may be the key to a 'healthy' restructuring process.

Even though much is known about the consequences of organisational restructuring, several questions still need to be answered. The aim of our research project is to gain more insight into the effects of organisational restructuring, but most of all into the factors that can influence these effects. This insight should help identify preventive strategies to protect the well-being of employees.

For the concept of restructuring, the definition developed in the HIRES project (Kieselbach et al., 2009) is used in this book. Restructuring is defined as an organisational change that is much more significant than commonplace changes. These changes affect at least a whole organisational sector or an entire company rather than focusing on peripheral changes in work practices. Examples of restructuring include relocation (activities are relocated to other sites within the country), off shoring (activities are relocated outside the country), outsourcing (activities are subcontracted to another company within the country), closure (the organisation closes down all activities and ceases to exist), merger/acquisition (two companies merge or one is taken over by another), internal restructuring (job-cutting, team implementation or introduction of other new forms of working) and business expansion (extension of business activities, hiring new workforce (European Monitoring Centre of Change, 2011)).

To define psychological health and well-being we use the definition used by the World Health Organisation (WHO) for the concept 'Mental Health'. Mental health is not merely the absence of mental disorder, but also a state of well-being in which every individual fulfils his or her own potential, can cope with the normal stresses of life, can work productively and fruitfully, and is able to make a contribution to his or her community. In

our research, we distinguish between work-related well-being (stress, burnout, satisfaction, dedication) and general well-being (sickness absence, self-rated health, mental health).

In our research project, we look for answers for following questions:

1. What is the impact of different types of restructuring on well-being?
2. What are the factors that affect the relationship between restructuring and well-being (moderating factors)? What are the mechanisms through which restructuring affects well-being (mediating factors)?
3. Are some subgroups of employees more at risk of developing well-being problems during restructuring processes than others and why?
4. What parameters for surveillance at company, national and EU level which could be identified?
5. What effective preventive actions and practical strategies exist to minimise the negative impact on well-being of organisational restructuring and to foster positive impact?

To achieve these goals, four partners from four different countries (Denmark, Finland, The Netherlands and Poland) participated in this project. We gathered information in all four countries on different types of restructuring and focused not only on the effects of restructuring on employees, but also on the working mechanisms. To gather and analyse information, we used mixed methods: we analysed quantitative data, developed a questionnaire which was piloted in Poland and used qualitative data gathered by interviews and workshops.

In this book, the main findings of our research are presented. We start with the quantitative data, the ‘numbers and figures’ (chapter 2). Based on literature and on our own findings, we listed elements which were identified as important in the relationship between restructuring and well-being. We developed a new questionnaire which contains all these elements. These elements can be used as parameters for monitoring the restructuring process and its consequences at company, national and European level. The new questionnaire and the results of the pilot study in Poland will be presented in chapter 3. Some questions still remained unanswered after the analyses in chapter 2 and 3. In chapter 4, we take a closer look at downsizing and focus on perceived insecurity, participation in decision making and the well-being effects before, during and after the change event.

We continue by describing the consequences of organisational restructuring from the perspective of employees and other stakeholders (chapter 5). The same chapter provides information about the procedures of actual changes carried out in the organisations in our case studies. In chapter 6, recommendations gathered in workshops organised in all four countries are presented. These recommendations can be used to carry out organisational restructuring processes in a healthier yet more productive way.

We know that how employees’ experience the consequences of the restructuring and its impact may also be affected by other issues than the ones we were able to study in our pro-

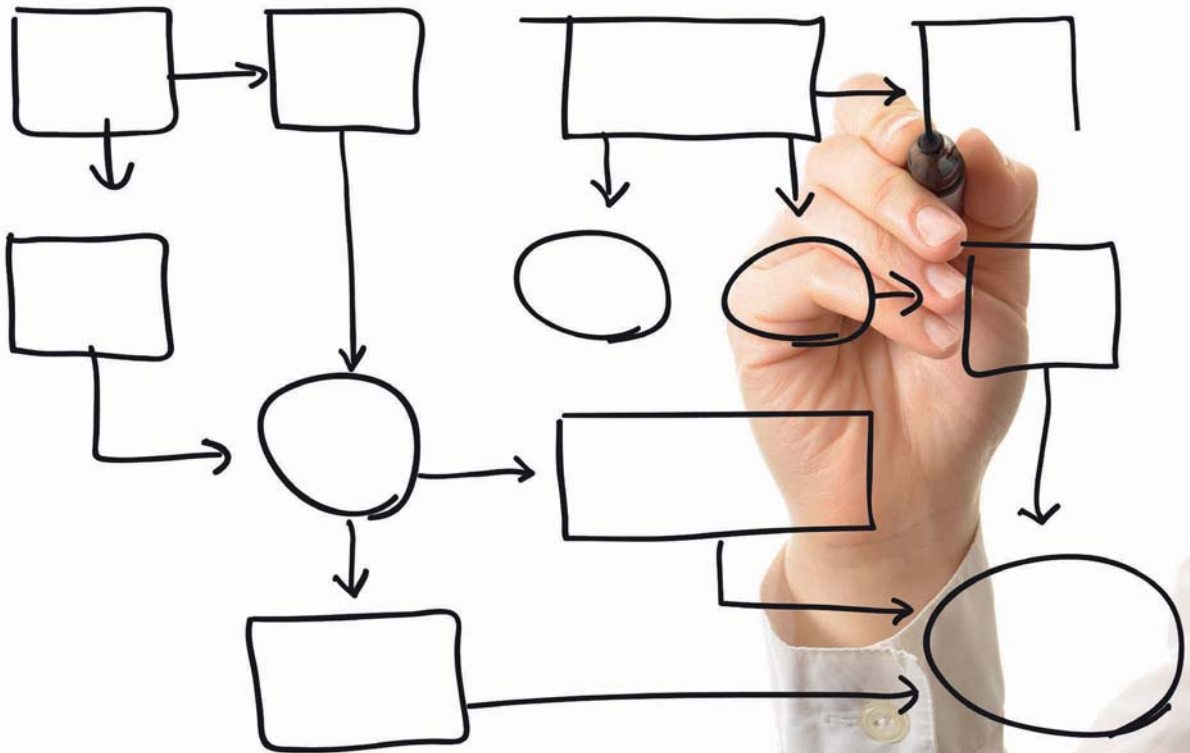
ject. For example, the economic situation and policies related to unemployment or retirement vary by country. In appendix 1, we include a table with a description of the features of the social systems in the four countries that are relevant for this study.

Based on the results of this book, we have written the guide “Steps towards sound change: initiatives for ensuring employee well-being during restructuring” (Pahkin et. al, 2011), which contains practical tools and advice for developing a healthy restructuring process.



# PART II

## FACTS AND NUMBERS



# Chapter 2

## The effects and mechanisms of restructuring

### 2.1 Introduction

This chapter describes the effects of restructuring on employees' well-being, and its underlying mechanisms. By using longitudinal datasets<sup>1</sup> from three European countries (Denmark, The Netherlands and Finland), we can study the following types of organisational changes and their effects on employees' well-being:

1. *A change in organisation's ownership*

Firstly, the effects of the change in ownership (caused by outsourcing or privatisation, buy-out, merger or acquisition and selling-off) on employees' well-being and job insecurity are examined using a Danish dataset. The Danish case uses longitudinal data from the representative Danish Work Cohort Study (DWECS<sup>2</sup>). Included are the data from 2000 and 2005 (N=3,701).

2. *A prolonged restructuring*

Secondly, the effects of prolonged restructuring (e.g. downsizing, merger, outsourcing over a longer period of time) on employees' well-being are studied using two Dutch datasets: 1) The Cohort-study Social Innovation (CSI) (Kraan et al., 2009; 2011) is a longitudinal survey among the working population. A selection of the data from the years 2008 and 2009 is included (N=1,936); 2) The Netherlands Working Conditions Cohort-study (NWCCS) (Bossche et al., 2008) is a longitudinal survey among employees aged between 15 and 64. A selection of the data from the years 2007 and 2008 is included (N=6,105).

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<sup>1</sup> The datasets are presented in detail on the PSYRES website <http://www.psyres.pl>

<sup>2</sup> <http://www.arbejdsmiljoforskning.dk/da/arbejdsmiljoedata/arbejdsmiljo-og-helbred/tidligere-undersogelser>



### 3. *A change in one's own job*

Finally, using the data from the Finnish case, it is examined whether the change in one's own job during organisational restructuring affects later well-being. The data are derived from the "Still Working" study. These longitudinal data are based on a company-wide survey conducted in a Finnish forest industry enterprise (Väänänen et al, 2008) before (1996) and after (2000) the company merged with a Swedish enterprise of equal size (N=1086).

To be able to compare the results of the three cases, similar variables are selected from each dataset. To obtain an overall picture of the effects and mechanisms of restructuring, the selected variables are grouped into wider categories: type of restructuring, work-related factors (job characteristics and organisational factors), personal factors, work-related and general well-being (see table 2.1, examples of items are given in appendix 2). In addition, we examine the relevance of age, gender and educational level in the context of restructuring.

**Table 2.1:** The categories of variables

Type of the restructuring	Work-related factors		Personal factors	Well-being
	<i>Job characteristics</i>	<i>Organisational factors</i>		<i>Work-related</i>
Change in ownership	Task autonomy	Organisational support	Self efficacy	Job satisfaction
Prolonged restructuring	Effort/reward balance	Supervisor support	Sense of coherence	Dedication
Change in own job position	Task demand	Co-worker support	Sense of competence	Burn out: emotional exhaustion, cynicism
	Time pressure	Participation in decision making	Employability	Feelings of stress
	Emotional demands	Conflict with supervisor		Work ability
	Role clarity	Conflict with colleagues		Job insecurity
		Unwanted internal behaviour		<b><i>General</i></b>
		Adaptive culture		Mental health
				Self-rated health
				Sickness absence

The aim of the analyses is to investigate the effects of restructuring on the well-being of employees. Furthermore, we aim to identify (protecting) factors that help employees stay well during the restructuring, but also to detect factors that enhance the negative effect of restructuring on employees' well-being. The three datasets are analysed<sup>2</sup> following similar procedures:

1. Analysis of variance (controlled for age, gender, education and outcome at baseline) is applied to find out whether the development of well-being differs in employees who have undergone restructuring and those who have not.
2. Regression analysis and examination of moderation effects<sup>3</sup> are applied to find out whether certain groups of employees are more vulnerable to the negative effects of restructuring and the extent to which organisational and personal factors protect employees from these negative effects.
3. Finally a series of regression analyses is conducted to investigate the mechanism (mediation)<sup>4</sup> by which restructuring affects employees' well-being.

## **2.2. The effect of the change in organisational ownership**

### *A change in the organisation's ownership increases job insecurity*

A change in the organisation's ownership is a common type of restructuring which employees may face during their working career. In the Danish case<sup>5</sup>, the effects of change in the organisation's ownership are studied in a five-year follow-up, comparing two groups of employees. One group of employees experienced a change in ownership (group 1), while the other group of employees have not experienced such a change (group 2).

The change in ownership occurred a year before the baseline measurement in 2000. When comparing the situation five years later, no differences are found between the groups in relation to their work-related or general well-being. However, those who experienced a change of owner earlier experience higher levels of job insecurity five years later (Table 2.2).

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<sup>2</sup> The statistical procedures and descriptive statistics are presented in detail on the PSYRES website <http://www.psyres.pl>

<sup>3</sup> A moderator is a variable which alters the relationship between two variables. Method suggested by Aiken and West (1991) is used.

<sup>4</sup> A mediator is a variable which carries the influence of a given variable to a given dependent (outcome) variable. So variable x has an effect on the mediator, which in turn has an effect on the dependent variable. Complete mediation is the case in which the independent variable no longer affects the outcome after the mediator is controlled. Partial mediation is the case in which the path from independent variable to outcome is reduced when the mediator is controlled (Baron & Kenny, 1986).

<sup>5</sup> The Danish case is based on a cohort of employees who answered questionnaires in 2000 and 2005 (N=5455)

**Table 2.2:** The effect of the change in ownership on employees' well-being and job insecurity

	<i>N</i>	<i>Scale<sup>a</sup></i>	<i>Mean 2005</i>	<i>p-value<sup>b</sup></i>
<b>Work-related well-being</b>				
<i>Job satisfaction</i>				
Change in ownership	217	1-4	1.4	ns
No change	2890		1.4	
<b>General well-being</b>				
<i>Mental health</i>				
Change in ownership	253	0-100	82.0	ns
No change	3392		81.7	
<i>Self-rated health</i>				
Change in ownership	254	1-5	1.9	ns
No change	3423		1.9	
<b>Job insecurity</b>				
Change in ownership	214	0-100	20.5	**
No change	2881		15.8	

a) Larger values indicate more job satisfaction, job insecurity etc.

b) The p-value is for prospective ancova adjusted for age, gender, education and outcome at baseline: \*\*\* p<0.001, \*\*p<0.01, \* p<0.05, ns=no difference between groups.

### ***Good personal and work-related resources protect from job insecurity***

Results show that working in an organisation undergoing a change of ownership increases feelings of job insecurity, and the effect still exists five years later. Further analyses were carried out to examine whether or not work-related or personal factors could protect employees from job insecurity.

The following analyses focus on the group of employees who have undergone a change of ownership in their organisation. Results show several resources (measured at baseline), which protect employees from job insecurity after the change in the organisation's ownership. The employees who are protected from job insecurity (Table 2.3):

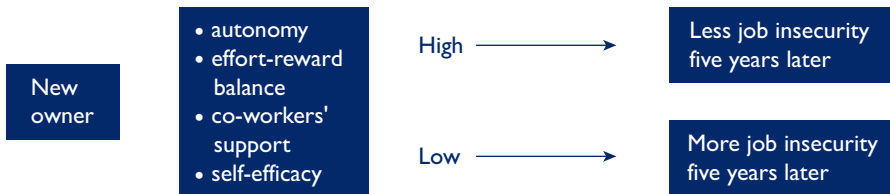
- have high task autonomy (the degree or level of freedom and discretion an employee has over his/her tasks, the people they work with and the pace of work);
- experience good effort/reward balance immediately after the change in ownership (the experience that the effort one puts into one's job and the reward one gets from the job are in balance);
- receive support from co-workers;
- score high on self-efficacy (the individual's confidence to be able to accomplish tasks and address problems).

**Table 2.3:** Resources reducing job insecurity after the change in ownership in a five-year follow-up

	Job insecurity	
	$\beta$ (s.e.) <sup>a,b</sup>	p-value <sup>c</sup>
<b>Job characteristics</b>		
Task autonomy	-0.18 (0.08)	*
Effort/reward balance	-0.28 (0.13)	*
<b>Organisational factors</b>		
Supervisor support	-0.06 (0.08)	ns
Co-worker support	-0.24 (0.09)	**
<b>Personal factors</b>		
Self efficacy	-0.47 (0.15)	**

- a) Adjusted for age, gender, education and job insecurity at baseline.
- b) The regression coefficients (+positive relation with job insecurity, -=negative relation with job insecurity. (e.g. high autonomy - less feeling job insecurity.)
- c) p-values: \*\*\* p<0.001, \*\*p<0.01, \* p<0.05, ns=not significant.

Employees scoring high on these factors in 2000 experience lower levels of job insecurity five years after the change in ownership. In contrast, employees scoring low on these factors report relatively high levels of job insecurity five years later. Contrary to expectations, support from the supervisor was not found to protect against job insecurity.



**Figure 1.1:** Factors predicting feelings of job insecurity after the change in ownership

**Key findings**

Based on the Danish case, we can conclude that:

- employees who undergo a change in their organisation’s ownership experience more job insecurity even five years later compared to those with no such experience;
- after a change in ownership, the employees who score high on task autonomy, experience a good effort-reward balance, receive support from co-workers and score high on self-efficacy experience less job insecurity compared to the employees lacking these resources.

## 2.3 Effects of prolonged restructuring

### *Prolonged restructuring leads to reduced well-being*

In current working life, it is common for employees to undergo more than one restructuring event and these changes may be serial and overlapping. These more continuous processes may have a cumulative negative impact on employees' well-being compared to a single change event. Conversely, employees may get used to restructuring events and another restructuring event might not lead to an additional reduction in well-being.

To test these contrasting hypotheses, we study the consequences of prolonged restructuring with two Dutch longitudinal datasets<sup>6</sup>. For both datasets, information is gathered with questionnaires containing a question about the forms of restructuring events employees have experienced in the past 12 months if any. For the analyses, the employees are divided into two groups. Employees in group one have experienced restructuring in the past 12 months in both years and employees in group two have not experienced restructuring in either of the years. These groups are almost equal in size.

Types of restructuring included are downsizing, outsourcing of production or services, acquisition of or by another organisation, merger, relocation of company activities, relocation of employees within the organisation, automation of activities and other internal reorganisations.

Several indicators of work-related and general well-being are included in the analyses<sup>7</sup>. To give a first overview, table 2.4 presents the means at baseline and follow-up for both groups. The results show that the means are already more negative for the prolonged restructuring group at baseline. At baseline, the prolonged restructuring group scores lower on job satisfaction, dedication and self-rated health and higher on emotional exhaustion and percentage of sickness absence days compared with the no restructuring group.

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<sup>6</sup> In the Dutch case, two longitudinal datasets are used. *The Cohort-study Social Innovation* (N=1936), and *the Netherlands Working Conditions Cohort-study* (N=6105)

<sup>7</sup> The variables with similar content are picked from the two different datasets.

**Table 2.4:** The baseline and follow-up mean scores of well-being and job insecurity in groups of prolonged restructuring and no restructuring

	<i>Scale</i> <sup>a</sup>	<i>NWCCS dataset</i> N= 6105		<i>CSI dataset</i> N=1936	
		<i>Mean</i> <i>2007</i>	<i>Mean</i> <i>2008</i>	<i>Mean</i> <i>2008</i>	<i>Mean</i> <i>2009</i>
<b>Work-related well-being</b>					
<i>Job satisfaction</i>	1-5				
Prolonged restructuring		3.86	3.78	-	-
No restructuring		3.99	3.91	-	-
<i>Dedication</i>	1-7				
Prolonged restructuring				4.68	4.63
No restructuring				4.82	4.83
<i>Emotional exhaustion</i>	1-7				
Prolonged restructuring		2.00	2.05	2.53	2.56
No restructuring		1.83	1.90	2.37	2.38
<b>General well-being</b>					
<i>Self-rated health</i>	1-5				
Prolonged restructuring		3.44	3.39	-	-
No restructuring		3.49	3.45	-	-
<i>Sickness absenteeism</i> <i>(percentages)</i>	0-100				
Prolonged restructuring		4.31	5.05	-	-
No restructuring		3.74	4.00	-	-

a) Higher values indicated more job satisfaction, more sickness absenteeism etc.

To find out whether the level of well-being differs between the prolonged restructuring and no restructuring group further analyses are carried out in which we compare the means of well-being between the two groups at the second measurement controlled for the means of these variables at baseline (table 2.5). Since the prolonged restructuring group has already experienced a restructuring event at baseline, results show the effect of the second restructuring on employee well-being compared with the no restructuring group.

Results indicate a significant difference in the well-being of employees between the groups. Employees who have undergone prolonged restructuring experience slightly more emotional exhaustion, have lower job satisfaction, experience less dedication to their work and have significantly higher percentages of sickness absenteeism, as compared to the employees who have not experienced restructuring. We find no support for the hypothesis that employees might get used to restructuring events and that another restructuring event would have no additional negative impact on employee well-being.

**Table 2.5:** The level of well-being among the restructuring and no restructuring group

	Scale <sup>a</sup>	NWCCS dataset N= 6105		CSI dataset N=1936	
		Adjusted mean <sup>b</sup>	p-value <sup>c</sup>	Adjusted mean <sup>a</sup>	p-value <sup>c</sup>
<b>Work-related well-being</b>					
<i>Job satisfaction</i>			***	-	
Prolonged restructuring	1-5	3.8			
No restructuring		3.9			
<i>Dedication</i>		-			*
Prolonged restructuring	1-7			4.7	
No restructuring				4.8	
<i>Emotional exhaustion</i>			ns		*
Prolonged restructuring	1-7	2.0		2.4	
No restructuring		2.0		2.5	
<b>General well-being</b>					
Self-rated health			ns	-	
Prolonged restructuring	1-5	3.4			
No restructuring		3.4			
Sickness absenteeism (percentage)			**	-	
Prolonged restructuring	0-100	4.9			
No restructuring		4.1			

a) Higher values indicated more job satisfaction, more sickness absenteeism etc.

b) Adjusted means are statistical averages that have been corrected for age, gender, educational attainment and the outcome at baseline.

c) The p-value is for ANCOVA analysis, \*\*\*p<0.001, \*\*p<0.01, \* p<0.05

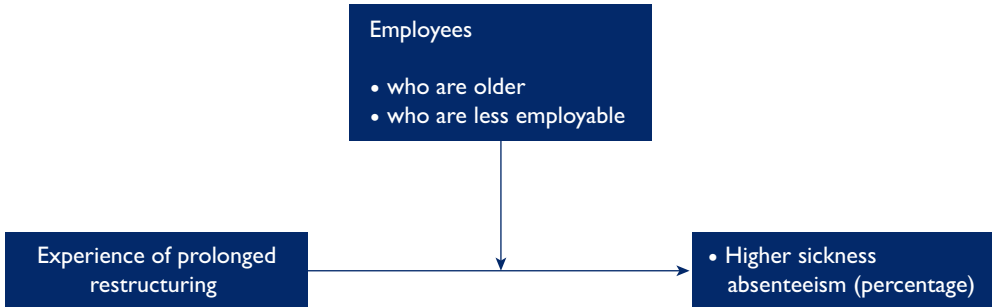
### ***Prolonged restructuring increases sickness absenteeism among older employees and employees with poor employability***

To find out whether prolonged restructuring has the same effects in different groups of employees and whether some factors buffer the negative impact of restructuring, moderation effects are studied. The aim of the analysis is to find work-related (job characteristics, organisational factors) and personal factors which influence the relation between prolonged restructuring and employees' well-being.

The results indicate that the relation between prolonged restructuring and employees' general well-being (percentage of sickness absenteeism) is different for younger and older employees and for employees with high and low employability (i.e.: will have more difficulty finding another job). Older employees and employees with a lower employability are more likely to show a higher percentage of sickness absenteeism due to prolonged restructuring (Figure 2.2).

Neither do we find moderation effects for the other outcomes, nor significant effects for the other possible moderators (gender, education, contract type, contractual working hours, supervisory position, self-efficacy, job characteristics, social factors and job insecurity).

Negative path:



**Figure 2.2:** The impact of prolonged restructuring on sickness absenteeism for different groups of employees

*Prolonged restructuring affects well-being via several mechanisms*

To examine the effect of prolonged restructuring on employees’ well-being, we also study the mechanisms through which prolonged restructuring affects work-related and general well-being. We want to know which work-related factors (job characteristics and organisational factors) and personal factors mediate, i.e. explain the influence of prolonged restructuring on employees’ well-being. The results indicate that the following job characteristics explain the relation between prolonged restructuring and employees’ well-being:

- Prolonged restructuring leads to***
- increased task demands, more time pressure, more emotional demands, which in turn lead to reduced job satisfaction;
  - more emotional demands which in turn lead to a higher percentage of sickness absenteeism;
  - increased task demands which in turn lead to increased emotional exhaustion.

Job insecurity explains the relation between prolonged restructuring and employees’ well-being:

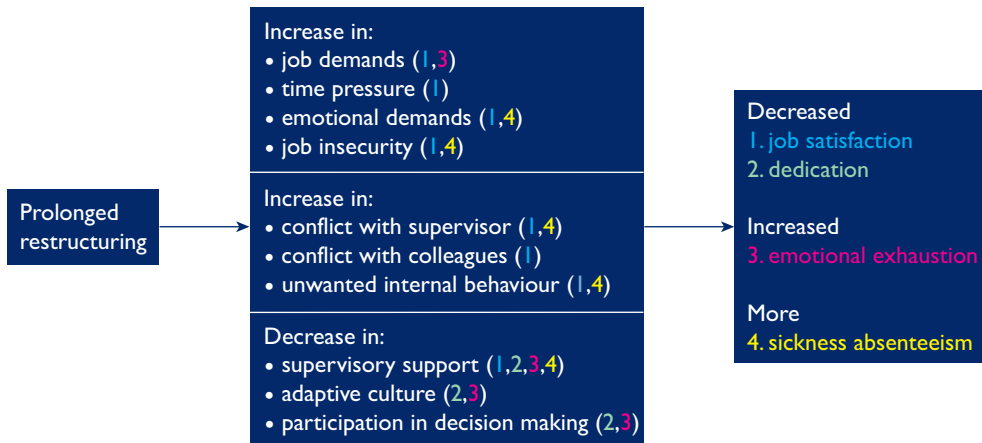
- Prolonged restructuring leads to***
- increased job insecurity (perceived risk of job loss, worrying about job loss) which in turn leads to higher percentage of sickness absenteeism and less job satisfaction.

The following organisational factors explain the relation between prolonged restructuring and the employees’ well-being:



***Prolonged restructuring leads to***

- less support from the supervisor which in turn leads to reduced job satisfaction and dedication, increased emotional exhaustion and a higher percentage of sickness absenteeism;
- less participation in decision making which in turn leads to reduced dedication and increased emotional exhaustion;
- less adaptive culture (e.g. less cooperation to create change, less adoption of improved working methods, change is perceived less positive, less flexibility in the organisation and in response to the environment) which in turn leads to reduced dedication and increased emotional exhaustion;
- more conflicts between colleagues, conflicts in supervisor-subordinate relationships and more unwanted internal behaviour which in turn leads to reduced job satisfaction and a higher percentage of sickness absenteeism (except for conflicts with colleagues).



**Figure 2.3:** Work-related factors which carry the influence of prolonged restructuring on employees’ well-being. The number after the variable refers to outcome which the variable affects.

***Key findings***

Based on the Dutch case, we can conclude that:

- prolonged restructuring has a negative impact on the well-being of stayers;
- the impact of restructuring on sickness absenteeism is stronger for older employees and employees with low employability;
- there are several factors that explain the relationship between restructuring and well-being:

- Job characteristics: employees experiencing prolonged restructuring experience higher task demands and emotional demands;
- Job insecurity: employees experiencing prolonged restructuring experience higher perceived risk of, and worry about, job loss;
- Social factors: employees experiencing prolonged restructuring experience more conflicts and unwanted behaviour and less support and a less adaptive culture in their organisation.

## **2.4 The effect of change in one's own job position**

### *The change in one's job position during a merger is linked with later well-being*

Employees differ not only in the kind and length of the restructuring process they encounter, but also whether or not the restructuring affects their own job. The Finnish case<sup>8</sup> examines the development in the well-being of employees who have experienced a change in their job position differently (improved, unaltered, declined) during organisational merger.

The results show that after the merger, the proportion of employees reporting that their position had improved is slightly higher (16%) than the proportion of those reporting a decline in their job position (13%). The majority of the employees report “no change” in their position. The employees reporting that their position has improved are younger and are more educated than the employees who experience a decline in their position.

The employees who report a decline in their position during the merger already differed from the improved position group before the merger. Before the merger, they experience less support from organisation, co-workers and supervisor and have fewer personal resources. Furthermore they have lower levels of well-being. (Table 2.6)

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<sup>8</sup> The Finnish case is based on ‘Still Working’ cohort study (N=1086) in which the data is collected before and after the merger.

**Table 2.6:** Well-being in groups with different experience of change before and after the merger

	<i>Scale<sup>a</sup></i>	<i>N</i>	<i>Mean 1996</i>	<i>Mean 2000</i>
<b>Work-related well-being</b>				
<i>Emotional exhaustion<sup>a</sup></i>	0-6			
Improved position		604	1.3	0.9
Declined position		482	1.7	1.8
<i>Cynicism</i>	0-6			
Improved position		604	1.1	0.7
Declined position		482	1.8	1.9
<i>Feelings of stress</i>	1-5			
Improved position		604	2.1	2.1
Declined position		482	2.4	2.7
<i>Work ability</i>	1-5			
Improved position		604	4.3	4.3
Declined position		482	3.9	3.7

a) Higher values indicate more emotional exhaustion, more cynicism, more feelings of stress and better work ability.

The development of well-being during the merger process varies in the groups of employees who experience their position as improved compared to those experiencing a decline in their position. After the merger, the employees who perceive their own position as having declined suffer more from exhaustion and cynicism, have more stress symptoms and have lower work ability compared to the employees who perceive their position as having improved. (Table 2.7)

**Table 2.7:** The development of work-related well-being in groups with different experience of the change in job position

	<i>N</i>	<i>Adjusted mean<sup>a</sup> 2000</i>	<i>p-value<sup>b</sup></i>
<b>Work-related well-being</b>			
<i>Emotional exhaustion</i>			***
Improved position	604	1.0	
Declined position	482	1.7	
<i>Cynicism</i>			***
Improved position	604	0.8	
Declined position	482	1.7	
<i>Stress</i>			***
Improved position	604	2.1	
Declined position	482	2.7	
<i>Work ability</i>			***
Improved position	604	4.1	
Declined position	482	3.8	

a) Adjusted means are statistical averages that have been corrected for age, gender, education and the outcome at the baseline

b) The p-value is for longitudinal ANCOVA analysis, \*\*\*p<0.001, \*\*p<0.01, \* p<0.05

Exhaustion, cynicism and stress symptoms increase during the merger period among the employees who perceive their position as having declined, while these factors decrease among the employees who feel that their position has improved. The work ability remains constant among the employees who perceive their position as improved, while it decreases in the other group. (Figure 2.4)

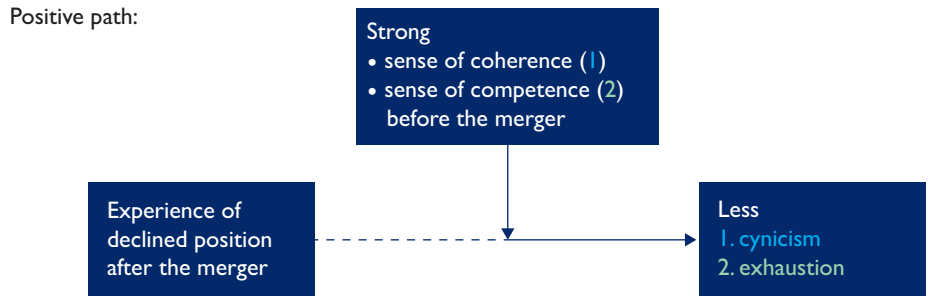


**Figure 2.4:** The effect of well-being on change experience and the effect of change experience on post-merger well-being

*Good personal resources protect well-being during organisational change*

To discover whether the change in one’s own job position has the same impact on different groups of employees (potentially vulnerable groups) and whether there are any work related or personal factors which influence the relationship between change in job position and well-being the moderating effects are studied.

The results show that sense of coherence (SOC)<sup>9</sup> and sense of competence<sup>10</sup> are personal factors that alter the effect of a decline in the job position (negative change) on employees’ work-related well-being (measured with symptoms of burnout). A high sense of coherence protects from cynicism and a high sense of competence protects from exhaustion, even in a situation in which employees’ position has declined during a merger. These positive paths are depicted in Figure 2.5.

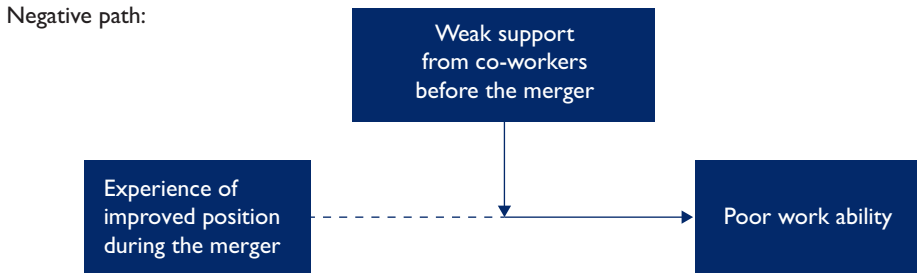


**Figure 2.5:** The impact of personal resources on well-being for employees with negative change experience

<sup>9</sup> SOC characterises a general orientation to life. A person with a strong SOC feels that life makes sense emotionally, perceives stimuli in a clear and structured way, and is confident that adequate coping resources are available (Antovsky, 1987).

<sup>10</sup> Sense of competence is regarded as a determinant of how an individual can cope with stressful experiences. Work-related sense of competence can be defined as the individual’s feelings of confidence that he/she has the needed work-related skills and abilities (Wagner, 1975).

The results also indicate a negative path. Low support from co-workers reduces the positive impact of improved job position (favourable change) on work ability. Employees who do not get support from co-workers before the merger report poorer work ability later on, even though their position has improved during the merger (Figure 2.6).



**Figure 2.6:** The impact of support from co-workers on well-being for employees with positive change experience

***Improvement in job position is associated with good resources at work***

As in the case of prolonged restructuring, we also study the mechanisms through which the change of position affects work-related and general well-being. We want to know which work-related factors (job characteristics and organisational factors) mediate, i.e. explain the influence of favourable change in job position on employees’ well-being. This mechanism between favourable change in job position and better well-being is studied by analysing mediating effects. The explaining factors are measured after the merger. The results indicate that:

The following job characteristics explain the relation between favourable change in job position and the employees’ well-being:

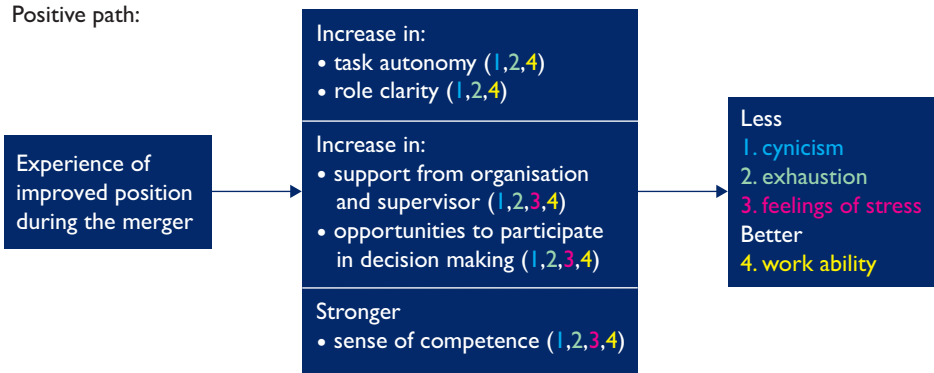
***Improvement in own position leads to*** → higher task autonomy and role clarity which in turn lead to reduced emotional exhaustion and cynicism and better work ability.

Following organisational factors explain the relation between favourable change in job position and the employees’ well-being:

***Improvement in own position leads to*** → stronger support from the organisation and supervisor and more opportunities to participate in decision making, which in turn lead to less emotional exhaustion, cynicism and stress and better work ability.

One personal factor also explains the relation between favourable change in job position and the employees’ well-being:

**Improvement in own position leads to** → stronger sense of competence which in turn leads to less emotional exhaustion, cynicism and stress and to better work ability.



**Figure 2.7:** Factors which carry the influence of favourable change experience on employees' well-being

### Key findings

Based on the Finnish case we can conclude that:

- good well-being before the merger promotes positive experience of change in job position during merger;
- improvement in job position promotes well-being, whereas decline in position leads to more exhaustion, cynicism, stress and deterioration in work ability;
- older employees and employees with few personal resources and poor well-being are vulnerable groups in organisational changes, as they are likely to experience a decline in their position during an organisational merger, which in turn leads to reduced well-being later on;
- good personal resources: strong sense of competence and strong sense of coherence may protect employees from negative effects on well-being even when the employee's own position has declined during the merger process;
- autonomy and role clarity are job characteristics that explain the relation between change in job position and its effect on well-being:
  - the improvement in job position is followed by more autonomy and role clarity which results in better well-being;
- support from the organisation and supervisor and the opportunities to participate in decision making are organisational factors which explain the relation between experience of the change in position and its well-being effects:
  - the improvement in job position is followed by stronger support from the organisation which again results in better well-being.

## 2.5 Summary

It is evident that restructuring is a process which affects the well-being of employees across national borders. The consequences of restructuring can be direct or indirect, but they are notable. The results of the studies demonstrate a clear connection between restructuring and reduced well-being of employees. However, we also found evidence that organisational changes may also benefit the well-being of those employees whose position at the workplace improves due to organisational restructuring.

Results from the Danish case suggest that after some time the negative effects on health and well-being may no longer be detectable, but the feelings of job insecurity remain strong. Previous studies have shown that job insecurity is a significant and continuing source of stress. However, these studies have only examined high levels of job insecurity during an uncertain period of change (e.g. Cartwright, Tytherleigh & Robertson, 2007). The results of the current analyses, however, indicate that even years after the restructuring experienced feelings of job insecurity remain.

The evidence gained from the Dutch case highlights the negative consequences of prolonged restructuring. The research question studied was whether the cumulative impact of several organisational changes leads to reduced well-being or whether previously experienced organisational changes would protect employees from the adverse well-being effects of the restructuring events (because employees would get used to them). The results indicate that prolonged restructuring has a negative impact on well-being and we found no evidence that having undergone organisational changes before would have a protective function.

The Finnish case studied the development of the employees' well-being in the context of an organisational merger. The results suggest that organisational changes may be positive for some employees while they are negative for others, depending on the consequences of the change for one's own situation at the workplace. Employees who felt that their job position had declined during the merger suffered from reduced well-being and, conversely, experienced improvement in job position at the workplace led to improved well-being. Furthermore, the results suggest that well-being, support from the organisation and personal resources predict the experience in the change in one's own job position during the merger.

There also seem to be certain groups of employees which are more vulnerable than others to the adverse well-being effects of restructuring. Employees at risk are those whose well-being is already low before the organisational changes or whose personal resources and employability are weaker. The employees who did not experience high levels of job insecurity despite changes in the organisation's ownership were those who had high autonomy in their jobs, who saw their work as rewarding and were confident in their ability to address problems.

In the case of prolonged restructuring, increased sickness absenteeism as a consequence of restructuring was mainly among older employees and employees with low employability. This could be due to the fact that older employees are more susceptible to health problems in general. Restructuring might be an extra stress factor leading to absenteeism. With regard to employability, a possible explanation might be that less employable employees experience more job insecurity because if they lost their job they would have more difficulties to find a new job. Job insecurity in turn leads to extra stress and sickness absenteeism.

In the merger situation, some groups of employees also seem to be in a more vulnerable situation. Older employees and employees with poor well-being and few personal resources are relatively more often the ones reporting a decline in their job position. Conversely, the merger situation seemed to lead to improvement in job position and improved well-being for employees with good personal resources who had already received support from the organisation before the organisational change. This suggests that the organisational change processes may help employees with good resources to take advantage of the situation.

The analyses about the mediating factors indicated several paths between restructuring and well-being. The prolonged restructuring is followed by increased job demands and emotional demands, more conflicts at the workplace, less support from supervisor and colleagues, less adaptive culture and less participation in decision making. These factors in turn lead to less job satisfaction and dedication, more exhaustion and sickness absenteeism. Employees who experience a decline in job position during the merger suffered from similar impairments at their work place. The positive development in well-being for employees whose position improved during the merger was linked to the same kind of resources: increased support from the organisation, more opportunities to participate in decision making, more autonomy and an increased sense of competence.

It can be concluded that the employees' well-being in changing work organisations is based on:



**Figure 2.8:** The path to well-being in the restructuring process



## Chapter 3

### Monitoring the restructuring process: the new questionnaire

#### 3.1 Introduction

The quantitative analyses highlight some important issues related to restructuring: how it affects work, how the process is going and how it may impact on employees' well-being. Based on our own findings, but also by taking into account other research, a new questionnaire was developed to provide a standard tool for measuring and monitoring the psychological aspects of restructuring.

In this chapter, the new questionnaire will be presented. This questionnaire was developed to:

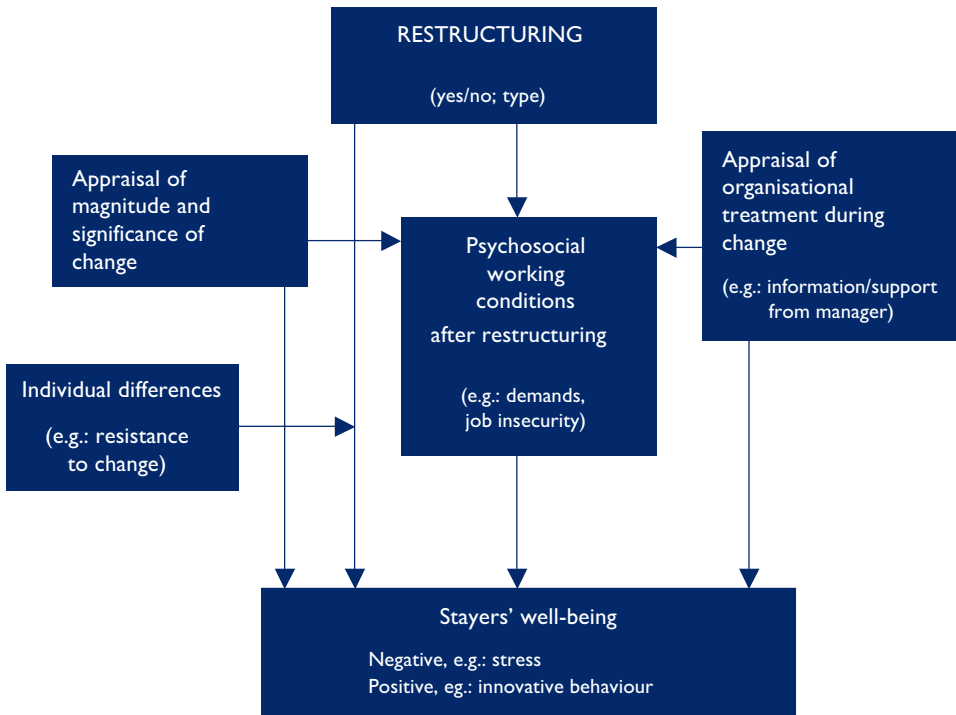
- provide a tool which measures important psychological aspects of restructuring such as: evaluating the magnitude of changes during restructuring, evaluating the significance of changes for an individual, the characteristics of organisational treatment during restructuring, and the role of additional personal variables (e.g. resistance to change, coping style).
- provide a monitoring tool for organisations undergoing a restructuring process, as the healthy implementation of the process includes constant monitoring of its psychological effects and an analysis of causes that are responsible for these effects. Furthermore, EU legislation requires employers in all EU member states to conduct a risk assessment after changes in the organisation.

The questionnaire was tested in Poland where data on psychological aspects of restructuring have never been gathered before. The study was carried out in February and March 2011 on two samples of employees: a sample of 858 employees in organisations which underwent restructuring during 2009 and/or 2010 and a sample of 523 employees in organisations where restructuring did not place during this period.

This data enables us to test the correctness of the selection of variables for the questionnaire, taking into account associations of these variables with stayers' well-being after restructuring. It also made it possible to carry out analyses explaining the mechanisms of the relationship between restructuring and well-being in one more country, Poland. The main findings of the pilot study are also presented in this chapter.

### 3.2 The new restructuring questionnaire

The preliminary model of the relationship between restructuring and well-being gave the structure to the new restructuring questionnaire<sup>1</sup> (Figure 3.1). The model was developed on the basis of available literature as well as results described in Chapter 2. The aim was to make the questionnaire as concise as possible while taking into account all these groups of variables that are important for predicting well-being in a restructuring situation.



**Figure 3.1:** Structure of the new restructuring questionnaire

According to the model, the questionnaire consists of six groups of variables:

1. *Type of the restructuring*
2. *Appraisal of magnitude and significance of changes*

<sup>1</sup> The PSYRES questionnaire is presented in Appendix 3A and information on scales included in the questionnaire is given in Appendix 3B.

- a. 11 areas of change (task, superior, team, quantity of work, influence, risk of job loss, recognition, career prospects, terms of employment, salary, others)
- b. significance and direction of changes: are changes regarded as positive changes or as negative changes.
3. *Appraisal of organisational treatment during change*: information/support from management, information/support from supervisor, workers' involvement, trust.
4. *Well-being*: both positive aspects of well-being (job satisfaction, work ability, engagement, innovative behaviour, performance) as well as negative aspects (stress, emotional exhaustion, sickness absence, intention to leave)
5. *Psychosocial job characteristics*: demand, control, social support, effort/reward imbalance, job insecurity, task clarity and work-family conflict.
6. *Personal factors* resistance to change, coping style and employability were included.

The questionnaire contains three parts. In the first part issues related to the restructuring process are addressed, with the second and third parts containing more general questions on work and well-being after restructuring. It is therefore also possible to use the questionnaire in organisations which want to know the perceived magnitude of changes, as well as monitor how the situation has developed after the changes were carried out.

### **3.3 Clarifying the effects and mechanisms of restructuring**

#### *Experience of restructuring is associated with lower well-being*

The study sample of employees from organisations restructured in 2009 and/or 2010 experienced various types of restructuring. About 37% of them experienced change in organisation ownership, while many experienced other major changes such as outsourcing of work (39%), reduction of employment (49%), investments for increased production (52%), investments for expansion into new lines (49%).

A comparison of the well-being of employees in restructured companies and in companies where no restructuring took place revealed significant differences. Respondents who experienced restructuring had:

- higher work-related stress;
- lower job satisfaction;
- lower work ability;
- higher sickness absence.

**Table 3.1:** Experience of restructuring over last two years and well-being

Work-related well-being	Scale	N	mean <sup>a</sup>	p-value <sup>b</sup>
<i>Work ability</i>				
Restructuring	1-5	612	4.02	*
No restructuring		385	4.11	
<i>Stress</i>				
Restructuring	1-5	612	2.88	*
No restructuring		385	2.72	
<i>Job satisfaction</i>				
Restructuring	1-5	608	3.81	***
No restructuring		385	4.00	
<b>General well-being</b>				
<i>Sickness absence</i>				
Restructuring	0-60	574	5.54	**
No restructuring		357	3.51	

a) Adjusted means are statistical averages that have been corrected for age, gender, education and size of the company

b) The p-value is for ANCOVA, \*\*\*p<0.001, \*\* p<0.01, \* p<0.05

c) Sickness absence denotes a number of days absent due to illness during the last year

### *Magnitude and significance of changes are linked to stayers' well-being*

According to the preliminary model on which the new questionnaire was based (Figure 3.1), the magnitude and the significance of changes would be associated to employees' well-being. Our assumption was that minor changes would not have as much impact on the well-being of employees as major changes. Changes that employees regard as positive will affect the well-being differently from changes that are regarded as negative. Our findings support these assumptions. We found that the perceived number of changes is associated with three areas related to well-being: job satisfaction, emotional exhaustion and experience of stress (Table 3.2). The more areas that changed in the perception of the respondent:

- the higher the emotional exhaustion;
- the higher the work-related stress;
- the lower the job satisfaction.

The appraisal of changes (as positive or negative) predicted employee well-being even better (Table 3.2). The more *positive appraisals of changes* dominate over *negative* the higher:

- innovative behaviour;
- job satisfaction;
- engagement;
- performance;
- work ability.

and the lower:

- work-related stress; emotional exhaustion; intention to leave.

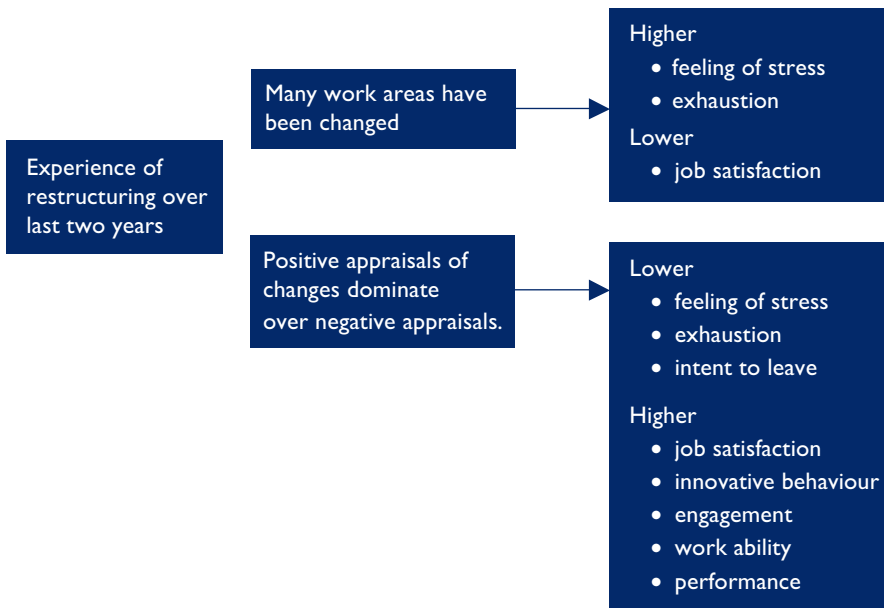
However, the appraisal of changes did not relate to sickness absence.

**Table 3.2:** Appraisal of changes during restructuring as the predictor of well-being

Work-related well-being	Appraisal of changes indices			
	Number of changes index <sup>a</sup>		Summary index of changes direction <sup>b</sup>	
	$\beta^c$	p-value <sup>d</sup>	$\beta^c$	p-value <sup>d</sup>
<i>Job satisfaction</i>	- 0.09	*	0.48	***
<i>Innovative behaviour</i>	0.02	ns	0.37	***
<i>Emotional exhaustion</i>	0.16	***	- 0.30	***
<i>Stress</i>	0.16	***	- 0.28	***
<i>Engagement</i>	- 0.01	ns	0.23	***
<i>Intention to leave</i>	0.05	ns	- 0.19	***
<i>Work ability</i>	0.06	ns	0.15	***
<i>Performance</i>	0.03	ns	0.16	***
General well-being				
<i>Sickness absence</i>	- 0.06	ns	- 0.05	ns

- a) Number of changes index was the sum of self-reported changes in 11 areas (task, superior, team, quantity of work, influence, risk of job loss, recognition, career prospects, terms of employment, salary, others). It has values 0 to 11, the larger the value, the more changes were reported.
- b) Summary index of changes direction has two values: 1 – changes appraised as *negative* dominate over changes appraised as *positive*, 2 – changes appraised as positive dominate over changes appraised as negative. The higher the value, the more positive appraisal of changes.
- c)  $\beta$  = the regression coefficient. Adjusted for age gender, education (+ positive relation with a given well-being measure, - negative relation with a respective well-being measure)
- d) The p-value is for regression analysis: \*\*\*p<0.001, \*\* p<0.01, \* p<0.05

Figure 3.2 summarises the results described above.



**Figure 3.2:** Appraisal of magnitude and significance of changes and well-being

### *Appraisal of organisational treatment during restructuring is associated with stayers' well-being*

We also tested whether the appraisals of organisational treatment during restructuring are connected with the well-being of stayers (employees who have experienced a restructuring process). We found that each of the measures of organisational treatment is significantly related to almost all well-being indicators (Table 3.3). In other words, employees whose work-related well-being was higher – in the broad sense of the word, i.e. higher job satisfaction, work ability, engagement, innovative behaviour, performance and lower stress and exhaustion:

- could count on *good communication and support from top management*: meaning that management informed them clearly about the goals and the state of change, took into account the personnel's point of view, ensured that there were sufficient change support services for the whole staff;
- could count on *good communication and support from the direct supervisor*: meaning that the direct supervisor informed his employees clearly about the goals and the state of change, clarified the new roles of employees, solved problems that emerged during the change process;
- are *involved in the process of restructuring*: meaning that employees were given the opportunity to air their views on the changes before they were implemented;
- had *trust*: meaning that employees believed that the leader of the change knew what he or she was doing, was well informed and had good reason for change.

In addition, sickness absenteeism is associated with *information/support from management*: the better the communication between top management and employees, the lower the number of absence days. Intention to leave is associated with a low score on communication between top management and employees, and between direct supervisor and employees. Moreover, the lower the trust in management, the higher the intention to leave.

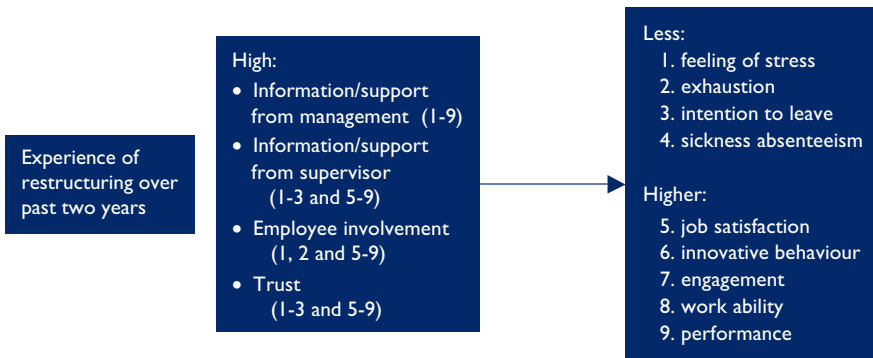
Figure 3.3 illustrates these results.

**Table 3.3:** Appraisal of organisational treatment during restructuring as the predictor of well-being

Work-related well-being	Indices of appraisal of organisational treatment during restructuring							
	Information/support from management		Information/support from supervisor		Workers' involvement		Trust	
	$\beta^a$	p-value <sup>b</sup>	$\beta^a$	p-value <sup>b</sup>	$\beta^a$	p-value <sup>b</sup>	$\beta^a$	p-value <sup>b</sup>
<i>Job satisfaction</i>	0.45	***	0.44	***	0.29	***	0.41	***
<i>Innovative behaviour</i>	0.41	***	0.39	***	0.40	***	0.35	***
<i>Emotional exhaustion</i>	-0.27	***	-0.30	***	-0.12	***	-0.30	***
<i>Stress</i>	-0.24	***	-0.21	***	-0.14	***	-0.30	***
<i>Engagement</i>	0.30	***	0.30	***	0.24	***	0.23	***
<i>Intention to leave</i>	-0.17	***	-0.14	***	-0.07	ns	-0.13	***
<i>Work ability</i>	0.12	**	0.13	***	0.12	***	0.11	**
General well-being								
<i>Sickness absence</i>	-0.11	**	-0.07	ns	-0.04	ns	-0.06	ns
<i>Performance</i>	0.09	*	0.13	***	0.09	***	0.12	**

a)  $\beta$  = the regression coefficient. Adjusted for age gender, education (+ positive relation with a given well-being measure, - negative relation with a respective well-being measure)

b) The p-value is for regression analysis: \*\*\*p<0.001, \*\*p<0.01, \* p<0.05



**Figure 3.3:** Organisational treatment during restructuring and well-being

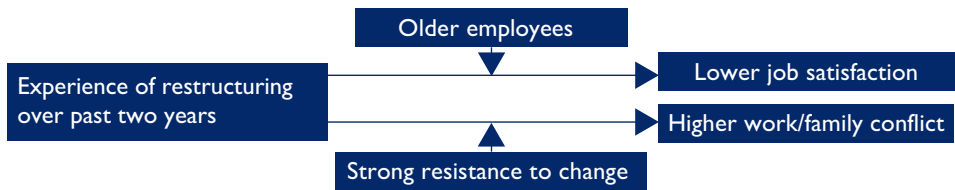
### *Personal factors influence well-being during restructuring*

To discover whether the relationship between the experience of restructuring over the past two years and current well-being varies in different groups of employees, moderation analyses were carried out. Three potential moderators were taken into account: age, employability and resistance to change.

Results concerning age were similar to those obtained in the longitudinal Dutch analysis described in Chapter 2. Here it was found that older employees were more vulnerable to lower well-being after restructuring (Figure 3.4). Those who experienced restructuring had lower job satisfaction than younger employees with similar experience.

Moreover, it was found that people with strong resistance to change<sup>2</sup> had higher work-family conflict after the restructuring process. Although work-family conflict is usually treated as a psychosocial job characteristic and not as a well-being measure, many studies confirmed a significant relationship between both phenomena. It is likely that for people with high resistance to change, any change at work constitutes a great burden and takes a lot of time and energy. This leaves less time and energy for family life. This may explain the observed reinforcement of resistance to change to the relationship between experience of restructuring and work-family conflict.

Contrary to our expectations, employability was not found to be a moderator of the restructuring-well-being relationship.



**Figure 3.4:** Age and resistance to change as moderators of the restructuring – well-being relationship

Additional analyses were carried out to investigate the role of coping style during restructuring (Fugate, Kinicki & Prussia, 2008; Armstrong-Stassen, 2006; Terry & Jimmie-son, 2003). Two coping styles were taken into account: task-oriented and emotion-oriented coping (Avero et al., 2003; Endler & Parker, 1990). The first involves focusing on work and taking direct action to improve one’s own situation; the second is aimed at altering emotional responses to change. The analyses focused on the group of employees who had undergone restructuring (because they were the only ones who could answer questions concerning coping style during restructuring). It was found that the task-oriented coping style was predictor of several positive effects in well-being, particularly innovative behaviour, engagement and work ability. To some degree, it was also associated with job satisfaction and performance level (both relationships were positive). However, it was not the predictor of negative aspects of work-related well-being, such as emotional exhaustion, intention to leave or absenteeism. It is interesting that experience of stress was the only negative effect associated with this coping style. It means that this generally positive style of coping does have a cost in terms of stress.

The relationships between emotion-oriented coping and well-being were opposite to those described above. This type of coping was related to negative effects, such as emotional exhaustion, stress and lower work ability. Significant but lower associations were also found with reduced job satisfaction, engagement and innovative behaviour.

<sup>2</sup> Resistance to change is an individual’s dispositional inclination to resist changes (Oreg, 2003, 2006, Oreg et al. 2008)

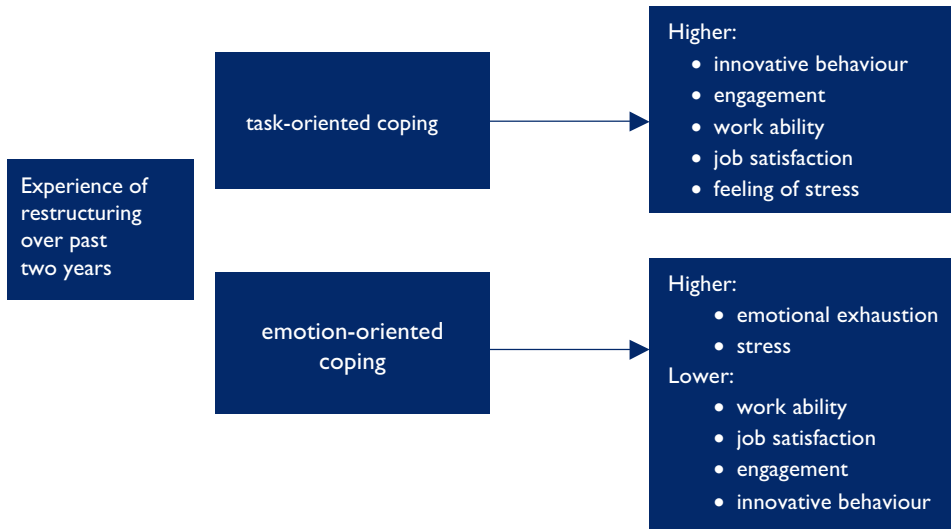


**Table 3.4:** Coping style during restructuring as the predictor of well-being

Work-related well-being	Task-oriented coping		Emotion-oriented coping	
	$\beta^a$	p-value <sup>b</sup>	$\beta^a$	p-value <sup>b</sup>
<i>Job satisfaction</i>	0.18	***	- 0.19	***
<i>Innovative behaviour</i>	0.33	***	- 0.09	*
<i>Emotional exhaustion</i>	0.06	ns	0.37	***
<i>Stress</i>	0.10	*	0.32	***
<i>Engagement</i>	0.27	***	- 0.16	***
<i>Intention to leave</i>	- 0,07	ns	0.02	ns
<i>Work ability</i>	0.22	***	- 0.29	***
General well-being				
<i>Sickness absence</i>	-0.08	ns	0.01	ns
<i>Performance</i>	0.15	***	- 0.06	ns

a)  $\beta$  = the regression coefficient. Adjusted for age gender, education (+ positive relation with a given well-being measure, - negative relation with a respective well-being measure)

b) The p-value is for regression analysis: \*\*\*p<0.001, \*\* p<0.01, \* p<0.05



**Figure 3.5:** Coping style during change and well-being

***Experience of restructuring over the past two years is associated with well-being through psychosocial working conditions***

To examine the effect of restructuring on employees’ well-being, we also study the mechanisms through which restructuring affects well-being. We assume that psychosocial working conditions play such a role (Figure 3.1). We also investigate whether the influence of restructuring on well-being was fully carried by psychosocial working conditions, or whether working conditions only partly carried this influence.

We want to know which of the seven psychosocial working conditions included in the questionnaire explain the influence of restructuring on employees' job satisfaction and experience of stress. Questions in the questionnaire referred to current working conditions, i.e. working conditions perceived after restructuring.

We find that five out of seven working conditions explain the relation between restructuring and employees' well-being. These were demands, task clarity, effort-reward balance, job insecurity and work-family conflict.

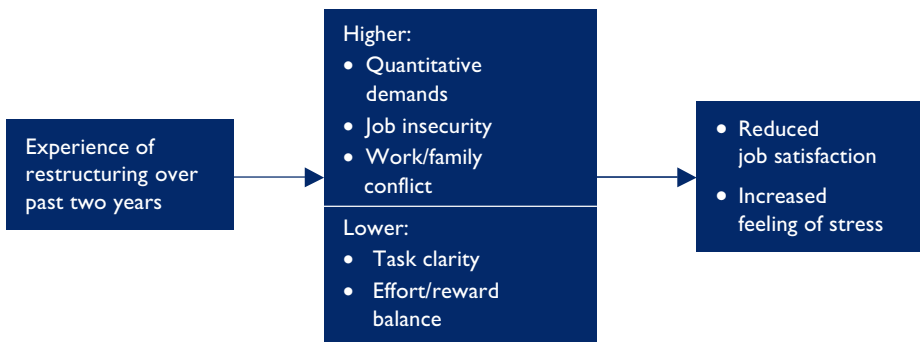
We found that the following job characteristics explain the relation between restructuring and employees' well-being:

***Experience of restructuring over past two years*** → is related to higher demands, higher job insecurity, stronger work-family conflict, and lower task clarity, lower effort-reward balance, which in turn were related to stronger ***feelings of stress***;

The above job characteristics fully mediated the relationship between experience of restructuring and stress.

***Experience of restructuring over past two years*** → was related to higher demands, higher job insecurity, stronger work-family conflict, and lower task clarity, lower effort-reward balance, which in turn were related to feeling of lower ***job satisfaction***;

Task clarity and effort-reward balance fully mediate the relationship between experience of restructuring. Job satisfaction, demands, job insecurity, work-family conflict partly mediate this relationship.



**Figure 3.6:** Working conditions which carry the influence of experience of restructuring on two well-being measures: job satisfaction and feeling of stress

## *Key findings*

Based on the pilot study, we can conclude that:

- Experience of restructuring over the past two years is related to lower well-being among stayers;
- Significance of the changes (number of areas changed) and appraisal of changes (positive vs. negative) are both very good predictors of well-being. They are related to well-being;
- Appraisal of organisational treatment during restructuring, such as information or support from management and supervisor, workers involvement and trust in management is related to well-being;
- The relationship between the experience of restructuring and lower job satisfaction is stronger in the case of older workers;
- Coping style during restructuring is a predictor of several well-being measures. Task-oriented coping is associated with positive aspects of well-being (especially: innovative behaviour, engagement and work ability), emotion-oriented coping is associated with negative aspects of well-being (especially: emotional exhaustion, feeling of stress and lower work ability);
- The following psychosocial working conditions mediate between the experience of restructuring and two well-being measures: job satisfaction and feeling of stress:
  - task clarity and effort-reward imbalance fully mediate the relationship between the experience of restructuring and job satisfaction, as well as between the experience of restructuring and feeling of stress;
  - demands, job insecurity and work-family conflict fully mediate the relationship between experience of restructuring and feeling of stress, but only partly mediate the relationship between restructuring and job satisfaction;
- Groups of variables taken into account in the questionnaire play a significant role as predictors of well-being in restructured organisations. It can therefore be concluded that a selection of these groups of variables is relevant, and that the questionnaire can be used to analyse the relationship between restructuring and employees' well-being.

# Chapter 4

## A closer look at downsizing

Downsizing is a very common type of restructuring, especially now, during the global financial crisis. We define downsizing as a decrease in the number of employees which implies (forced) job loss for a part of the workforce. Downsizing can go together with other forms of restructuring, like relocation of employees within the company and outsourcing.

We focus on downsizing in this chapter since it is very common and directly affects the job insecurity of employees. Results in this chapter are based on extra analyses on a dataset containing a group of employees who experienced downsizing but are so far not laid-off themselves. In the first paragraph we take a closer look at the role of perceived insecurity and participation in decision making among employees experiencing downsizing in their company. In the second paragraph we investigate the impact of different phases of a restructuring process (including downsizing) since employee well-being might be affected before, during and after the actual change event.

### 4.1 Security and participation, key factors for increasing well-being ?

Our findings described in chapter 2 show that an important consequence of a restructuring process is a feeling of ‘insecurity’ among employees. This feeling, here defined as the perception of a risk that something is going to change, might have a large impact on employee well-being. Therefore we decided to take a closer look at the impact of this perceived risk among the group of employees experiencing downsizing. More specifically we investigate whether:

1. Employees perceiving the risk to lose their job have a lower well-being than employees who do not perceive this risk?
2. Both employees who perceive a risk of changes in the job and employees who not only perceive a risk of changes but also an actual change in their job, have a lower well-being than employees who did not perceive a risk of changes in the job nor actual changes?
3. Employees experiencing both a risk of changes in their job and a risk to lose their job have the lowest well-being?

Secondly earlier research shows that participation in decision making is an important factor in the relationship between restructuring and well-being of employees. Our results so far show that participation is a mediating variable: restructuring has a negative impact on participation which in turn has a negative impact on well-being. We did not find support for the hypothesis that the degree of participation in decision making buffers the negative impact of restructuring on well-being. The fact that we compared employees experiencing restructuring with employees not experiencing restructuring might have affected these results. Besides in earlier analyses we looked at participation in decision making in general and not particular connected to decisions related to the restructuring. Therefore we decided to focus only on the group who is actually confronted with changes in the job and the possibility to lose the job. For this group we investigate the impact of the degree of participation in decision making (not involved, informed, was asked for advice/took part) concerning the changes, on their well-being. We would expect that the more actively employees are involved in decisions related to changes in the job or maintenance of the job the better their well-being.

To investigate our expectations we make use of the Dutch CSI study<sup>1</sup>. Well-being indicators are dedication and emotional exhaustion.

### *Perceived insecurity*

Against our expectation we find that the employees who perceive a risk to lose their job did not score significantly higher on emotional exhaustion or dedication, than employees that did not perceive a risk to lose their jobs. This might be due to the fact that we ask employees about their level of emotional exhaustion and dedication at a time this risk is not relevant anymore since they still work for the company, which might point to a short term effect of job insecurity. If we'd asked the same question during the period of restructuring they might have rated differently.

We do, however, find that employees who did not experience a risk of changes in their job, due to the restructuring, score lowest on emotional exhaustion and highest on dedication (Table 4.1). Furthermore it is interesting, that those employees experiencing a risk of changes in the job but no actual change at the time of measurement score most negative on emotional exhaustion and dedication, although these differences are not significant. This might be due to the fact that employees who did actually experience a change might evaluate the situation at the end of the period less negative. The actual change might be positive which might increase the score on dedication and decrease the score on emotional exhaustion. The insecurity about the unknown might be more negative evaluated than the actual change that in fact can be positive. The fact that the difference we found is not statistically significant might be due to the low number of respondents, to the fact that we do not know whether the actual change is positive or negative and to the fact we do not know whether employees who did not experience a change still expect this change to happen later on.

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<sup>1</sup> The Cohort-study Social Innovation

Employees experiencing both the risk to lose the job and the risk of changes and eventually actual changes in the job score most negative on well-being. Our results do point in the direction that (the risk of) changes in the job are more relevant than the risk to lose the job for the outcome measures emotional exhaustion and dedication.

**Table 4.1:** Results of analysis ‘Changes in the job’

	<i>Mean<sup>a</sup> 2009</i>	<i>n</i>
<i>Risk of changes and actual changes in job</i>		
<b>Emotional exhaustion (1-7)</b>		555
1. No risk of changes in job	2.40* <sup>3</sup>	416
2. Risk of changes in job but no actual change	2.78	34
3. Risk and actual change	2.69* <sup>1</sup>	105
<b>Dedication (1-7)</b>		
1. No risk of changes in job	4.69* <sup>2</sup>	416
2. Risk of changes in job but no actual change	4.20* <sup>1</sup>	34
3. Risk and actual change	4.48	105

\* Unadjusted means, larger values indicate more emotional exhaustion and more dedication. Numbers indicate which groups differ significantly from another group.

\* p< .05 \*\*p< .01 \*\*\*p< .001 (ANCOVA corrected for age, gender, educational attainment)

***Participation in decision making***

Employees who took part in decision making score highest on dedication and employees who were not involved in decision making score lowest on dedication (see table 4.2). Employees who were just informed score in between these two groups. Employees who were not involved or only informed score significantly lower on dedication than the group who was involved. We did not find significant differences between the groups for emotional exhaustion. Participation in decision making on the restructuring process might also cause some stress, which can be an explanation for this result. The message for organisations can be that it is important to involve employees in decisions related to job loss and changes in the job to keep employees dedicated. Dedication can in turn contribute to positive work performance.

**Table 4.2:** Results of analysis ‘participation in decision making’

	<i>Mean* 2009</i>	<i>n</i>
<i>Participation in decision making</i>		
<b>Emotional exhaustion (1-7)</b>		440
1. Not involved	2.64	118
2. Informed	2.52	222
3. Took part in decision making/ took part in the negotiation/ was asked for advice	2.37	100
<b>Dedication (1-7)</b>		440
1. Not involved	4.37**3	118
2. Informed	4.58*3	222
3. Took part in decision making/ took part in the negotiation/ was asked for advice	4.96**1*2	100

\* Unadjusted means, larger values indicate more emotional exhaustion and more dedication. Numbers indicate which groups differ significantly from another group.

\* p< .05 \*\*p< .01 \*\*\*p< .001 (ANCOVA analyses corrected for age, gender, educational attainment)

## **4.2 What is the impact of different phases in the change process?**

Another issue which we decided to look at more closely is the impact of the different phases of the restructuring process. Employee well-being can be affected by restructuring before, during and after the actual change event.

### *Before the change*

Long before the downsizing is actually executed, rumours within the organisation and initial announcements about a possible restructuring may have an impact on employee well-being. Uncertainty about the future and the fear of job loss may cause distress no less real than actual dismissal (Kieselbach et al., 2009) and may lead to reduced motivation among workers as well as a breach in the psychological contract (Freese, 2007). Another effect of looming job loss is that those with the best chances on the labour market are likely to voluntarily trade in the foundering enterprise for another employer. Often this results in an increased workload for those employees who have not yet left the company.

### *During the change*

This refers to the period from when the plans are more concrete (for example more clarity about who will have to leave, at departmental or personal level), to the day when the “leavers” have actually left the organisation. Sometimes this period takes quite a long time (e.g. half year), but it can also be short (e.g. a week).

## After the change

After the crisis, employees who have stayed with the organisation may experience feelings of guilt towards their departing colleagues or uncertainty about future job loss, known as layoff survivor sickness (Noer, 1997). Breaches in social contracts may have a dramatic and lasting impact on organisational trust and loyalty (Reader & Grote, 2000) and stayers may experience increased workloads, since all the work has to be done with less manpower than before the restructuring. Moreover, employees have to adjust to new working situations (e.g. new tasks, colleagues, position and supervisor), which could also affect their well-being.

We can conclude that organisational changes can affect work and well-being before, during and after the restructuring, even for those employees who survive a restructuring process. It is therefore important to distinguish the respective phases of restructuring (Paulsen et al, 2005), i.e.:

1. pre restructuring/plan announcement [“pre” phase]
2. execution of restructuring (mostly with job loss) [execution phase]
3. post restructuring [“post” phase]

Using a 3-wave sample of the Dutch CSI data, we are able to draw a comparison between groups of employees experiencing downsizing (from a wide range of sectors and companies) with a large group of employees experiencing no downsizing. In each wave, all participants were asked whether downsizing and any other changes had taken place within their current organisation (department or location) in the past 12 months. We examine the effects on work characteristics (i.e., workload and social support from supervisor) and employee work-related well-being (i.e., emotional exhaustion and dedication). If the compared groups differed on any of the tested variables, we examined whether the changes differed over time between these groups.

Our aim is to distinguish the effects of downsizing, before, during (direct effects) and after the execution of the restructuring. See table 4.3.

**Table 4.3:** Before, during and after restructuring.

Period	
Before	More than one year before or Less than one year before
During	During a long process or In between 2 restructuring processes
After	Less than one year after or More than 1 year after



We thereby focus on two different types of downsizing based on their duration: brief/single downsizing and prolonged downsizing. See table 4.4.

**Table 4.4:** Brief and prolonged downsizing

Type	
Brief/single downsizing event	In one year downsizing (and before and after this year no downsizing)
Prolonged downsizing	More than one year with downsizing events

### *Brief/single downsizing*

For brief/single downsizing, we were unable to find any evidence that work characteristics (i.e. workload and supervisory support) or well-being (i.e. emotional exhaustion and dedication) were affected. No “pre” effects (less than one year before execution) and no “post” effects (less than one year after execution) could be found.

### *Prolonged downsizing*

For prolonged downsizing, where the execution period took longer or possibly longer than one year, however, we can detect some effect.

Our results show that *workload* has already increased more than one year before the downsizing is actually executed. At this point, there may already be rumours or other signs of a pending restructuring. This increased workload may be due to real changes in the work environment (caused by the voluntary departure of good employees, for example) or due to perceptual changes (caused by higher stress levels, for example). The workload may also be higher for motivational reasons. Employees may tend to work harder in order to hopefully save their job.

Less than one year before downsizing, the *workload* still seems to be higher. Furthermore, as the pending downsizing approaches, employees seem to experience less *supervisory support*.

After the start of the execution period, the level of *dedication* declines. Furthermore, employees experience higher levels of *emotional exhaustion*. The workload is experienced higher and *supervisory support* is experienced lower during the execution.

Once the downsizing has been completed, employees still experience less *supervisory support* which continues to be lower over a year after downsizing.

To summarise, whilst prolonged downsizing seems to have an effect on work characteristics in all phases of the process, well-being only seems to be affected during the period(s) of downsizing.

### 4.3 Summary

Our initial aim was to examine the role of perceived job insecurity and insecurity related to changes in the job. Surprisingly, we found that the employees who felt they were at risk of losing their job did not score significantly higher on emotional exhaustion or dedication than employees who did not perceive a threat of losing their jobs. The fact that we measured emotional exhaustion and dedication after the restructuring took place and with employees who did not lose their job could explain this result.

However, we did find that employees who experienced a risk of changes in their job or experienced the risk and an actual change score highest on emotional exhaustion and lowest on dedication. The results point to the idea that (the risk of) changes in the job are more negative than experiencing the risk of losing one's job for employee well-being.

Secondly, we investigated how the degree of participation in decision making (not involved, informed, was asked for advice/took part), affected the well-being of employees. We found that the more actively employees are involved in decisions related to changes in their job or maintaining their job, the higher they score on dedication. We found no evidence of emotional exhaustion.

To summarise, do a low degree of insecurity and a high degree of participation in the decision making process make a difference for employees experiencing downsizing? Yes, but it is mainly the insecurity about and changes in the job that have a negative impact on their well-being. Participation in decision making has a positive impact on dedication.

Our third aim was to identify the effects of downsizing before, during and after the execution of the restructuring. We thereby focused on two different types of downsizing based on their duration: brief/single downsizing and prolonged downsizing. To summarise, prolonged downsizing seems to have affect work characteristics (workload and supervisory support) in all phases of the process, while well-being (emotional exhaustion and dedication) only seems to be affected during the execution of the downsizing.

**PART III**  
**STORY BEHIND THE NUMBERS**



# Chapter 5

## The story behind the numbers

This chapter presents four case studies, from Denmark, the Netherlands, Finland and Poland. These case studies aim to provide further insight into the quantitative findings described in the previous chapters. In other words, we are interested in the ‘story behind the numbers’. This story is told by describing the restructuring processes and the perceptions and reactions of members of the organisation undergoing the restructuring.

For these case studies, we formulated three research questions:

- How do different types of restructuring affect the well-being of employees?
- What role do organisational and personal factors play in the relationship between restructuring and employees’ well-being?
- How do subgroups differ in how they cope with restructuring processes and adapting to the changing work situation?

All studies are conducted in organisations that experienced a restructuring. The information is gathered through interviews with employees, managers, supervisors and other relevant stakeholders, such as occupational health care personnel, occupational safety representatives and HR managers, that are still working in the organisation. We studied employees in different types of work: employees working with people, white-collar and blue-collar employees. The cases also describe different types of organisational restructuring, although downsizing was part of the restructuring process in all the cases.

### 5.1 The Danish Case: Prolonged restructuring in Elderly Care

This case study describes the restructuring process in Danish elderly care centres in one of the largest local governments in Denmark (see Nielsen & Randall, 2009; Nielsen, Randall & Christensen 2010a, 2010b). Two care centres containing 31 teams of 533 employees participated in this study. In each elderly care centre, about half of the employees provided care to elderly people still living in their own home (homecare) while the remainder worked in residential elderly care homes. During the time of study, the elderly care centres intro-

duced changes to 1) increase staff retention and reduce absenteeism and 2) cut down on financial spending. The local government financing the elderly care centres had overspent and was required to pay a financial penalty to the government.

### *The restructuring process*

A number of concurrent changes were implemented. Firstly, the local government was finding it difficult to maintain and recruit staff and absence levels were high. A senior management decision was made that all the municipal elderly care centres would implement teamwork in an attempt to tackle these problems. Previously employees had worked in large groups with no shared goals and little formal interaction. Secondly, six months into the team implementation process, the local government had to make redundancies due to overspending. This primarily affected canteen staff and physiotherapists (rather than nurses and healthcare assistants). In some teams, 10% of staff was made redundant. Thirdly, some six months later, due to an additional need to cut expenses, it was decided to merge the elderly care centres. It was announced that one of the elderly care centres in the study would have to partly merge with the other elderly care centre (which had also participated in the study). Functional managers (managers of the activity team, the kitchen team, the homecare manager and the elderly care centre manager) would all have to apply for their own positions in competition with managers from other elderly care centres. Six months went by with no clarification of the future and then with a month's notice it was decided that one elderly care centre would be divided between the two other elderly care centres (one participating and one not participating in the study).

### *Communication and support*

To support elderly care centres in implementing teams, a teamwork consultant was employed: an elderly care centre manager who had previously implemented teams with great success was employed to develop an implementation strategy. This included initial meetings with managers and employees in the elderly care centres where she would discuss the advantages and disadvantages of team implementation. All employees were also given a booklet on teamwork. All senior managers went on a training course, and team managers (the former supervisors were appointed team managers) and teams were offered voluntary training courses on team implementation. Furthermore, regular updates on the progress of the team implementation were published in the personnel magazine.

Less communication supported the downsizing and merger process. Communication to employees mainly consisted of discussions in the works council and team managers' updates during team meetings. Because of the procrastination of which centre would merge (this was over a period of six months), many rumours arose as to what was going to happen.

The level of participation varied across the different restructuring processes. Team implementation included discussions at team level of which responsibilities team members felt ready to take on and the pace at which this would happen. Influence on downsizing and merging was limited to union representatives on the works council. Team managers in the teams affected by downsizing felt they had very little influence and one of the managers left the organisation as a response to downsizing.

### *The effect of the restructuring on work characteristics*

During the interviews, it became clear that there were huge variations in how well teams were implemented.

Where teams had been successfully implemented, employees reported working more closely together, being more supportive of each other and feeling there were greater opportunities to develop in their jobs as well as greater opportunities to exercise influence on how work should be done and develop new ways of working. Work groups previously under one supervisor were divided into smaller teams responsible for a smaller group of clients, and in consultation the teams divided the work tasks between them. The team manager (formerly the supervisor) took on a coaching role rather than an authoritarian role.

In the teams where employees had been laid off, employees reported a higher workload, which in turn resulted in less time to develop new services and do a good job for the clients; employees were only able to offer minimal service.

### *The effect of the restructuring on work attitudes and well-being*

With regard to team implementation, reactions were mixed. Some employees reacted strongly and felt there was a hidden agenda that management wanted team members to apply group pressure in order to reduce absence levels. They also felt that the team concept was used as a buzzword. They reported that every six months senior management came up with a new idea that had to be implemented, but after a while it fizzled out and was overtaken by a new concept and a new idea. Other employees felt they had always worked in teams, and defined working in teams as having colleagues that they could talk to. These reactions were mainly found in teams where supervisors had taken little responsibility for implementing teams.

In teams where supervisors had been active in implementing teams, reactions were more positive: they saw the benefits of teamwork and had worked hard to implement teams. In one group where the official team manager had taken a sabbatical, the group had appointed a peer to oversee the implementation of teams, and in this group team implementation had been particularly successful. Overall, it was reported that both managers and employees felt it difficult to work with team implementation during the turbulence of downsizing and restructuring.

The response to downsizing and merging local centres was frustration. Downsizing was felt to be unfair in an organisation where there were difficulties recruiting new staff and they were constantly understaffed. This was especially the case where there had been redundancies, for example among the physiotherapists. At the beginning of the merger process, it was announced that one of the elderly care centres in this investigation would have to merge. However, this was met with great resistance from both managers and employees. The elderly care centre consisted of two centres that had merged four years earlier, and both management and employees agreed that they finally built a joint unit that functioned well. They therefore initiated a campaign to convince senior management in the local government to rescind its decision. One month prior to the planned merger they succeeded, and one other elderly care centre (also included in this study) had to merge.

For some employees, job insecurity arose as a result of team implementation. Employees were not so much worried about losing their jobs but about what would be required of them in their role of team members. *“Many (older employees) are worried about new things. You feel better about stability. They have difficulties seeing the advantages...They find it hard to let go of the safety of the old situation. When you want to introduce something new, they don’t think it is an advantage to them”*. Some also resisted the new role of their manager; some felt that it was the manager’s responsibility to delegate tasks and plan time.

Employees in functioning teams were dedicated to their jobs and it was reported by both employees and team managers that employees who had previously been quiet and withdrawn had started to come forward and make valid contributions on how to achieve team goals. *“I think they (employees) are really ready to take responsibility, most of them...By being given this responsibility, they are really growing; they get the task and they do an amazing job. My main job (as a manager) is to make myself expendable, so that they don’t need me - that everything flows even if I am not here.”*

Where teams had been implemented, greater job satisfaction was reported. However where teams were not implemented, some employees felt disappointed and reported dissatisfaction as their expectations of teamwork had not been met *“I really wanted training in teams, so we could become a team, so I could be ready for team management. Because I don’t know what the concepts means and what I can do. And that makes you rather frustrated.”* They reported disappointment at the lack of support from both ‘team managers’ and senior management. In well-functioning teams, it was reported that both the team manager and employees had been supportive of the idea.

Those affected by downsizing reported feeling exhausted by the amount of work they now had to do and disheartened by the reduced quality of care they had to offer *“I think it’s the cut backs. I have no flexibility because we’ve lost 97 hours. I have no time at all to do anything extra.”* As a coping strategy, employees talked about the problems they experienced but they felt there was little they could do apart from provide emotional support.



In the elderly care centre where the merger was announced at an early stage, employees reported frustration with the senior management. They felt they were victims with little say and felt that senior management in the local government had little respect for their work and their opinions.

### *Vulnerable groups*

During the interviews with union representatives, it became clear that several older employees had opted for voluntary early retirement as a result of team implementation. They were tired and did not want to be part of yet another initiative. They feared that their working conditions would change for the worse; that they would have less time to spend with the clients and engage (more closely) in interpersonal relations. Due to frustration over the downsizing process, one team manager opted to find another job.

### *Lessons learned*

Overall, it can be said that where teams were implemented, employees and managers felt that their daily working life had taken a turn for the better as a result of the change. Where teams had not been implemented, such improvements were not reported. In teams where employees had been laid off, this was reported to have a negative effect on stayers' working life. Employees said that they could only offer a poorer quality of service to clients.

The null effect (where teams had not been implemented), the positive changes in working conditions (where teams had been implemented) were all found to be associated with health and well-being. Where teams had been implemented, employees reported higher levels of engagement and positive well-being during interviews. Where the employees had experienced the negative impact of downsizing, employees reported feeling exhausted and demotivated. This relationship was possibly worsened by the fact that employees felt they were given too little information about the change and reported having little influence on the decisions made. Where employees had participated in implementing teams, these were reported to function better as was the case when the team manager had played an active role in supporting team implementation.

## **5.2 The Dutch Case: Downsizing in a Research Institute**

This case study describes the downsizing process in a Dutch Research Institute. The majority of the employees in this institute are researchers or project/programme managers. This case study focuses on the two business units of this institute (10 departments in total) most severely affected by the downsizing.



## *The restructuring process*

In 2009 it became clear that the Ministry which provides a large part of the funding of research conducted by the Research Institute would have to cut its research and development budget and that this was going to have significant consequences for the Research Institute. Management announced that cutbacks were inevitable and that some of the employees would be made redundant. Although the amount of the savings was more or less known, at the time of the announcement it was still not clear which departments and research areas would be affected, and the extent to which they would be affected.

After the announcement, so-called ‘stop’ and ‘austerity’ topics were determined and the management started, together with the direct supervisors, to set out the exact consequences in terms of the number of redundancies which would be required in each department. For each group of exchangeable functions related to the ‘austerity’ topics, the employees with the shortest employment duration within the company from a particular age group would be laid off. Employees working in a ‘stop’ area became redundant too. Besides firing employees with a permanent contract, other measures were taken, including a vacancy stop, outsourcing of activities and no extension of temporary contracts. The results of this process were put down in a so-called ‘intended decision’ (voorgenomen besluit (VB)) by the management. Three months after the formulation of the ‘intended decision’, the results were presented to the employees. During this announcement meeting, the employees from all departments and business units were informed about the impact of the decision on their own job.

## *Communication and support*

The Works Council was involved in the process from the very beginning and had frequent meetings with the management team and supervisors before and after the official announcement of the number of redundant employees in each department. According to law, the Works Council has the right to give advice over the intended decision. After the Works Council issued its advice, the ‘plan’ became definite. A project team was established consisting of HR and Communication representatives to set up a communication plan.

During the restructuring period, employees were informed and up-dated via several communication channels, such as information on the intranet, monthly meetings of management and employees at each site, messages from the Works Council and information from their direct supervisor. Although the management tried to be transparent throughout the process, overall the interviewed employees were dissatisfied with the communication. Employees found that the information they received lacked clarity, was unspecific and impersonal.

Since the official announcement, contacts between the leavers and stayers on the one hand and the management and Works Council members on the other hand, have mainly been informal. Although the Works Council members stressed the importance of taking into account human factors and devoting attention to stayers as well as leavers, according to the employees little attention was paid to the stayers.

### *The effect of the restructuring on work characteristics*

The restructuring influenced employees' daily work, both during and after the restructuring process. In the period prior to the announcement meeting, the upcoming restructuring was the dominant topic in work meetings. Moreover, the supervisors seemed to be busy planning and coordinating the reorganisation. There was therefore little communication about the daily work activities, the work within the department was poorly coordinated by the supervisor, and the employees experienced a lack of support from their supervisor. In general, the employees reported that they felt a lack of direction. Moreover, during the period of uncertainty, the employees talked a lot about the restructuring and therefore had less time for their daily work.

Furthermore, due to motivational reasons and poor supervisory support, in some departments less time and energy was spent on acquisition of funding for new projects during the restructuring process. As a consequence, in the period after the restructuring there was less work for some of the employees. Employees from other departments reported that there was actually more work to do and that they experienced a high workload before and after the redundancies took place.

The restructuring process also had a huge impact on the social relationships within the organisation. Some employees reported a more individualistic and competitive climate. They felt that people were more focused on their personal performance in order to (hopefully) save their job. Other employees found it nice to talk about the restructuring and to share their feelings with colleagues. Although employees apparently experienced this as a way to cope with the situation, it also led to a negative spiral due to the negative atmosphere. Some employees, therefore, increasingly withdrew from social relationships with their colleagues. The atmosphere during the period in which the leavers had to hand over work to the stayers was particularly difficult with a tendency to cynicism, especially among employees who had been made redundant.

Once the employees who had been made redundant had left the organisation, the climate started to improve. However, for some employees the restructuring led to a serious depletion of their social network at work. They missed their former colleagues. The restructuring also had practical consequences that still affect daily work. For example, a lot of manpower and knowledge had been lost. Some areas of expertise were cut off, whilst competences in these areas were still required for new projects. This caused a great deal of frustration among the employees.

Overall, the amount of work was not well distributed after the restructuring. Some employees were overloaded, while others had very little work. Moreover, due to cutbacks within the technical services, researchers increasingly performed technical chores by themselves, which left less time for their main task.

### ***The effect of the restructuring on work attitudes and well-being***

In general, the employees experienced a serious reduction in their work motivation due to the restructuring. Employees were dissatisfied with how the restructuring was communicated. *“It was very frustrating to have to attend a meeting and get no information at all.”* Moreover, they felt that the information was communicated in a very distant and abstract manner, and sometimes insincerely. *“They [the management] talked in strategic terms, but did not seem to realise that they were actually talking about the future of someone’s job”.*

The exact method used to select employees who would be made redundant was not clear to employees, although possible scenarios were discussed. Consequently, for a relatively long period of time employees were insecure about the future of their own jobs. Although the managers knew the consequences for their employees, they were not allowed to talk about it before the announcement meeting took place. Employees wondered: *“Why should I get involved in this project, when I’m not sure whether I’ll still be working here in two months’ time?”.*

During the period of uncertainty, the upcoming restructuring seemed to affect absenteeism. According to the supervisors, in some departments absenteeism increased, whereas in other departments it declined. These differences could be related to the communication strategy that differed among supervisors. Some employees thought they could save their job by working harder, whereas others were explicitly told that whether or not they were made redundant was purely a matter of luck.

In the period before the official announcement, the climate at the offices was sometimes very negative, lethargic and in some cases resulted in health problems (e.g. headaches). Employees reported that they had to protect themselves from becoming negative and cynical. Especially the contact between leavers and stayers was perceived as difficult by the stayers. Although they were ‘the lucky ones who could stay’, they did not feel happy at all. They felt sorry for their colleagues who were leaving and felt responsible for their care. They also felt guilty towards them about being busy with work and not being able to devote enough attention to them. Furthermore they reported finding it difficult to show empathy towards the leavers, while in the meantime they had to protect themselves from joining in the cynicism of some of those who had been laid off.

Employees reported that they are more insecure about their job in the future, due to their experiences with the restructuring. *“It feels as if someone can come in and fire me at any moment”*. Feelings of insecurity seem to remain because the period of uncertainty took so long.

Looking back, the employees felt that they were insufficiently involved in the process. Decisions were made top-down whilst, according to employees, the higher management was not sufficiently aware of the actual work processes and routines at the level of the employee to make the right decisions. The fact that employees were not informed about the reasoning behind the decisions led to a prolonged feeling of uncertainty among the stayers. *“Why was I allowed to stay? Was I just lucky?”* The reasoning behind the decisions is still vague and mysterious to the interviewed employees, which seems to make it difficult for employees to accept.

Furthermore, the employees missed the integration of the choices related to the restructuring within the perspective of a long term organisation strategy. They believed that both the direct supervisor (in relation to the higher management) and the top management (in relation the Ministry), should have acted more proactively. Furthermore, employees are disappointed about how management behaved towards the leavers. Consequently, they perceive their employer more negatively, which affects their organisational citizenship behaviour. Also their willingness to work overtime seems to have declined. Employees ask themselves *“Why should I work for an organisation that treats people like this?”*

After the restructuring, employees sometimes wished that they could make a fresh start too, like colleagues who had been dismissed. They missed a new symbolic starting point, from which you can leave the restructuring behind, and make a fresh start together as a new team. Their trust in the profitability of new upcoming restructurings is very low. Employees reported suffering from “restructuring fatigue” and wondered *“How will we benefit from this new reorganisation? Can we just do our work, please...”*.

### ***Vulnerable groups***

Employees reported that the consequences of the restructuring in terms of the risk of job loss were most severe for employees who had worked for the organisation for a long time (often older employees) and for employees who did not have a varied curriculum vitae.

### ***Lessons learned***

It seems that in the long term, loyalty towards the organisation has declined. According to employees, a more detailed explanation by the management of the reasons behind decisions, a shorter period of uncertainty as well as better communication about the long term vision could have helped prevent this negative effect. In the view of the employees, a clean cut with a short period of insecurity would have been better. Although this is just a hypoth-

esis, supervisors confirmed this and reported that they noticed the continued feelings of job insecurity too. Some employees reported that the process would have been much easier if they had experienced more attention and support from their direct supervisor.

The period in which the leavers had to hand over their work was experienced as the most difficult period for the stayers, especially due to poignant situations among leavers and their cynical attitude towards the organisation. According to the interviewees, who are all 'stayers', the 'compulsory 6 weeks handover period for leavers' was unnecessary and in some cases even harmful for the stayers.

Some supervisors reported that, retrospectively, they could have been more supportive towards their employees. For instance, by having more frequent informal chats about their feelings regarding the restructuring process. Furthermore, the supervisors realise that clear communication about what the employees can expect is vital, which is illustrated in the following example. In the weeks following the announcement meeting, the employees assumed that no 'farewell meetings' would be organised for the leavers, which created a lot of anger. In fact, according to the supervisor, there was a plan to organise such a meeting, but, retrospectively they failed to communicate it in a proper way.

To conclude, possibilities for improving the restructuring process appear to be related to communication matters, the duration of the period of uncertainty and the role of the supervisor in the restructuring process. Improvements in these areas may contribute to less job insecurity and a less negative climate during and after the restructuring period.

### **5.3 The Finnish Case: Restructuring in a Paper Factory**

This case study describes the restructuring in a Finnish paper factory from autumn 2008 to spring 2009. The Finnish paper industry had already undergone several changes. However, the situation had stabilised before the economic downturn in autumn 2008, which created new profitability problems. The current change in the paper factory differed from the earlier changes in one important way: the company was also forced to lay off permanent employees; retirement and other solutions (outsourcing, etc.) were not enough to achieve the needed savings.<sup>1</sup>

#### *The restructuring process*

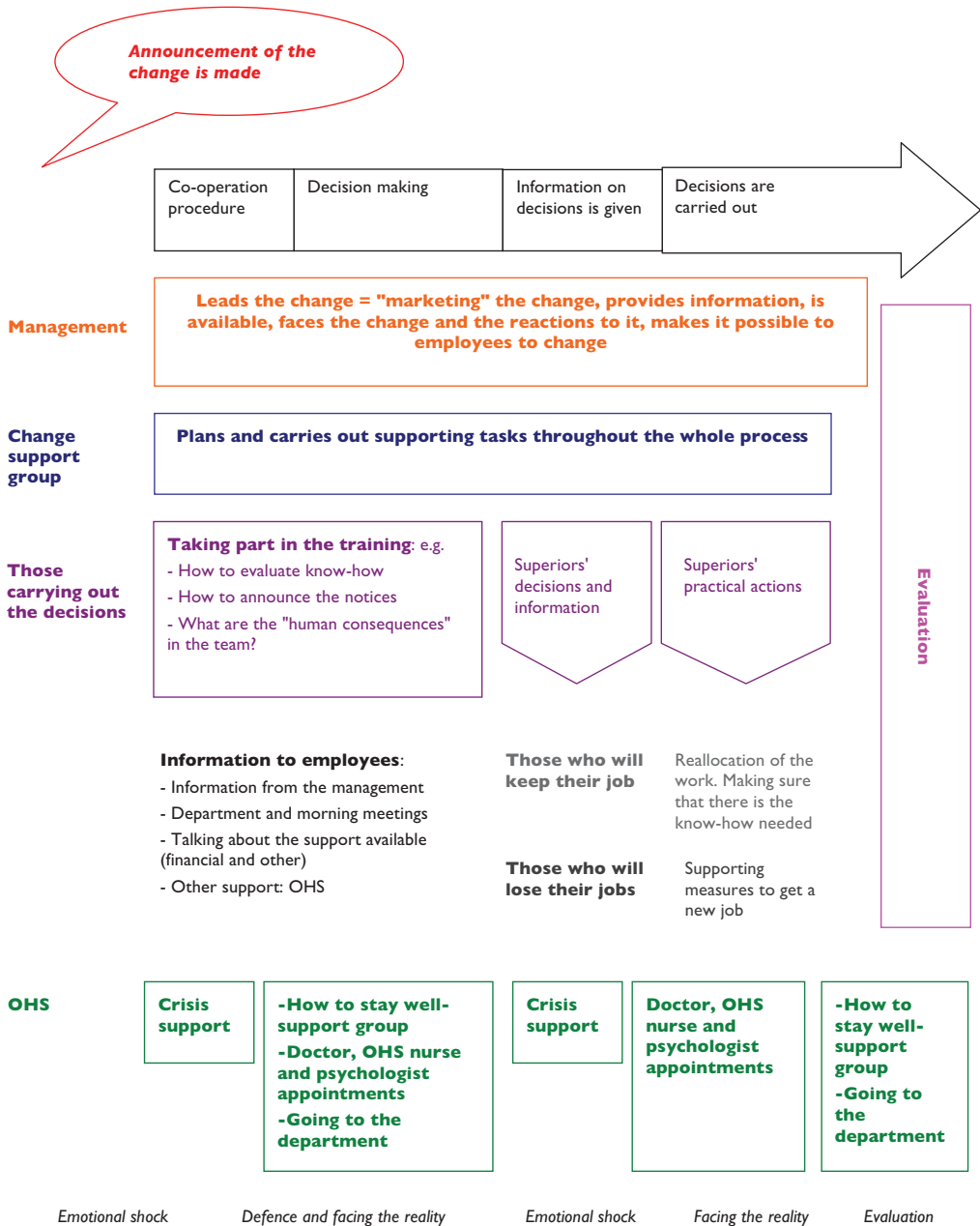
The studied factory is part of a bigger paper company which announced in autumn 2008 that several changes, mainly downsizing activities, were going to take place in some of the units. The factory had already tried to cut expenses with profitability programme from 2003. Savings had been achieved, but more were needed after the rise in the price of

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<sup>1</sup> The case is based on a wider study called "Promoting occupational well-being and managing sickness absences in the Finnish paper industry" (Pahkin et al., 2010)

wood and changes in the exchange rate. The new downsizing plan included the need to cut the number of employees. At the same time, investments plans were also made.

The restructuring process is briefly illustrated in figure 5.1. Different phases of the change and the role of the various actors during the change process are described. The critical question in the process was how to decide which employees would be made redundant. It was decided to base decisions on redundancies on know-how and competence evaluations. This plan aimed to secure the function and competitiveness of the factory after personnel reductions. The know-how and competences of each employee were evaluated by two or three supervisors.



**Figure 5.1:** Restructuring process: phases and activities

## *Communication and support*

A change support group was established to coordinate the change process. To respond to requests for information, different channels were applied (public discussions, face-to-face discussions, intranet pages etc.). On the intranet, for example, employees could ask questions anonymously. Employees appreciated this opportunity. The information flow during the process was discussed in numerous interviews. Interviewees emphasised that it was important to be informed about the coming changes, but also to be open about when no information was available or when decisions had yet to be made. It was also important that the information was given to everybody at the same time, to prevent rumours.

The supervisors participated in a training which dealt with the criteria of the competence evaluation and how to have 'bad news conversations' with employees who were to be made redundant. The supervisors were encouraged to spend time with their subordinates, to be available for questions and support. After the change process, the supervisors concluded that, in addition to public discussions, there was an evident need for short one-to-one discussions. Although there was not always new information to deliver, these discussions helped employees deal with the situation together.

The occupational health care (OHS) unit organised support functions throughout the process.

## *The effect of the restructuring on work characteristics*

As a consequence of the restructuring, the way work tasks were divided among the blue-collar employees changed and the job descriptions were widened. Before the restructuring, the division of work was mainly based on the position of the employee: certain tasks in the paper production process belonged to a person with a certain position. In the new system, work groups were responsible for performing all the tasks related to their area, and an employee now has to be able to perform several tasks. This meant that some of the employees had to learn new skills.

The data from a follow-up survey<sup>2</sup> showed that after the downsizing, the number of those employees who could handle only one task had declined and the job descriptions were wider than before. Also the number of employees, who felt that they could influence their work and the decisions concerning their work had slightly increased. At the same time, the employees felt they had less time to do their job well.

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<sup>2</sup> In addition to the interviews, a survey was carried out before and after the restructuring (Pahkin et al., 2010)



## *The effect of the restructuring on work attitudes and well-being*

After the downsizing was announced, feelings of job insecurity increased. The period between the downsizing announcement and decisions about the termination of work contracts was considered to be too long by the employees. This period of uncertainty provoked anxiety among the workers, and it became more difficult to concentrate on everyday work. It was reported that some employees came to work even though they should have reported in sick, because they were afraid that calling in sick would be interpreted as a weakness and would reduce their chances of keeping their job.

The competence evaluation system raised concerns among employees. One of the fears was that, in the case of being made redundant, employees would be unable to find new employment, since their competences had not been considered adequate to preserve their jobs.

The interviewees reported that some employees “*lost faith in the future and felt that there was nothing more they could do*”. However, there were also work groups with a more positive spirit in which employees had started to jointly consider different opportunities to cope with the situation and find alternative options for the future, either inside or outside the company.

The survey findings showed that the work-ability had remained at the same level, but that the feelings of stress had increased. The collected sickness absence data did not show a reduction in the amount of absenteeism during the change period.

### *Vulnerable groups*

Based on the interviews, the temporary employees were most worried about the future of their work and some of the older employees were thinking about taking early retirement. Many of the older employees felt that retiring would be a positive thing and that “*they had worked long enough*”. There were, however, also some older employees who felt that they were being forced to retire by their colleagues, that they should “*give their jobs to the younger ones*”. From the organisation’s point of view, it was a challenge during discussions about retirement plans to make sure that retirement was truly voluntary.

The survey findings showed that younger (under 40) and older (50 or over) employees did not differ in their level of well-being during the period of change (e.g. in level of stress). However, the younger employees were the ones who viewed the change slightly more negatively, and reported more often that the change had a negative impact on their well-being than the older employees. Moreover, younger employees experienced the future of their work as more uncertain.

## *Lessons learned*

During the organisational change process, as much information as possible should be provided to everyone (employees, their representatives, supervisors). The information should be easy to access and different channels should be used (one-to-one discussions, public discussions, intranet pages etc.). Furthermore, besides informing people, it is equally important to tell them that no new information is available and that the process is proceeding as earlier announced.

It is important that the change has a “face”, a person, a change manager who is present and ready to meet with employees, their representatives and supervisors. The role of the supervisors is significant. Supervisors are the ones who need to keep the “wheels turning” in spite of all the insecurity related to the ongoing change. They are also the ones who have to talk to the employees, to those who will lose their jobs and those who will keep their jobs at different stages of the process. Therefore, the company must ensure that supervisors have all the support (training, material, peer group, human resources, etc.) they require to help them face these challenges and carry out their task.

In this case study, it was the younger employees, especially those aged between 30 and 39, who evaluated the changes in the factory as most negative. Perhaps because they had “most to lose”. The paper factories in Finland have traditionally been lifelong workplaces. Considering these kinds of restructuring situations, the young employees may be a target group for special support actions.

## **5.4 The Polish case: Overview of the restructuring in Polish companies**

The Polish case is based on interviews conducted with 30 respondents to the earlier mentioned questionnaire (chapter 3). At the end of the questionnaire, the respondent was asked whether he/she would like to participate in an additional individual interview on his/her experience concerning the restructuring. The structure of these interviews was the same as the structure of interviews in other case studies. The difference between this case study and the other case studies is that data in this study were not gathered within one specific organisation but in different organisations. The full report from the interview can be found on the PSYRES website.

### *Communication and support*

An important element highlighted by the majority of interviewees in the process of change implementation was the information factor. Informing employees about the planned changes was recognised as a stress-reducing factor. Lack of information, on the other hand, was considered to be the biggest obstacle for transition through restructuring. It caused anxiety and mistrust among employees. The way people were informed differed between organisations.

For example, in one organisation where changes were implemented through an internal audit, the new manager held individual meetings with all employees affected by restructuring. In another organisation, however, after the management board changed, the new managing director came into the office and simply said: “*Well, this department is to be closed down.*” Later, all supervisors received instructions to prepare lists of employees to be laid off – with no previous explanation or notice.

The most common way to give information was through public information meetings and sending e-mails or intranet messages. Details were discussed directly with supervisors or through less official communication channels (the so-called “corridor rumours”). In some cases, employees found out about the planned changes thanks to trade unions’ letters. Nevertheless, most respondents repeatedly emphasised that the information factor is underestimated.

Employees emphasised the lack of trust, which prevented them believing in the good intentions or fair actions of decision-makers, and in some cases they evaluated changes as merely serving the ‘personal games’ of managers. However, when the changes were designed to increase the company’s performance, they were usually perceived as just.

The vast majority of interviewees did not feel they had any influence on the course of restructuring – only a few respondents in managerial positions claimed they had any real influence on the implemented changes. The situation looked slightly better in the case of indirect participation in the above-mentioned changes through trade unions or works councils. However, trade unions’ actions were described as a “safety valve” rather than having any real impact. Only two people described trade union actions as having a real impact on the working environment.

Most respondents appreciated the support they received from their supervisors during the change implementation process. Generally, supervisors provided their employees with emotional support and answered all their questions about the restructuring, although sometimes they were also described as those who couldn’t do much themselves, were not well-informed or were not allowed to inform their subordinates. Only one person assessed his supervisor negatively, adding, however, that he received support from the general director. In some cases, supervisors changed too often to clearly assess their support – in one organisation there were 14 different supervisors during the 5 year period.

Support from co-workers was also considered an important factor that facilitated the change implementation. In general, this was also rated well. In a few cases, where the changes directly affected the staff and posed a threat to them (e.g. redundancy), it was slightly more difficult to get such support. Some employees claimed that in such cases their colleagues preferred to protect themselves rather than the whole department, or did nothing due to lack of clear information. However, the majority of interviewees received co-workers’ support: as in one organisation, where in order to deal with lack of information, workers started to organise informal informational meetings themselves.

Financial and psychological assistance for those made redundant was considered another factor that facilitated change introduction.

### ***The effect of the restructuring on work characteristics***

Most employees mentioned intensification of work as a result of changes, regardless of the type of restructuring: increasing quantity and pace of work were noticed in cases where companies performed reduction as well as changes related to organisational growth.

Increased participation in the decision-making about one's work was shown as one positive effect of restructuring among most of respondents. It was explained that in circumstances when intensity of work is high, the responsibility is assigned to the lower levels and thus regular employees have more control over their work. And even if some of them claimed that they sometimes preferred not to have so much responsibility, in general this effect was perceived as positive. Nobody felt that decision-making had decreased due to restructuring – alternatively it had not changed.

A number of respondents declared higher job insecurity. It was associated with down-sizing processes, especially when they were long-lasting, complex and conducted in an obscure way. One third of the interviewees did not notice any change in this aspect and one person claimed that he was more confident about his job – he was allowed to create a new work unit and was made its supervisor.

Restructuring also has an effect on relationships at work. Admittedly, half of the interviewees did not notice any changes in that field, but the other half reported changes for the worse. The number of conflicts among the workers increased. The employees explained that such conflicts occurred when lay-offs and other inconvenient changes were performed. These conflicts were all the results of misunderstandings, ambiguous situations and uncertainty. Small matters became big issues, mutual trust declined, and there were problems with dialogue. Deterioration of relationships was related to stress, greater competition resulting from a desire to prove one's value for the company, irritability, uncertainty, resentments caused by unequal treatment.

### ***The effect of restructuring on work attitudes and well-being***

About a quarter of the respondents declared increased job satisfaction as a result of changes. They tended to be people whose personal situation at work had improved: they appreciated the fact that due to changes they had started to specialise in their fields and they could see that they were good and valuable for the company. Also, better work organisation, promotion as a result of restructuring, new challenges, better earnings or improving the work system were valued.

On the other hand, some employees also reported negative effects from the restructuring. These were mainly people whose personal situation at work had deteriorated, even though the changes contributed to the organisation's growth. For example, they had been moved to another unit, where they were involved in less profitable projects, or a company had grown and changed from a small, family business into a big corporation. In the case of changes of ownership and downsizing, job satisfaction decreased more often, even if someone survived lay-offs.

Employees whose well-being deteriorated due to restructuring explained it by stress, overwork, lack of information and fatigue. They reported increased alertness and health effects of overwork (visual impairment and musculoskeletal disorders) caused by working on a computer too much every day (14 hours in one case). However most of them did not feel any changes in their well-being and some even noted an improvement in this area: they were happy with their company's development.

### *Vulnerable groups*

Employees over 45 reported more health and well-being effects than younger employees, even if they were satisfied with restructuring. They complained of stress, increased alertness, overwork, fatigue, insomnia during the changes.

### *Lessons learned*

In this case study too, the importance of good information and communication was stressed. Trust increased if employees could see how the designed changes would improve company performance. Supervisor support, but also co-worker support, is highly valued. In situations of insecurity, the latter declines. In these situations, management should be aware of the risk of conflicts. Also the ability to have some influence on the course of the restructuring process was valued. The support (financial and psychological) for those who were made redundant was seen as an important factor.

Increase in job demands (in work pace, overtime), increase in responsibilities due to the increase in job demands were seen as "mechanisms" of how restructuring affected their well-being. Tasks were delegated to a lower level, because the supervisor was too busy. Most interviewees were happy with this development. Job insecurity was also mentioned as an effect of restructuring that influences well-being.

## 5.5 Summary

The case studies highlighted the fact that employees rarely experience ‘one type of restructuring’, so the question ‘what is the effect of different types of restructuring is difficult to answer. In almost all organisations, a combination of ‘types of restructuring’ was implemented: sometimes intended, sometimes due to events that occurred during the process. The impact of the restructuring on health and well-being is therefore a combined effect of different types of restructuring and related activities and results. And as was seen in chapter 2: the impact of the restructuring on employees’ work more often explains the impact on well-being than the type of restructuring. Furthermore, a restructuring process contains different stages that all have a different impact.

It is however possible to draw some conclusions related to the question:

- Types of restructuring that involve increased responsibility for employees, for example the implementation of teamwork or a decentralisation of task, are in general valued positively and have a positive effect on the well-being of employees.
- Types of restructuring that involve downsizing are generally valued negatively and have a negative effect on the psychological health and well-being of employees. Job insecurity, loss in faith in the future of the organisation, feelings of guilt among stayers towards those who have to leave increase this negative effect.

### *Communication, good information and possibilities for participation are important*

The importance of good information is stressed in all cases. Long periods of uncertainty and unclear criteria for selecting employees who are to be made redundant increased job insecurity during and after the restructuring process. Job insecurity in turn increases levels of stress and exhaustion. People prefer to hear that there is no news, than to hear nothing at all. Information should be given through different channels (intranet, meetings, memos), but most important is the opportunity for employees to talk about the upcoming changes with their supervisor (or someone else).

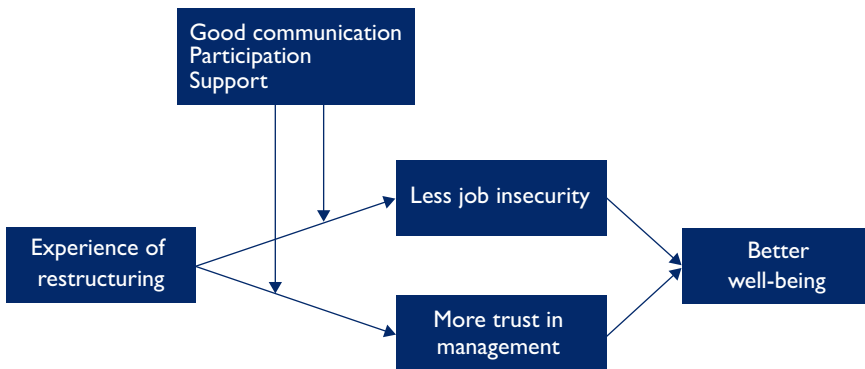
‘Give the restructuring a face’ was seen as an important factor which should be taken into account during restructuring. It is important that employees have someone they can contact to discuss the restructuring. In contrast, the management that talks about the restructuring in very abstract terms or is so busy re-organising that they are absent on the shop floor was seen to increase feelings of frustration and exhaustion.

The level of participation in (implementing) restructuring influenced the appreciation of the restructuring. If employees were able to participate, they felt taken seriously and valued and consequently had much more faith in the decisions. Employees who did not participate had less confidence in the decisions and less trust in the decision makers. This increased the levels of stress and dissatisfaction.

## *Supervisor support*

Supervisor support is related to provision of information. A supportive supervisor, according to our interviewees, is a supervisor who talks to his or her employees about the restructuring, providing scope for questions and reflections. But it is also a supervisor who participates in the decision making and the implementation of changes, and communicates about this. It is also important that the supervisor gives direction to the daily working process. Supervisor support was linked to well-being according to the interviewees.

These conclusions are summarised in Figure 5.2.



**Figure 5.2:** Better well-being: the role of good communication, participation and support

## *Increased workload and reduced quality*

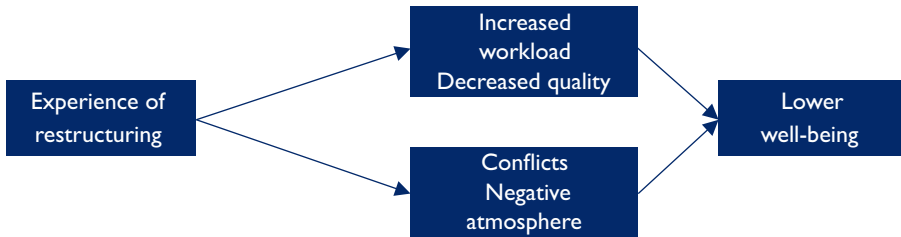
In many of the cases, we see that layoffs lead to an increased workload for the employees who stay behind, at least immediately after the change. Not only are there fewer people to do the work, in some cases ‘specific expertise’ is also ‘made redundant’ so that employees have to perform tasks in which they are not specialised. The increased workload and loss of expertise had a negative impact on the quality of work and this all has an effect on the feelings of exhaustion of employees.

## *Conflicts or weak co-worker support*

Restructuring processes have an effect on the social relationships within the organisation. For example, if the criteria for redundancy are not clear for employees, the atmosphere can be very individualistic and competitive. There is little co-worker support in these situations. Sharing your feelings with colleagues can be a way of coping with the changes, although it sometimes leads to a negative atmosphere. Uncertain situations, lack of confidence in the future may increase the number of conflicts in the organisation. Both conflicts and a negative or competitive atmosphere have a negative effect on psychological

health and well-being. Restructuring can also have a positive impact on social relationships among employees, for example in situations where they seek support from each other.

These conclusions are summarised in Figure 5.3.



**Figure 5.3:** Lower well-being: the role of workload, quality, conflicts and atmosphere

### *Subgroups*

There are some differences between subgroups in their ability to cope with restructuring. In some cases, older employees had more difficulties coping with the new situation, or coping with yet another reorganisation. However, younger employees are sometimes the ones who perceive the restructuring more negatively than the older employees. The restructuring can cause them concern about the future of their jobs more than their older colleagues. The effects of a restructuring seem to be more severe for people with few or inadequate skills who might have more problems finding a new job.

The results of the case studies support the results of the quantitative analyses. Based on the results so far, we can conclude that the negative impact of a restructuring process can be reduced if the employees are well prepared (employable, have high self-efficacy and high well-being) and if the change process is organised well.



**PART IV**  
INITIATIVE TO MANAGE RESTRUCTURING



## Chapter 6

### Initiatives to manage restructuring with a view to ensuring employee health and well-being

#### 6.1 National workshops

During the month of September 2011, national workshops were held in Denmark, Finland, Poland and the Netherlands. The aim of the workshops was to obtain information about the initiatives and activities initiated by organisations to maintain psychological well-being during restructuring. Initiatives that address the individual, the group, the managers and initiatives at organisational level, i.e. the organisational procedures were identified during the workshops.

Although all the workshops shared the same aim, the structure of the workshops varied slightly. In the Netherlands, 15 representatives from both public sector (municipality, knowledge institutes and healthcare), and private sector organisations (bank, pharmaceutical company, housing association, staffing agency, consultancy companies) participated. Among them were several HR advisors, a work and organisation expert, an employee representative, a works council advisor, a change consultant, a project manager and an in-company social worker. All were invited because of their experience with restructuring in their own profession (for example as an advisor or organiser of a restructuring process) but also as an employee in an organisation undergoing restructuring.

In Finland, 14 participants were invited through an existing network of actors in paper and pulp industry. Participants included industrial safety and employees' representatives, HR personnel, supervisors, occupational health personnel and other experts. Most of the participants in the workshop had experienced several types of restructuring processes and the majority of them had participated in implementing restructuring processes and organising supportive actions, for example as members of a change support group.

In Denmark, 27 representatives from both private (medical industry and organisational and occupational health consultancies, the postal service) and public sector organisations (local and central government, the police and healthcare) participated. Several rep-

representatives from the unions also participated. Participants were invited through existing networks, but an announcement was also posted on the NRCWE website inviting union representatives, HR and occupational consultants and managers to participate. The importance of prior knowledge of restructuring processes was emphasised in the invitation.

The Polish workshop had 16 participants. They had been invited through various channels: through the CIOP-PIB website, emails and phone calls to labour inspection managers, trade unions activists, employers' organisations and a manager in Ministry of Labour, members of the Leaders in Safety Circle attached to CIOP-PIB (<http://www.ciop.pl/548.html>), and in the newsletter of the Institute of Labour and Social Studies. Participants represented private and public sectors such as: a printing company, a food company, chemical industry, a lottery office and a consultancy agency. They were personnel department workers, industrial safety personnel, trade unions representatives and HR advisors. Also labour inspection officers (dealing with psychosocial risk assessment and risk reduction), a Ministry of Labour representative (focusing on restructuring issues), managers of employment centres (engaged in restructuring problems) and a journalist from an HR journal participated in the workshop.



## 6.2 Interventions

Based on the organisational change literature (Anderson, 2012), we divided initiatives and activities into four levels: activities aimed at the individual, activities aimed at the group, activities aimed at the managers or supervisors and finally, activities in organisational procedures and practices. Below we describe the activities that were mentioned during the four workshops, and where relevant discuss which ones may be specific to one country.

## *Individual level interventions*

A number of initiatives and activities were mentioned that were directed at the individual level.

**Communication** was described as one of the most important factors at this level. At the individual level, communication should be focused on discussions of what the change means for the individual – questions employees ask themselves are: *What does this mean for me? What does this require of me? Do I need to work with other people than I used to? Do I need other qualifications than I have? What opportunities do I have for influencing the process?* Face-to-face contact is important in order to ensure a feeling of security and making people feel valued. Individual meetings where individual employees have a chance to ask the questions they may not be comfortable asking in plenary sessions are also important. They serve the purpose of ensuring realistic expectations of restructuring and its outcomes and increase the likelihood of each employee understanding what his or her role may be in the future.

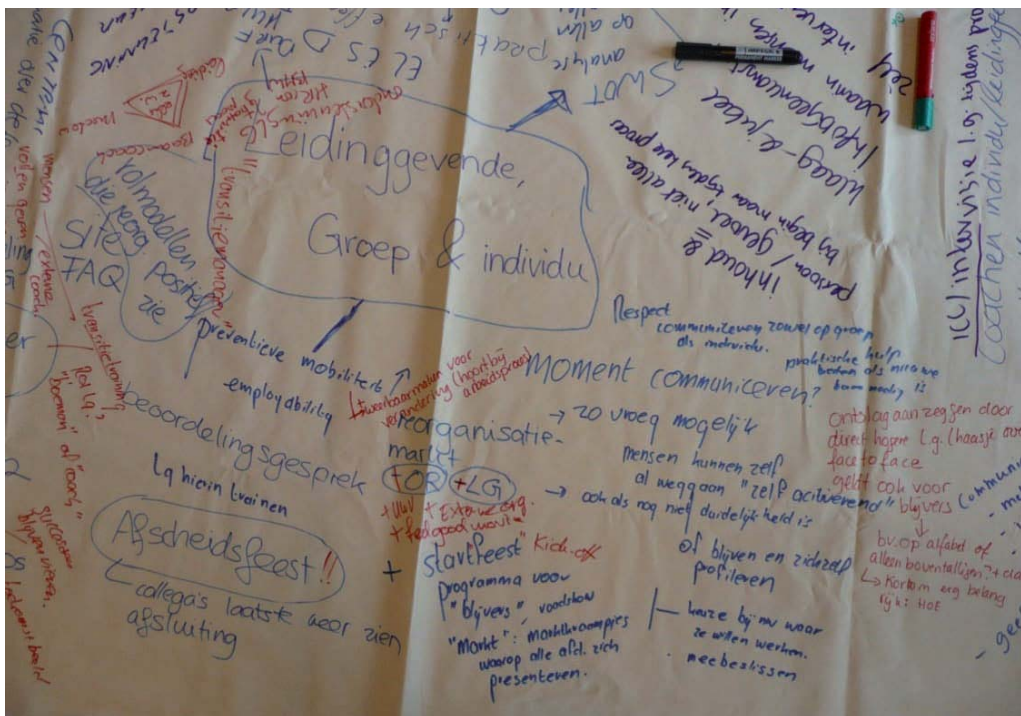
**Participation** is also an important aspect at the individual level. Employees should have the opportunity to influence their future role in the organisation. They should be involved in deciding which tasks to take responsibility for and in which direction their career should go – which skills and abilities would they like to develop in the future.

**Coaching** is another important tool at the individual level. Coaching may help relieve employees from feeling like victims and help them be proactive in defining their future role within the new framework of the organisation. The overall purpose is to empower employees and make them reflect upon where they stand and where they want to go.

**Analyses and development of competencies** is another strategy. Often restructuring requires employees to take on a broader range of tasks and develop new competencies. A mapping of competencies reveals any gaps between the existing competencies of the individual employee and the new requirements of the job and aids the identification of individual training needs. Subsequently, it then becomes a strategy to identify which courses already exist that may help employees develop the necessary resources and perhaps tailor these slightly or develop additional training courses which may teach employees the necessary skills to do their job in the future.

## Restructuring including lay-offs

When downsizing includes lay-offs, the processes and strategies of dealing with lay-offs is also likely to affect those staying behind. Generally, it was agreed that there is no best way of giving notice. Some prefer sending a letter to the employee's home giving him/her the opportunity to adapt to the situation, while others suggest face-to-face meetings. Giving written information about the options for those being laid off, in terms of support, training, job search etc. is important, as is the option to discuss the dismissal with managers/supervisors and others, like union representatives, afterwards. The detailed planning of the process should be discussed with employee representatives to ensure that the process is optimally tailored to the individual organisation.



## Group/departmental level

At the second level, activities and interventions target the group. A wide range of activities were identified.

**Communication** is also important at group level. “Venting” meetings where employee groups can express their feelings, their concerns and their reservations about the change were reported as useful. However, it was also found to be important that these meetings do not turn into sessions of negativity or blame-gaming. Rather they should examine how the group can get the best out of the situation. Another way of ensuring appropriate com-



munication is to have the group develop a set of wishes for the communication they need. This involves allowing the group to identify what kind of information is needed, from whom, when and by which means. Both written and oral communication was found to be important. It was reported that employees found it helpful that restructuring was discussed at group meetings. This offered them both the opportunity to be updated about progress and to give their feedback about how they feel about the restructuring process and the challenges they face.

**Developing ground rules.** Restructuring can be taxing and rumours are likely to flourish, resulting in a negative and tiring atmosphere. One solution could be to agree guidelines for when to discuss restructuring, for example only discussing changes during the morning coffee break. The remainder of the day's focus should be on work itself or other topics. This would ensure that restructuring does not occupy every minute of the working day.

**Transition rituals** were reported to be important strategies for maintaining psychological well-being. This includes marking the change from one stage to another and ensuring that successes are celebrated. Social activities, e.g. parties to get new groups to feel part of a whole are another tool to ensure a smooth transition into a new group composition.

**Risk assessment at group level.** A useful tool was reported to be conducting quarterly risk assessments at group level. The purpose would be to monitor psychological well-being at group level and ensure that the negative impact of restructuring was kept to a minimum. This would involve a short risk assessment tool of 8-10 questions with the responses being discussed at group meetings. This method is particularly useful in smaller groups.

**Developing competencies and self-evaluation.** At European level, the Common Assessment Framework (CAF) has been developed. This is a framework for assessing competencies. It offers a way of ensuring systematic and goal-focused dialogue in the workplace. Important questions to examine are: is there an agreement between objectives and visions? How cost-effective are existing working procedures. Through discussions, an overview of areas for improvement and actions are identified. Both employees and managers are involved in the process. It can help organisations undergoing large changes. On the website of the European Institute of Public Administration (EIPA) translations of this instrument in different languages are available<sup>3</sup>.

**Mapping of group members' competencies.** Several tools exist that may help the group to identify employees' individual competencies. For example, identifying individual preferences may help structure the local implementation of restructuring. Employees who have a preference for planning may be involved in local level implementation, whilst people-oriented employees may be the ones communicating about changes.

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<sup>3</sup> <http://www.eipa.eu/en/topic/show/&tid=191>

Equally important as getting a new group to function together is ensuring **collaboration between groups**. As groups change responsibilities, other groups within the organisation should be made aware of increased or reduced decision making authority. This could be done through meetings of mutual consultations and pinpointing areas of cooperation.

**Well-being coordinators.** This function was identified as a member of the group who is elected well-being coordinator. The role of this person is to monitor the well-being of colleagues and if necessary approach the union representative or the supervisor to draw their attention to any additional support that may be needed. The well-being coordinator can also arrange social activities that help develop group cohesion.

**Mobile learning units.** Where restructuring requires a fundamental change in existing mind-sets concerning the job, a mobile learning unit may be established. This unit consists of 'experts' in the new way of thinking and working which will visit groups to train them and discuss the implications of changes.

**Training** is also an important activity at group level. This may provide group members with the necessary competencies to fulfil the requirements of the job and when teams are being implemented provide them with the ability to work together in new ways.

**Participation at group level.** Just as individuals should have a say in their future role in the organisation, it is also important that groups should be able to influence which activities and responsibilities they can partake in. It is also important to investigate the match of the entire group of workers with the responsibilities of the group to ensure that members as a whole have the necessary competencies to do the job.

### **Group dynamics during downsizing**

In cases of lay-offs, it was reported that the atmosphere can become very negative if the dismissed employees work alongside their non-dismissed colleagues, and some recommended this period to be as short as possible. In other cases, a different view was expressed: it is important that the each person has the possibility to end his/her job with pride. Which strategy is most appropriate may depend on different national regulations, local agreements and cultural differences.

### ***Manager level***

At the workshops, several initiatives were identified that target the manager. Often middle managers are responsible for implementing change at group/departmental level. They may often end up in a difficult situation, where they may not support the change, feel 'sandwiched' between upper level management and subordinates, or feel

they do not possess the required competencies to develop and implement the necessary changes. It is important to acknowledge that managers themselves are in a transition.

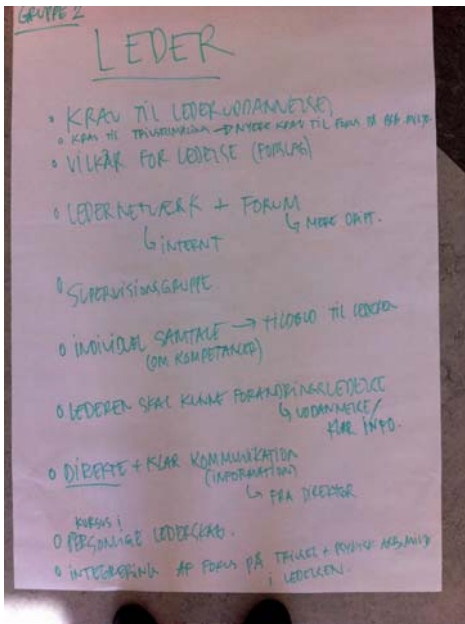
Managers have a number of responsibilities during the change process:

- a) managing the daily work;
- b) managing the restructuring itself and making important evaluations on how change will affect the group/department, and;
- c) managing the transition process that employees undergo – both as a group and as individuals.

### Managing daily work

Middle managers cannot fulfil all the above mentioned roles. The workload may become too big or middle managers may not be equipped for all responsibilities; for example, not all middle managers may be able to manage a transition process. Therefore, at the very beginning of the restructuring process it should be made clear which role the middle managers will play and which role can be (partially) delegated to others. One possibility might be that the daily management is transferred to an experienced senior employee. Another possibility might be to appoint a transition manager.

In all these cases, however, it is important that employees do not get the impression that the middle manager is evading his or her responsibilities. The middle manager should still have a “face” at the department. He/she should walk around the workplace and give personal attention to the employees. The participants of the workshops agreed that “locking yourself up in your office” is probably the worst thing a middle manager can do at times of restructuring





## **Managing the restructuring process**

Middle managers are often the first point of contact for employees and they need to be fully informed about the change. This may be achieved by including them in steering groups and having restructuring as a fixed item on the agenda at managerial meetings. “Talk papers” may also serve as an important aid to middle managers. These outline the most important information to be communicated including ‘Frequently asked questions’.

### **Support to middle managers**

Acknowledging the difficult position of managers, a number of initiatives may be initiated to support the middle manager during the process. This may include coaching but also other activities such as assistance in difficult situations, e.g. HR personnel being present at meetings. Another way is to organise group counselling sessions. Yet another possibility is to establish mentoring. Middle managers more experienced in making changes mentor those with less experience. Another option is to assess the middle managers’ change management and provide guidance on managing change.

Training middle managers in communicating about sensitive issues is also a way to support middle managers in communicating about change. Communicative skills for managers include emphatic listening, summarising events and asking the right questions. They also need to have the ability to plan and implement changes. Training is an option to ensure that managers have the skills to engage in sensitive discussions and situations with staff during restructuring as well as the skills to make changes.

Finally, middle managers should not only be seen as passive recipients of change. They serve as the point of contact between senior management and shop floor workers. As such they possess unique knowledge of how change may be implemented. They should have the authority to make decisions at their level, ensuring that change is implemented in the most appropriate way, taking into account the people and the culture at this level. Also middle managers should have the opportunity to influence decisions at upper levels. They have in-depth knowledge of the operations of the organisations that may be known by senior management.

## **The role of the manager during lay-offs**

Managers /supervisors will often be in a difficult position during restructuring with lay-offs. They may also find themselves in the “danger zone” and they may have to lay off colleagues they have known for many years and who may be personal friends of theirs. It was discussed that managers could be trained in the dismissal situation. Training in how to conduct the conversation where employees are told they have been laid off and how to manage the situation in the group in the period following lay-offs. Furthermore, during the dismissal situation, the managers should receive support from HR, for example their “own” supervisor and HR representative could both be present in interviews during which the lay-off notices have to be given. Also, managers need to have written material describing the services offered to those laid off.

### ***Organisational level***

At the organisational level, a number of initiatives were identified during the workshops that involve changing the procedures and work practices of the organisation.

### **Communication strategy**

At all the previous levels, communication forms an important part of the initiatives identified. At this upper level, an overall communication strategy should be developed. A good communication plan takes time to develop and it should be clear who is responsible for communication. It is important to take into account the transition process which the employees will undergo when planning the restructuring. The period of transition starts immediately after the first announcements and ends up to a year (and sometimes longer) after the restructuring has been implemented. The development of a communication plan includes two important elements: procedure and content.

Procedure: It is important to decide who provides what information to whom and when. How is dialogue rather than top-down information ensured? By which means should communication take place? Making written material available in combination with meetings was emphasised as important during the workshops. Participants also recommended an anonymous communication medium, for example a “Question and Answer” option on the company intranet. Also the importance of repeating the same information as often as required was emphasised. In restructuring situations, distressed employees may not fully understand all the information given and may not therefore realise what the change means to them and reflect on the consequences when first hearing about changes. It is therefore important to provide a means of providing the same information more than once and clearly establishing where information can be obtained. During the restructuring process, it is important to allow the person responsible, time to constantly monitor (and stimulate) communication. In larger organisations, someone from the communications

department can be made responsible. It is insufficient just to explain to managers how they should communicate about the restructuring; the communication department should be on top of it all through the process.

Content: First of all, management should ask itself: “*Why are we restructuring?*” “*And why are we restructuring in this way?*” “*What do we want to achieve by this change?*” and “*How does it fit in our long time strategy and vision of the company?*” Management should be able to answer these questions in just a few sentences. They should be able to explain the reason for the change in “an elevator pitch”. If managers are unable to do this, they are not prepared for the change.

During the whole restructuring period, employees need a clear answer to two important questions (which are interrelated): 1. *Why are we restructuring?* (sense of urgency, if there is a real urgency). 2. *Where are we going?* (perspective of the company’s future). If possible, the restructuring should be presented as attractive and tempting, but with a truthful view of the future. It is important to emphasise how restructuring can offer employees new opportunities for growth and improving their work.

During the workshops, it was recommended to refer to pride and craftsmanship (“*We used to be the best, but not anymore. We cannot let that happen*”). However, there are restructuring processes in which giving an optimistic view of the future would be false and deceptive. As always, also in these cases one should be honest and show these negative consequences, but clearly explain why this restructuring is necessary.

The following advice was provided from participants at the workshop:

1. Be transparent (truthful), open and honest. Do not have a hidden agenda! Do not put decisions to be accepted by employees as options people can choose. Do not try to make the future brighter than it actually is.
2. Be consistent at all levels (organisation, department, team, individual).
3. Repeat the information over and over again.

**Risk assessment tools.** Two means of assessing risks were identified during the workshops. Firstly, some organisations had developed tools that were used to assess the risks to health and well-being before restructuring is initiated. Based on this analysis, the risks identified were then fed back to the planning group and the works council. A second risk assessment tool involves the monitoring of health and well-being during the restructuring process. This involves integrating change in the statutory risk assessment.

**Developing HRM policies.** During the workshops, it was argued that HRM policies should focus on employability and managing change processes. By increasing the employability of the employees, they can easily find new jobs within or outside the organisation. A restructuring event will therefore have less of an impact.

Increasing employability is not only an issue in upcoming restructuring. Employees should always be motivated or even forced to think about their talents and weaknesses, and how they want to develop in the future. HRM policies should facilitate the setting of personal goals to increase their employability. It is important to articulate a clear vision of the company's direction, so that employees can set goals that match the goals of the company.

In relation to recruitment and selection, middle managers should be selected on their ability to manage change processes, with an ability to detect what happens at personal and interpersonal levels. Flexibility should also be a selection criterion for other employees.

### **Initiatives to support those laid off as a result of restructuring**

At organisational level, Human Resources or its equivalent need to develop help to find a new job for those laid off. Services could include training to increase employability, assistance with a job search, establishing a "job bank" in larger organisation or mapping competencies and wishes for a future job. This information will probably facilitate a smooth transfer and minimise disruption in the workplace. It was also recommended to set aside financial means - "a mobility budget" for employees to develop skills not necessary for their current job but which might help them get a job elsewhere.

Appraisals. The change aspect can be integrated into appraisals. This includes a discussion of the organisation's future and how the individual employee sees him/herself fitting in. It also includes the discussion of which competencies the individual already has and needs to acquire to fit the future demands of the job.

### **Getting external support to facilitate restructuring**

At organisational level, Human Resources or other groups involved in managing change should also consider what kind of external help they could use. For example, occupational health services can offer crisis support for individual, training etc. But churches can also be used as an extra resource in these issues. Employment offices, consultants can give training for seeking new jobs etc., private pension institutions can talk about their services, professional rehabilitation programmes, pensions, etc.

In some countries, it is a legal requirement to have formal contact with external bodies, e.g. in the Netherlands the UWV (Institute for Employment Benefit Schemes). Early contact may improve the smooth running of such contact.

### 6.3 Summary

Communication at all levels seemed to be of particular importance, aimed at the individual, the group, the middle managers, and the development of overall communication procedures. An important aspect of communication is not only information but the opportunity to engage in dialogue – getting clarification and making suggestions, in other words influencing the process. Communication should be two-way. Senior management should inform employees of what they know – and be open about what they don't know. At the same time, lower levels should be able to give feedback on progress and make suggestions on how to implement and structure change.

Participation is equally important. At all levels, employees and managers should be involved. Participation involves influencing on how change is implemented but also what the future organisation should be like. This is important to ensure ownership and that local level expert knowledge is used to ensure a healthy organisation.

Support actions should be set in place. This is also important at all levels. Individuals may need training on how to perform their job in a changed organisation and they need support going through a difficult transition. As responsibilities for groups change, they need to be equipped to deal with these terms and they may need help to get used to working together in new ways or with different people. Managers are often in a difficult situation; they are both targets of change as well as drivers of change. As such they are in a vulnerable position. They should have the skills to manage change and be managers in the new organisation.



**Figure 6.1:** Key points for a successfully implemented restructuring process

# Chapter 7

## Conclusions

### 7.1 Importance of the study

Restructuring is a permanent feature in our economy. Anyone working in the current job market will sooner or later experience restructuring in some form. We know that restructuring can have a profound effect on the psychological health and well-being of employees. It is therefore important to gain more insight into the relationship between restructuring and the psychological health and well-being of employees. Gaining more insight into these effects is the aim of our research project.

We not only need to gain insight into what the effects are, we also need to know

- how employees' well-being is affected. What are the underlying mechanisms, what are the factors that influence the relationship between restructuring and psychological health and well-being?

This is important because when we know how restructuring affects the psychological health and well-being of employees and which factors influence this relationship, it will be possible to define

- parameters to monitor restructuring processes, as well as
- effective preventive actions and interventions to minimise the negative effects of restructuring and foster the positive effects.

To find answers to these questions, we used different research methods. We analysed longitudinal datasets and interviewed stakeholders in organisations that had experienced restructuring. We developed a new questionnaire containing all the concepts that are relevant in the relationship between restructuring and psychological health and well-being, and analysed data gathered with this questionnaire. We have also organised workshops with stakeholders to gather effective strategies, interventions and actions.

Our focus is on the employees who stay behind, the ‘stayers’. We want to know what happens to them. Previous research has largely focused on employees who are made redundant due to restructuring. Losing your job has a profound effect on psychological health and well-being. In recent years, however, it has become clear that restructuring also has a profound effect on the employees who stay behind. Since these are the employees who will play a very important role in meeting the goals of the restructuring, it is vital to have insight into the effects of restructuring on these employees too.

We used the definition of organisational restructuring developed in the HIRES (Health in restructuring) project. Restructuring is defined as an organisational change that is much more significant than commonplace changes. These changes affect at least a whole organisational sector or an entire company rather than focusing on peripheral changes in work practices (Kieselbach et al., 2009). Examples of restructuring include relocation (activities are relocated to other sites within the country), off shoring (activities are relocated outside the country), outsourcing (activities are subcontracted to another company within the country), closure (the organisation closes down all activities and ceases to exist), merger/acquisition (two companies merge or one is taken over by another), internal restructuring (job-cutting, team implementation or introduction of other new forms of working) and business expansion (extension of business activities, hiring new workforce (European Monitoring Centre of Change, 2011). To define psychological health and well-being we used the definition used by the World Health Organisation (WHO) for the concept ‘Mental Health’: “*Mental health is not just the absence of mental disorder, but rather a state of well-being in which every individual realises his or her own potential, can cope with the normal stresses of life, can work productively and fruitfully, and is able to make a contribution to her or his community*”. In our research, we distinguished between work-related well-being (stress, emotional exhaustion, cynicism but also the positive side: job satisfaction, dedication) and more general well-being (sickness absence, self-rated health and mental health).

## **7.2 The impact of different types of restructuring on well-being**

The first question we wanted to find the answer to was: “*does restructuring have an impact on well-being of stayers?*” The answer is yes. All our analyses, both quantitative and qualitative, show that restructuring has an impact on well-being. It has an impact on job satisfaction, on dedication, on cynicism, on emotional exhaustion and feelings of stress, on work ability and job insecurity. It even has an impact on sickness absence. In most cases, the effect of restructuring is negative. But not in all: we found that the appraisal of the impact of the restructuring plays a significant role, as we will explain later.

Most employees will experience restructuring in their working life, but some of them will experience it more than once. One could argue that employees in this case will get used to restructuring and that another change will not have an additional effect on well-being. We found no proof for this argument. The impact of prolonged restructuring on the well-being of stayers is also negative.

In the case studies, we found that the impact of restructuring starts long before the actual restructuring process. We conducted additional quantitative analyses to gain more insight into the effects of different stages of restructuring. We compared groups of employees who had experienced downsizing with groups which had not experienced downsizing, and compared the scores of these groups before the restructuring started. These analyses indicate that differences can be seen between groups about to experience downsizing and groups that are not on workload and supervisor support. The employees who will later undergo downsizing have a heavier workload and receive less support from their supervisor a year before the restructuring process starts. One explanation could be that the organisations which are later going to experience downsizing are challenged by economic pressures which increases employees' workload and reduces support. It could also be that rumours about the coming changes partly explain these negative phenomena in the workplace. Some of the effects, for example on job insecurity and supervisor support, are still visible years after the restructuring process has been completed.

The second question we tried to answer is: “*do different types of restructuring have a different impact on well-being?*” This question is difficult to answer. One reason is that employees hardly ever experience ‘one type of restructuring’. In most organisations, a combination of types of restructuring is implemented. It is difficult to single out one type of restructuring and examine the effects of that type of restructuring. We can, however, draw some conclusions related to this question:

From the Danish quantitative analyses, we learn that change of ownership has an effect on job insecurity, which is still present five years after the change took place.

From the qualitative case studies, we can conclude that types of restructuring that increase employees' responsibility (for example the implementation of teamwork) can have a positive effect on employee well-being, whereas restructuring involving downsizing usually has a negative effect on employee well-being.

More important than looking at the type of restructuring to explain well-being, is looking at the magnitude and the impact of the restructuring on the work of employees. The effect of restructuring on the well-being of employees is higher if the number of work areas that change due to the restructuring is larger. The more impact a restructuring has on employees' work, the greater the effect will be. And the effect will not always be negative. The reduction or increase in the well-being of employees as a result of restructuring partly depends on the appraisal of the impact of the restructuring. If the appraisal of the



restructuring is positive, and/or if the employee’s work position has improved due to the restructuring, the effect of the restructuring on well-being will probably be positive.

The effects of impact and appraisal of restructuring on well-being are summarised in Figure 7.1.

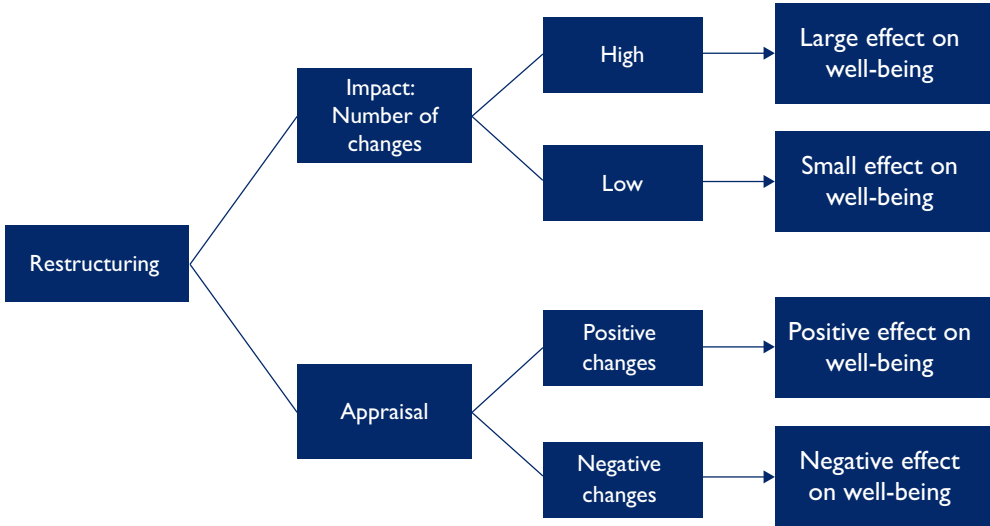


Figure 7.1: The effects of impact and appraisal of restructuring on well-being

### 7.3 The factors that protect against negative effects and groups that are most heavily affected

Restructuring does not have the same effect on well-being in all situations. We wanted to find out: *what factors can influence the relationship between restructuring and well-being?* We found several organisational or situational factors that can alter (moderate) the relationship between restructuring and well-being. We also found some personal factors that alter the relationship between restructuring and well-being for some employees or groups. These groups are considered to be ‘vulnerable groups’.

Our quantitative and qualitative analyses both show the same: the effect of restructuring on well-being is influenced by how the restructuring process is perceived by employees. If employees can count on good communication and support from top management, from their closest supervisors and from their co-workers and trust their managers, the effects of restructuring on well-being are less negative than in situations where these resources are lacking. And if employees are involved in the process of the restructuring, if they are able to participate in the decision making, their well-being is better than if they are not involved. Communication (and it has to be a two-way communication), participation and support are the three main factors of a healthy restructuring process.

The effect of restructuring is worse for some employees than for others. We found that older employees and employees who are less employable (i.e.: will have more difficulty finding another job) report more negative effects from restructuring than their younger and more employable colleagues. The case studies only partly support these results. Although older employees are reported to be 'tired of changes' and if possible opt for early retirement, it is sometimes the younger employees who have more difficulties adapting to the new situation and their potentially new future (with another company) than their older colleagues, as they have a long career ahead of them.

We also found that employees who had a high score on well-being indicators before the restructuring took place, and who report high autonomy, a good effort reward balance and sufficient co-worker support at the start of the restructuring process, also report fewer negative effects due to the restructuring. These findings are supported by additional analyses performed on the Finnish data, examining the use of psychotropic drugs from register data. The results indicate that poor self-rated mental health (high level of minor psychiatric symptoms) prior to an organisational merger increases the risk of experiencing a negative change in one's own job position during the merger. Furthermore, the pre-merger self-rated mental health predicts the subsequent use of psychotropic drugs (for those who were non-users before the merger). The risk of subsequent use of psychotropic drugs is especially high for the group of employees with poor self-rated mental health combined with the experience of declined position during organisational merger (Mattila-Holappa et al., 2011).

Employees' well-being is also affected by their way of coping. A task-oriented coping style (taking direct action to improve one's situation) results in positive effects of restructuring, whilst an emotional coping style (an emotional reaction to the restructuring) results in negative effects on well-being.

In previous paragraphs we saw that the appraisal of the restructuring is an important predictor of the effects of restructuring on well-being. We found a number of personal factors that influence this appraisal of the restructuring. Employees who feel that life makes sense emotionally perceive stimuli in a clear and structured way and are confident that adequate coping resources are available (sense of coherence) and employees who are confident that they have the required work-related skills and abilities to perform and to cope with stressful experiences (self-efficacy and sense of competence) have a more positive appraisal of the restructuring, and more frequently report an improvement in their job than employees who are less confident and who have a low sense of coherence. One might argue that these 'healthy employees' are probably the ones that are offered improved jobs but even if the changes in jobs are the same, the appraisal of these changes differs between these two groups of employees.

The role of ‘sense of coherence’ is also confirmed in the Finnish studies by using registers data. It was found (Pahkin et al., 2011) that employees with a weaker pre-merger ‘sense of coherence’ and with negative appraisal of the organisational change were particularly at risk of having diagnosed mental health problems after the merger period. Because a similar adverse effect was not observed among employees with negative change experience and a stronger ‘sense of coherence’, the results lend support to Antonovsky’s view of a ‘sense of coherence’ as a key to successful coping (Antonovsky, 1987).

The factors that protect against negative effects are summarised in Figure 7.2.



Figure 7.2: The path to well-being in the restructuring process

#### 7.4 The pathways through which restructuring affects well-being

We are not only interested in the relationship between restructuring and well-being, but also in the pathways through which restructuring affects well-being. *What factors can explain this relationship?* In our analyses we looked for factors that are affected by restructuring and may therefore explain the effects of restructuring on the well-being of employees (mediating factors). We found several working conditions through which restructuring affects well-being.

Our quantitative analyses show that restructuring increases job demands and that this in turn decreases the well-being of employees. These results are supported by the case studies. Restructuring may increase the workload for the employees and/or the diversity of their tasks. This means that the employees sometimes have to learn new tasks and develop their competencies to be able to carry out these tasks. In some cases division of tasks becomes unclear and employees are not sure what their tasks are and this too can increase the perceived job demands.

The restructuring process itself generates a lot of extra work, mostly for supervisors and managers. It takes time for an organisation to adjust to changes in the organisation, in work processes and working methods. Mistakes are made and inefficiencies still need to be resolved. Increased job demands can create an imbalance between efforts (asked for) and rewards (received). Effort-reward imbalance has a negative effect on well-being. It can also have a negative effect on the work-life balance people experience.

Restructuring, especially when it involves downsizing, has an effect on job insecurity. Our results show that also the stayers report higher job insecurity compared to employees who have not experienced a restructuring. Employees worry not only about the fact that they might lose their job, but also, and even more about the changes in their current job. Job insecurity in turn decreases the well-being of employees.

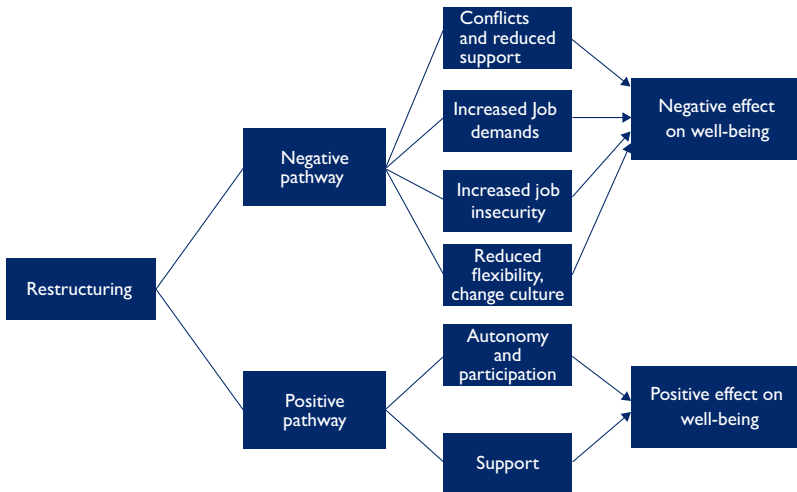
We found that employees feel that supervisor support decreases during the restructuring process. This is not the case for employees who indicate that the restructuring has had a positive effect to their own job. These employees feel a stronger support not only from the supervisor, but also from the organisation as a whole. This perceived support leads to a better well-being for these employees.

Restructuring may also increase conflicts and unwanted behaviour among employees, leading to weaker well-being. Support from colleagues seems to be important since weak co-worker support can alter the positive effects of improved situation after change. In the interviews, employees indicate that the atmosphere can be very competitive in situations where there is lot of uncertainty on who is to be made redundant. Also in situations where there is clarity on who has to leave and who will stay, and where 'leavers and stayers' still work together, the atmosphere can sometimes be negative.

Despite the fact that restructuring usually involves change, we found that restructuring has a negative effect on the flexibility and openness to change in organisations (respondents indicate that new and improved methods are not so easy implemented, that management does not respond to changes in the environment, that teams do not work together to develop new things), which in turn negatively affects well-being. Our interview results support this: if employees perceive the past change negatively, they are not open to additional changes.

We also found positive pathways. If restructuring increases the autonomy of employees or the level of participation in decision making, this will in turn increase employees' well-being. This is supported by the results of the case studies, where types of restructuring that increased the responsibilities of employees are the ones that are positively valued. And as earlier already discussed, supervisor support is a factor with a dual effect: it can either decrease or increase employees' well-being.

The pathways through which restructuring affects well-being are summarised in Figure 7.3.



**Figure 7.3:** The pathways through which restructuring affects well-being

## 7.5 Parameters for monitoring

We are also interested in finding out *what parameters are available for monitoring the process and the consequences of the restructuring on employees' well-being*. To ensure that restructuring is done in a healthy way, it is vital to have information on the key factors that influence the effects of restructuring.

Monitoring can be done by organisations at different stages of restructuring. We found factors that have an effect on the relation between restructuring and well-being even before the restructuring process started. The level of well-being of employees, job characteristics and organisational factors and personal factors affect the way in which employees experience the restructuring and their vulnerability during the change process. It would be good to have information on these factors before a restructuring is initiated.

To be able to explain and understand the reactions of employees to the restructuring, it is important to have information on the magnitude of the restructuring for employees. *What does the restructuring mean for the day to day work of employees?* It would also be useful to determine the magnitude of planned restructuring to be able to anticipate the effects of restructuring. Both the magnitude of the restructuring and the effect of restructuring on the job characteristics and organisational factors can be monitored or even anticipated to help understand the effects of restructuring.

During the restructuring process, it is important to monitor the implementation of the process. *How is the communication, the participation and support carried out? Do employees still trust their managers?* At the end of the restructuring process, the effects of restructuring on employees' well-being should be evaluated. Organisations should try to learn from their

restructuring experience and prepare themselves for the future changes. Monitoring these factors should be included in the basic risk assessment process which employers should regularly carry out, so that they can do their best to ensure that employees' health and safety is safeguarded during organisational changes and thus fulfil their legal obligations.

The same parameters can be used for monitoring at sector or national level.

The relevant parameters are summarised in figure 7.4.

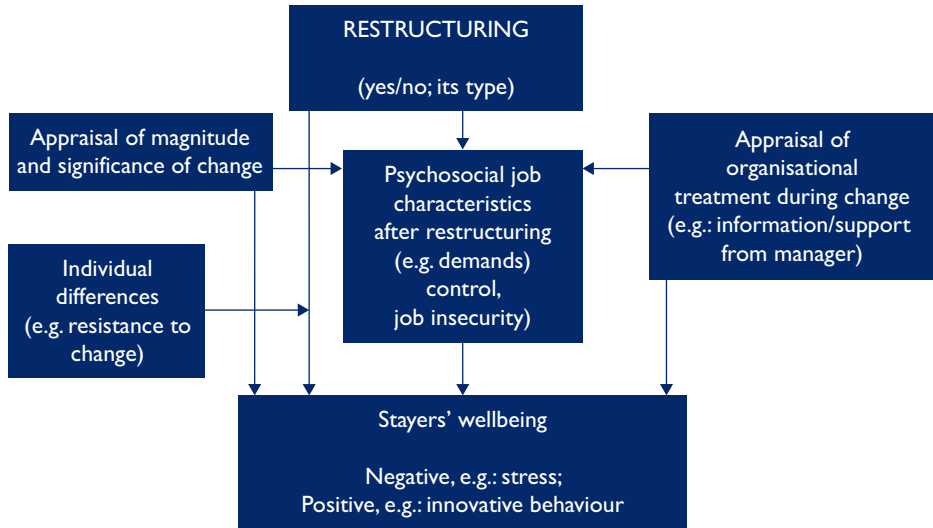


Figure 7.4: Structure of the new restructuring questionnaire

## 7.6 Interventions

What are the interventions that may protect against the negative impact of restructuring on the well-being of workers? *What are the effective preventive actions and practical strategies that can alter the negative effects of restructuring on employees' well-being?* In order to find the answers to that question, we organised workshops where the expertise of different stakeholders from different countries was utilised.

Based on our findings, we can conclude that successful interventions can affect employees' appraisal of the restructuring process and/or personal factors and make employees less vulnerable for the negative effects of restructuring. If possible, interventions should also reduce job demands and job insecurity and improve the atmosphere within the organisation. Most interventions described in this book are aimed to do just that.

Interventions are defined on four levels: the level of the individual, the level of the group, the level of the manager or supervisor and the level of the organisation. On all levels, interventions are formulated to improve the communication, the participation and the support from management, supervisors and co-workers. Transparent, honest and open communication at all levels will enhance feelings of job security, trust and support and will probably have a positive effect on the atmosphere in the organisation. Interventions involving coaching or guiding employees to help them cope with the changes and increase their employability (by helping them increase their competencies), are also defined at all levels.

Special attention needs to be devoted to the position of supervisors. Supervisors have a difficult task during a restructuring process. They are the ones who should be supportive, while being the bearers of bad news and targets of change at the same time. They are involved in developing the restructuring process, and at the same time have to manage their own department and reassure their insecure or stressed employees. They are also the ones who know too much or too little and at the same time have to answer questions from their employees as openly and honestly as they possible. Supervisors therefore need a lot of support themselves.

## **7.7 Limitations of our findings**

Even though there are several important conclusions which can be drawn from our research, there are also some limitations.

Firstly, it is important to take into account that the types of restructuring studied were different in nature, in both the quantitative analyses and the case studies. We were not therefore able to compare different types of restructuring and their effects. In some of the datasets (the Dutch and the Polish datasets), different types of restructuring were measured, but respondents could (and did) indicate that they experienced more than one type of restructuring. The advantage of this is that we have a broad focus on restructuring, different types within different sectors, and measured at different points in time. The limitation is that differences in employees' well-being cannot be contributed to the kind of restructuring, national context or sector.

Secondly, even though we used longitudinal data which can give us better insight into the impact of restructuring over time, in the Dutch and Danish studies we do not know exactly when the restructuring took place or what exactly happened in between the two waves. This makes it difficult to draw more precise conclusions, because events before and after the data collection could affect the results.

Our results are based on self-rated measures. However, the severe consequences of restructuring on employees' well-being have also been confirmed by using Finnish national health register data. Väänänen et al. (2011) found that a negative change during an organisational merger was associated with increased risk for psychiatric disorders requiring

hospital treatment, the prescription of psychotropic drugs and suicide attempts among employees with no diagnosed psychiatric disorders before the merger period.

Because we used different datasets with different operationalisations for important concepts, we cannot analyse differences between countries. Furthermore, the cases studies differ too much to be able to make a comparison. It is therefore impossible to examine the impact of the differences between countries and the different labour market models in these countries. For example, it is possible that the Danish flexicurity model, which is a combination of weak employment protection laws (it is easy to employ and dismiss staff, and unemployment benefits are high), may have influenced how employees felt about the change and diminished its otherwise possible negative effects to their well-being, and that we would have found a different result in Poland, if we had analysed the effects of change of ownership. Our data does not enable us to draw a conclusion on the differences. However, we did present results from different countries, which provides insight into the relationship between restructuring and well-being in not one, but four countries.

In appendix 1, we include a table with a description of the features of the social systems in the four countries that are relevant for this study.

## **7.8 Steps towards sound change**

The results from our project show that there is no simple answer to the question how restructuring affects employees' well-being. Different factors play a role, and the relationships are not always straightforward. However, we also learned that much is done in organisations to ensure that the effects of restructuring do not harm their employees. These good practices and lessons learned should be spread around the world to help those who are considering restructuring to proceed in a healthy way, both for the organisation and the employees.

In terms of scientific research, there are still several questions which need to be answered. For example, it would be interesting to explore whether the impact of mediators on well-being is different for employees with a different age and extent of employability. Is the impact of job insecurity different for older than for younger employees or for more or less employable employees? A scientific evaluation of the effects of interventions on well-being would also be an interesting next step in research into the health effects of restructuring. Research into the impact of social systems, country and company culture, differences between sectors and types of work, on the relationship between restructuring and well-being would also be an interesting next step.

Collaboration at all levels inside the organisation and with the local community and relevant stakeholders is crucial for a healthy change process. Scientific and practical knowledge should support organisations in their huge task of taking care of the well-being of the organisation and its employees. Restructuring and employee well-being, fact or fiction?



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# Appendix 1: National systems related to restructuring<sup>1</sup>

	Denmark	Finland	The Netherlands	Poland
<i>Labour market systems and flexibility<sup>ii</sup></i>	<p>The Danish labour market has been praised as a prime example of flexibility. It is characterised by the mutually supporting combination of a flexible labour market, generous welfare schemes and active labour market policy. In general, notice periods are short, severance pay hardly exists and administrative barriers are low. In the public sector, however, contractual arrangements are more rigid; and, in the private sector, white-collar workers are guaranteed a minimum three-month notice period by law.<sup>iv</sup></p>	<p>Since mid-2000, steps towards flexibility have been taken with from 2005-2007 income policy settlement, where agreement was reached on a lay-off scheme based on productive and financial grounds. Also, in 2005 the obligations of the long-term unemployed to accept work or training were increased. At the same time, the protection of workers facing redundancy has been developed with the "change security model" which extends employees' right to individual re-employment programmes and increases cooperation between workplaces and labour authorities. The possibility to use fixed-term employment contracts has been tightened by limiting the use of successive contracts. Stricter control regarding temporary work was introduced in 2008, requiring employers to provide all workers employed for more than one month with a written specification.<sup>v</sup></p>	<p>The Flexibility and Security Act is the main illustration of the efforts to balance the demand by companies for numerical flexibility in the workforce and the employees' need for income and employment security: it promoted the establishment of temporary work agencies and simultaneously introduced more protection for temporary agency workers, introducing limits to successive fixed-term employment contracts at no more than three contracts and three years' total duration. The Equal Treatment Working Hours Act of 1996 guaranteed equal treatment to part-time workers in terms of employment. The Act on Adjustment of Working Time of 2000 granted employees the right to request an adjustment of working time, both by an increase or a decrease of personal working hours.<sup>vi</sup></p>	<p>In Poland, the issue of flexibility, although it is actually implied in the legal regulations, has not so far found its proper place in the public debate. Considering the low level of professional activity among Polish people, the unending wave of economic migration to EU-15 and the need to keep up with the fast pace of economic growth and the simultaneous increase of its innovativeness, the issues connected with flexibility solutions should be the number one topic. The fragmentation of existing solutions and the challenges facing the Polish labour market point to the need for concentrated cooperation of the parties interested in the future of labour relations.<sup>vii</sup></p>
<i>Facts and numbers</i>	<p>5.8 % (April 2011)                      – men 6.1 %                      – women 5.4 %                      (Source: Statistics Denmark)                      Between 2006 and 2010, the unemployment rate was increasing (till 7.4 in 2010)<sup>ix</sup>.</p>	<p>6.6 % (August, 2011)                      – men 6.5 %                      – women 6.6 %                      (Source: Statistics Finland)                      Between 2006 and 2010 the unemployment rate was increasing, but has decreased during the last year.<sup>v</sup></p>	<p>4.0 % (August, 2011)                      – men 4.1                      – women 3.9                      (Source: Statistics Netherlands)                      Between 2006 and 2010, the unemployment rate was quite stable (in between 3.1 in 2008 and 4.5 in 2010)<sup>v</sup>.</p>	<p>9.4% (August, 2011)                      – men 8.6%                      – women 10.3%                      (Source: OECD)                      The unemployment rate was increasing from 7.2% in 2008 till 9.6% in 2010<sup>v</sup>.</p>
<i>Unemployment rate<sup>iii</sup></i>	<p>The financial crisis hit sectors of men's employment hardest.                      The largest increase in unemployment was found among the youngest age group.</p>	<p>The financial crisis hit sectors of men's employment hardest.</p>	<p>The financial crisis hit sectors of men's employment hardest.                      The largest decline in unemployment was found among the youngest age group. This is mainly because more people in this age group are in education.</p>	<p>It is characteristic for Polish unemployment that there are two significant groups among the unemployed: young people and the long-term unemployed (over 12 months), i.e. people who are no longer entitled to the benefits.</p>
<i>Groups</i>				



	Denmark	Finland	The Netherlands	Poland
<i>Dismissal for economic/restructuring reasons</i>	General dismissal regulations are described in the law of announcement etc. in relation to dismissals of a greater extent law no. 414 of June 1, 1994. There are very few national laws in this area. Most regulations are described in the vast number of agreements within the different sectors and occupations.	Several laws relate to employees' rights during the organisational change the most important ones being Employment Contracts Act and Joint Operation Agreement Act. The Ministry of Employment and Economy is responsible for drafting and evolving labour legislation.	In the Netherlands, legislation related to dismissal is laid down in the Civil Code and related laws (e.g. Notification of Collective Dismissal Act, Equal rights legislation). The Ministry of Employment and Social Affairs is responsible for drafting and evolving labour legislation.	General dismissal laws are formulated in the Polish Labour Code. Specific laws referring to collective dismissals due to restructuring are the Act on special principles of terminating employment with employees for reasons not attributable to employees, the Act on employment promotion and labour market institution that deals with so-called monitored dismissals and the Act on the protection of workers' claims in case of an employer's bankruptcy.
<b>Laws</b>	The law covers situations in which the employer plans to dismiss employees within the next 30 days for reasons that cannot be accounted to the employee. Employers intending to dismiss staff must as early as possible start negotiations with employees in the organisation or their representatives when these have been elected or appointed. The employer also has to advise the regional Labour Market Authority of dismissal plans to ensure a smooth transfer for dismissed employees to other jobs. There is no definition of how to select the employees made redundant, but the ban on discrimination and legislation on equal treatment must be taken into consideration.	The main reasons for dismissal are economic or production based. For these reasons, the employer has the right to terminate the contracts of the employees, if it is not possible to find substitutive work in the organisation. In the case of planned dismissals, also temporary, the Joint Agreement Procedure must be started. This procedure aims to negotiate between the employer and the employees or their representatives before final decisions about the lay-offs. The Joint Agreement Act states that the time for negotiations varies from 2 to 6 weeks depending on the amount of the employees planned to be made redundant. The employer is also obliged to inform the Employment and economic development office about starting the Joint Agreement procedure. The Employment Contracts Act does not define how to select the employees that are to be made redundant, but equal treatment has to be taken into consideration	Employees with a permanent employment contract can only be made redundant for a significant reason, for example for business economic reasons or inadequate functioning of the employee. Employees may face forced redundancy on the initiative of their employer, or be made redundant because their employer is declared bankrupt. The term collective dismissal is used if an employer intends to dismiss twenty employees or more for economic reasons. According to the Dutch Act on Collective Dismissal the employer has to inform the Trade Unions about the intention and considerations that preceded the decision. Furthermore, he has to request approval at the Institute for Employment Benefit Schemes (Uitvoeringsinstituut Werknemers Verzekeringen, UWV). The UWV estimates whether the collective dismissal is justified. It is determined by law that for each group of exchangeable functions, the employees with the shortest employment duration within the company from a particular age group are the first who will be laid off.	In cases of an employer's bankruptcy or liquidation and in cases of employment reduction "due to reasons not attributable to employees", the notice period of three months may be reduced to a maximum period of one month. The employer must give notice in writing to the relevant union concerning the proposed dismissal. The union is given the opportunity to issue an objection to the dismissal. There are several laws related to collective dismissals due to restructuring. The Act on collective dismissals applies to employers of at least 20 employees dismissing at least 10 employees. The employer must give notice to trade unions and local labour office about the date of termination, the number of employees concerned and the reasons of the termination. The unions have the opportunity to present counter-proposals. Then, an agreement must be signed between an employer and trade unions concerning the procedure for redundancies.
<b>Procedure</b>				



	Denmark	Finland	The Netherlands	Poland
<i>Dismissal for economic/restructuring reason</i>				
Protection of groups	The ban on discrimination and legislation on equal treatment must be taken into consideration when considering dismissal of personnel. Some groups of employees are under special protection from dismissal: pregnant employees, employees on maternal/parental leave and union representatives. This is regulated by the Act on equal treatment of men and women as regards access to employment etc. and the Act on Freedom of Association.	Certain groups of employees are under special protection from dismissal. These groups include pregnant employees, employees on parental leave and the employee representatives. To curb dismissal of elderly workers, big employers are charged the self-insurance part of the unemployment benefits. This applies to employees over 56, born 1950 or after, worked over three years with the same employer, becoming 59 before 500 days of unemployment.	During a period of absence, due to disability (up to two years) or pregnancy the employee is legally protected from dismissal. Also executive members of the Works Council or the Trade Union are protected, however there are some exceptions. For example, in the case where the contract is terminated due to significant reasons by the court or when company activities are terminated.	Certain groups of employees have special protection from dismissal. These are people who are less than four years away from pensionable age, women on pregnancy or maternity leave, those on three-year child care leave, and employees' representatives (for example, trade unions representatives, social labour inspectors). The protection does not include dismissals due to bankruptcy or liquidation.
Support to employers during crisis	N/A	Employers experiencing temporary financial difficulties are allowed to apply temporary lay-offs. The temporary lay-offs may also be executed by reducing working hours or changing full-time work to part-time.	Employers experiencing temporary financial difficulties are allowed to reduce working hours. The employee receives unemployment benefit (75% of full salary) for the lost hours of working time. Companies are obligated to arrange training for the employees concerned.	Employers experiencing temporary financial difficulties are allowed: <ul style="list-style-type: none"> <li>- to reduce the employees' working time</li> <li>- to use "economic stoppage" for period not exceeding 6 months.</li> </ul> In both cases, employees are entitled to benefits from the Guaranteed Employee Benefits Fund that partly compensates decrease in salaries.

	Denmark	Finland	The Netherlands	Poland
<i>Dismissal for economic/restructuring reason</i>	<p>In companies of a certain size, the management is obliged to inform and consult the employees on issues of importance to the employees. This is regulated by the Act on Information and Consultation of Employees (Act no 303 of 2 May 2005) that is an implementation of Directive 2002/14/EE. The unemployed must register at a job centre on the first day of unemployment. It is a requirement that the individual is available for employment, i.e. does not leave the country or take up activities that mean they cannot enter employment. Once a week, the unemployed must confirm that they are still without employment and within the first four weeks of employment they will have to enter their CV into a job database at jobnet.dk. The unemployed will be called for an interview at the local job centre or by another organisation to discuss what is needed to get a job. Activation is both a duty and a right of the unemployed. Individuals refusing job activation will lose their unemployment benefit. Some unemployed are also entitled to six weeks of further education.</p>	<p>The employer informs the Employment and Economic Development Office (TE-office) about launching a Joint Agreement procedure. Together with the employer and personnel representative, TE-office draws up a plan of action and makes an agreement on providing services and appropriate arrangements. Specific protection in the event of restructuring -model (expanded 1.7.2009) is used to support employees if he/she is in danger of being made redundant, or has been made redundant based on economic or manufacturing reasons. The model is also applied to employees working on a fixed-term employment contract (for at least 36 months with the same employer during past 42 months), and also people made redundant on certain terms. Parties of the model are employer, employee and TE-office. Employees covered by protection in the event of restructuring are entitled to a personal employment programme and to increased unemployment benefit for the time of unemployment. Additionally, the job seeker can seek work during his/her notice period.</p>	<p>In most cases of collective dismissal, a social plan is set up on the initiative of the employer. Although the employer is not legally obliged to have a social plan, the obligation is in most cases part of the Collective Labour Agreement (CAO). A social plan is binding if it is signed by all involved parties, e.g. the employer and the employee's representatives. The results of the multilateral plan are binding for all employees and judges will rarely deviate from it. The social plan describes how the social and financial consequences of the dismissal will be compensated. Reintegration activities during the notice period can be part of the social plan. During the period in which the unemployment benefit is received, the UWV requires people to apply for a job. They offer help and assistance in this procedure.</p>	<p>When an employer intends to dismiss at least 50 employees within the period of 3 months, he/she is obliged to provide the workers with the following services: a) job broking, b) vocational counselling, c) training, d) assistance in active job search. One time support for dismissed employees is severance pay. This must be paid in cases of individual dismissals and collective dismissals where the reason for the dismissal was not employee-related. Moreover, dismissed employees can receive additional benefits in the framework of individual compensation packages negotiated at the level of enterprise, between an employer and employees' representatives. Training for the unemployed is the most commonly used instrument and provided by public employment services, or financed by an employer in the framework of outplacement services. Other outplacement activities are career guidance, counselling and coaching for people who decided to set up their own businesses. Other instruments of ALMP, like supported employment or direct job creation, are rarely used.</p>
<b>Support to em-employees during and after dismissal</b>				

	Denmark	Finland	The Netherlands	Poland
<b>Un-employment benefits</b>	<p>1) Basic unemployment allowance: the individual must be at least 18 years of age and have no personal financial means. After six months of unemployment the benefit is reduced.</p> <p>2) From Unemployment Insurance Fund. It is possible to get unemployment benefits for a period of two years within the current regulations. After this period it may be possible to get the basic unemployment benefit described above provided individuals qualify.</p>	<p>1) Earnings-related (the members of unemployment fund);</p> <p>2) Basic (from the Social Insurance Institution of Finland, KELA), which can be paid for up to 500 days.</p> <p>There are specific conditions for unemployment benefits regarding employment history (i.e. must have been employed for at least 8 months during the two years preceding the unemployment). If the person does not meet the conditions, he/she may be eligible for Labour Market Subsidy (KELA).</p>	<p>The employment history will determine the amount and duration of payment of unemployment benefits. The maximum duration of unemployment benefit is 3 years and 2 months. After this, one can apply for Work and Social Assistance. This is a relatively small basic provision.</p> <p>Contract termination can also be related to (early) retirement, sickness or disability.</p>	<p>Unemployment benefit is for 6 or 12 months depending on the unemployment rate in the area. The amount of unemployment benefit depends on the length of employment period before the registration as unemployed. The amount of benefits also depends on how long it has been received. This is aimed at motivating people to actively look for a job. For the first three months, the benefit is higher. Generally, employment benefits in Poland are relatively low with replacement ratio 51%. What should be emphasised is that the proportion of unemployed with the right to the benefit is very low: only 15%, while the average in the EU is 40%.</p>

i Sources and further reading can be found on <http://www.psyres.pl>

ii The European Commission in its Employment in Europe 2006 report describes flexibility as an optimal balance between labour market flexibility and security for employees against labour market risks. <http://www.eurofound.europa.eu/areas/industrialrelations/dictionary/definitions/FLEXICURITY.htm>

iii See for a more extended overview: <http://www.eurofound.europa.eu/eiro/studies/m0803038s/dk0803039q.htm>

iv Source: <http://www.eurofound.europa.eu/eiro/studies/m0803038s/fi0803039q.htm>

v Source: <http://www.eurofound.europa.eu/eiro/studies/m0803038s/nl0803039q.htm>

vii Source: <http://www.eurofound.europa.eu/eiro/studies/m0803038s/pl0803039q.htm>

viii Unemployed labour force as a percentage of the total labour force (15 to 75 years).

ix Trend information, source: <http://epp.eurostat.ec.europa.eu/tgm/table.do?tab=table&init=1&plugin=1&language=en&pcode=tsiem110>

## Appendix 2 : Sample questions chapter 2

Variable names	Sample questions <sup>1</sup>	The Netherlands (CSI and NWCCS)	Finland (Still Working Study)
<b>Restructuring</b>			
Type of restructuring	Change in ownership: Workplace taken over by new employer?	Prolonged restructuring: one or more of the following types of restructuring in the past two years <sup>ii</sup> : <ul style="list-style-type: none"> <li>• Closure/new start-up of the company</li> <li>• Acquisition of or by another organisation</li> <li>• A downsizing with/without the loss of jobs</li> <li>• A merger with another company</li> <li>• Outsourcing of supportive services</li> <li>• Relocation of company activities (to another country)</li> <li>• Relocation of employees within the organisation</li> <li>• Automation of activities</li> <li>• Other internal re-organisation (for instance, towards Just-in-Time production)</li> </ul>	Change in own job position: Merger
<b>Work-related factors</b>			
<i>Job characteristics</i>			
Task autonomy	<ul style="list-style-type: none"> <li>• Do you have a significant influence in the decision making at your work?</li> <li>• Do you have any influence in WHAT you do at work?</li> <li>• Do you have any influence in WHO you work with?</li> <li>• Do you have any influence on the amount of work you do?</li> </ul>	<ul style="list-style-type: none"> <li>• Are you able yourself to decide how you perform your work?</li> <li>• Do you determine yourself the order of your work activities?</li> <li>• Are you able yourself to set your work pace?</li> </ul>	<ul style="list-style-type: none"> <li>• Can you set your own working pace?</li> <li>• Can you plan your work yourself?</li> <li>• How much influence do you have on the objectives of your work?</li> </ul>
Effort-reward balance	<ul style="list-style-type: none"> <li>• Is your work recognized and valued by the management?</li> <li>• Is your work recognized and valued by society?</li> <li>• Is there opportunity for advancement in your work?</li> </ul>	-	-
Task demands	-	<ul style="list-style-type: none"> <li>• Do you have to work very fast?</li> <li>• Do you have to carry out quite a lot of work?</li> <li>• Do you have to work extra hard?</li> </ul>	-
Time pressure	-	<ul style="list-style-type: none"> <li>• Is it necessary to work very quickly?</li> <li>• Do you work under great time pressure?</li> </ul>	-

Sample questions <sup>1</sup>			
Variable names	Denmark (Danish Work Cohort Study)	The Netherlands (CSI and NWCCS)	Finland (Still Working Study)
Emotional demands	-	<ul style="list-style-type: none"> <li>Does your work get you into emotionally difficult situations?</li> <li>Is your work emotionally demanding?</li> <li>Do you get emotionally involved with your work?</li> </ul>	-
Role clarity	-	-	<ul style="list-style-type: none"> <li>Are you familiar with the whole affected by your own work and its quality?</li> <li>How well are you aware of what you have to accomplish in your work?</li> <li>Are you aware of the effect the quality of your own work has on other people's work and on the final results?</li> </ul>
<i>Organizational factors</i>			
Organizational support	-	-	<ul style="list-style-type: none"> <li>When changes relating to your work are taking place, how well are you informed?</li> <li>Are you informed of important matters concerning your work?</li> <li>Are you informed of the situation (production, marketing etc.) and of the development plans of your unit (mill or equivalent)?</li> </ul>
Supervisor support	<ul style="list-style-type: none"> <li>How often do you receive help and support from your immediate superiors?</li> <li>How often are your immediate superiors willing to listen to your work-related problems?</li> </ul>	<p>"My supervisor.</p> <ul style="list-style-type: none"> <li>Helps to get the job done".</li> <li>Is able to make people collaborate well.</li> <li>Pays attention to what I say.</li> </ul>	<ul style="list-style-type: none"> <li>Does your superior take account of your opinion concerning your work?</li> <li>Do your superiors take into account the well-being of their subordinates?</li> <li>Does your superior provide support and help when needed?</li> </ul>
Co-worker support	<ul style="list-style-type: none"> <li>How often do you receive help and support from your colleagues?</li> <li>How often are your colleagues willing to listen to your problems with work?</li> </ul>	<ul style="list-style-type: none"> <li>My colleagues help to get the job done.</li> <li>My colleagues show a personal interest in me.</li> <li>My colleagues are friendly.</li> </ul>	<ul style="list-style-type: none"> <li>What is cooperation like in your close working environment?</li> <li>How is the cooperation going on between different work units (e.g. department, work group)?</li> <li>Do you get support or help from your workmates if needed?</li> </ul>

Sample questions <sup>1</sup>			
Variable names	Denmark (Danish Work Cohort Study)	The Netherlands (GSI and NWCCS)	Finland (Still Working Study)
Participation in decision making	-	Overall, how good or poor would you say managers at this workplace (establishments/location) are at... <ul style="list-style-type: none"> <li>• Seeking for the views of employees or employee representatives (works council/staff association members).</li> <li>• Responding to suggestions from employees or employee representatives.</li> <li>• Allowing employees or employee representatives to influence decisions.</li> </ul>	<ul style="list-style-type: none"> <li>• When changes relating to your work are taking place, how well are you informed?</li> <li>• Are you involved when changes relating to your job are planned?</li> <li>• Are you informed of the situation (production, marketing etc.) and of the development plans of your unit (mill or equivalent)?</li> </ul>
Conflict with supervisor	-	• Did you (in the last 12 months) have a conflict with your direct superior?	-
Conflict with colleagues	-	• Did you (in the last 12 months) have a conflict with one or more of your direct colleagues?	-
Unwanted internal behaviour	-	Can you indicate to which degree you encountered the following in the last twelve months: <ul style="list-style-type: none"> <li>• Unwanted sexual attention from superiors or colleagues.</li> <li>• Intimidation by superiors or colleagues.</li> <li>• Physical violence by superiors or colleagues.</li> <li>• Bullying by superiors or colleagues.</li> </ul>	-
Adaptive culture	-	<ul style="list-style-type: none"> <li>• Different teams/departments of the organization often co-operate to create change.</li> <li>• New and improved work methods are often adopted.</li> <li>• An attempt to create change is usually received positively.</li> <li>• The way things are done in my organization, is flexible/easy to change.</li> </ul>	-
<b>Personal factors</b>			
Self efficacy	How often are these statements true for you: <ul style="list-style-type: none"> <li>• You are good at handling unforeseen problems.</li> <li>• You can solve most problems if you really want to.</li> <li>• No matter what happens in your life you feel you can handle it.</li> </ul>	<ul style="list-style-type: none"> <li>• I have the skills that are needed for my job</li> <li>• I am good at solving problems in my job</li> <li>• I am able to learn new things</li> </ul>	-

Sample questions <sup>1</sup>			
Variable names	Denmark (Danish Work Cohort Study)	The Netherlands (CSI and NWCOS)	Finland (Still Working Study)
Sense of coherence	-	-	<ul style="list-style-type: none"> <li>Do you often have feeling that you don't really care about what goes around you?</li> <li>Has it happened in the past that you were surprised by the behaviour of people whom you thought you knew well?</li> <li>Has it happened that people whom you counted on disappointed you?</li> </ul>
Sense of competence			<ul style="list-style-type: none"> <li>I meet my own personal expectations for expertise in doing this job.</li> <li>This job offers me a chance to test myself and my abilities.</li> <li>This type of work offers subjective rewards; the job is valuable to me for no other reason than I like to do it.</li> </ul>
Employability		<ul style="list-style-type: none"> <li>In comparison to your colleagues, are you more widely usable in your company than your colleagues?</li> </ul>	
<b>Well-being</b>			
<i>Work-related</i>			
Job satisfaction	<ul style="list-style-type: none"> <li>Are you satisfied with your work?</li> </ul>	<ul style="list-style-type: none"> <li>In general, how satisfied are you with your work?</li> </ul>	-
Dedication	-	<ul style="list-style-type: none"> <li>I am enthusiastic about my job.</li> <li>My job inspires me.</li> <li>I am proud on the work that I do.</li> </ul>	-
Burnout: emotional exhaustion, cynicism	-	<p>Emotional exhaustion:</p> <ul style="list-style-type: none"> <li>I feel mentally drained by my work.</li> <li>I feel exhausted at the end of my working day.</li> <li>Working all day is really a strain for me.</li> </ul> <p>Cynicism:</p> <ul style="list-style-type: none"> <li>I have become less interested in my work since I started this job.</li> <li>I have become less enthusiastic about my work.</li> <li>I just want to do my job and be left in peace.</li> </ul>	<p>Emotional exhaustion:</p> <ul style="list-style-type: none"> <li>I feel mentally drained by my work.</li> <li>I feel exhausted at the end of my working day.</li> <li>Working all day is really a strain for me.</li> </ul> <p>Cynicism:</p> <ul style="list-style-type: none"> <li>I have become less interested in my work since I started this job.</li> <li>I have become less enthusiastic about my work.</li> <li>I just want to do my job and be left in peace.</li> </ul>
Feelings of stress	-	-	<p>Stress means the situation when a person feels tense, restless, nervous, or anxious, or is unable to sleep at night because his mind is troubled all the time.</p> <p>Do you feel that kind of stress these days?</p>

Variable names	Sample questions <sup>i</sup>		
	Denmark (Danish Work Cohort Study)	The Netherlands (CSI and NWCOS)	Finland (Still Working Study)
Work ability	-	-	<ul style="list-style-type: none"> <li>• How's your health compared with others of your own age?</li> <li>• How do you rate your current workability with respect to the physical demands of your work?</li> <li>• How do you rate your current workability with respect to the mental demands of your work?</li> </ul>
Job insecurity	<p>Do you worry that the following may happen to you:</p> <ul style="list-style-type: none"> <li>• You become unemployed?</li> <li>• You are transferred to another job against your will?</li> <li>• You become unnecessary because of the implementation of "new technology"?</li> <li>• You have difficulty finding a new job with your qualifications?</li> </ul>	<ul style="list-style-type: none"> <li>• Are you at risk of losing your job?</li> <li>• Do you worry about losing your job?</li> </ul>	-
<i>General</i>			
Mental health	<p>In the last 4 weeks, how much of the time:</p> <ul style="list-style-type: none"> <li>• Have you been very nervous?</li> <li>• Have you felt happy and content?</li> <li>• Have you had feelings of sadness?</li> <li>• Have you felt calm and relaxed?</li> <li>• Have you felt so down that nothing could cheer you up?</li> </ul>	-	-
Self-rated health	How would you rate your health in general?	In general, what do you think about your health?	-
Sickness absence	-	Number of absent working days due to sickness during the past 12 months divided by number of available working days (fulltime is 215 days) (corrected for part-time work).	-

<sup>i</sup> A majority of the items are part of validated sum scales, the complete list of original scales and references can be found on the PSYRES website: <http://www.psyres.pl>

<sup>ii</sup> There are some slight differences between the two data sets, see for the exact questions Bossche et al. (2007) and Kraan et al. (2009 and 2011).



## Appendix 3A: The PSYRES questionnaire



### QUESTIONNAIRE

#### WHAT HAS CHANGED IN MY JOB?

Restructuring enterprises and institutions is an inseparable element of the modern world/life. We all realize that these changes are often indispensable and they aim at increasing effectiveness and rationality of operations. Sometimes it is easier to catch the economical rather than psychological effects of such transformations. This questionnaire focuses on the human side of changes. We are interested in how many changes you have experienced in your workplace recently, how you estimate the way these changes were implemented, and how you see your present work, its demands and possibilities it creates.

The questionnaire is part of the broader research project PSYRES coverage in partnership of four institutes: TNO, FIOH, NRCWE and CIOP-PIB.

**We are asking you for sincere answers!**

**If you have not experienced any bigger changes at work in last 2 years (if you have answered “no” to all first 10 questions), please go to question 48.**

**This questionnaire is anonymous.** The results will be analyzed collectively. Every person taking part in this study can receive a summary with the results at the end of this year.

## I. ABOUT CHANGES

Have some of following changes of ownership taken place in your workplace during last year?		No	Yes in 2009	Yes in 2010	I don't know
1.	Privatisation	0	1	2	3
2.	Enterprise sold to another owner (but no privatisation)	0	1	2	3
3.	Been taken over by another organisation	0	1	2	3
4.	Have taken over another organisation	0	1	2	3
5.	Merger (marriage of two equal firms)	0	1	2	3

Have some of following changes taken place in your workplace during last year?		No	Yes in 2009	Yes in 2010	I don't know
6.	Outsourcing of work	0	1	2	3
7.	Closing down of production department or unit of work	0	1	2	3
8.	Investments for increased production	0	1	2	3
9.	Investments for expansion into new lines of business	0	1	2	3
10.	Other significant changes (What type of change?)..... .....	0	1	2	3

11.	How many people in your workplace have lost their jobs as a result of that change?	<i>give an approximate figure</i> .....
12.	How many new employees have started their work as a result of that change?	<i>give an approximate figure</i> .....

### ATTENTION:

**If you answered “No” to all of the above questions – please go to the question 48 at the page 5.**

What have been changed as a consequence of the above mentioned change?		No	Yes, significantly got worse	Yes, a bit got worse	Yes, no worse no better	Yes, a bit got better	Yes, significantly got better
13.	Your tasks at work	0	1	2	3	4	5
14.	Your superior	0	1	2	3	4	5
15.	Your working team	0	1	2	3	4	5
16.	Quantity of work	0	1	2	3	4	5
17.	Your influence within organization	0	1	2	3	4	5
18.	Risk of job lose	0	1	2	3	4	5
19.	Recognition you received at work	0	1	2	3	4	5
20.	Your personal career prospects	0	1	2	3	4	5
21.	Conditions of employment	0	1	2	3	4	5
22.	Your salary/fringe benefits	0	1	2	3	4	5
23.	Other important changes (which?) .....	0	1	2	3	4	5

**How do you evaluate planning and implementation of changes in your workplace?**

Management has:		very poorly	rather poorly	neither poorly nor well	rather well	very well
24.	informed clearly about the goals of change	1	2	3	4	5
25.	informed about the current state of change progress	1	2	3	4	5
26.	has taken into account personnel interests and point of view while making decisions	1	2	3	4	5
27.	made sure that there are sufficient change support services for whole personnel	1	2	3	4	5
28.	actively solved problems that have emerged during change process	1	2	3	4	5
My immediate manager has:		very poorly	rather poorly	neither poorly nor well	rather well	very well
29.	informed clearly about the goals of change	1	2	3	4	5
30.	informed about the current state of change progress	1	2	3	4	5
31.	clarified new roles of subordinates	1	2	3	4	5
32.	actively solved problems that have emerged during change process	1	2	3	4	5
33.	made sure, that individual preferences have not had disturbing impact on his/her decisions	1	2	3	4	5

<b>Employees' involvement:</b>		Strongly disagree	rather disagree	Somewhat disagree/somewhat agree	rather agree	strongly agree
34.	I was involved in the design of the change	1	2	3	4	5
35.	I had opportunity to give my views about the change before it was implemented	1	2	3	4	5
36.	Management has made a great effort to involve employees in the change process	1	2	3	4	5

<b>Overall justice:</b>		strongly disagree	rather disagree	Somewhat disagree/somewhat agree	rather agree	strongly agree
37.	the way things worked in this organization were not fair	1	2	3	4	5
38.	this organization treated its employees fairly	1	2	3	4	5
39.	most of the people who work here would say they were often treated unfairly	1	2	3	4	5

<b>Trust:</b>		strongly disagree	rather disagree	Somewhat disagree/somewhat agree	rather agree	strongly agree
40.	There was the feeling that the the leader of this change knows what he or she is doing	1	2	3	4	5
41.	Overall, there was the feeling that you can count on the organisation's management	1	2	3	4	5
42.	I believed that if management is suggesting this change, they are well informed and have good reasons for it.	1	2	3	4	5

<b>How have you coped with the change:</b>		strongly disagree	rather disagree	Somewhat disagree/ somewhat agree	rather agree	strongly agree
43.	I have taken the opportunity to change my work for better	1	2	3	4	5
44.	I was anxious that I couldn't cope well with the new situation	1	2	3	4	5
45.	I set up my activity directions and followed them	1	2	3	4	5
46.	I blamed myself for not knowing what to do.	1	2	3	4	5
47.	I made effort to control the situation.	1	2	3	4	5

## II. THE PRESENT JOB CHARACTERISTICS

<b>Demands:</b>		always	often	somewhat	seldom	Never/ hardly ever
48.	Do you have to work very fast?	1	2	3	4	5
49.	Is your workload unevenly distributed so it piles up?	1	2	3	4	5
50.	How often do you not have time to complete all your work tasks?	1	2	3	4	5
51.	Does your work put you in emotionally disturbing situations?	1	2	3	4	5
52.	Do you get emotionally involved in your work	1	2	3	4	5

<b>Influence at work:</b>		always	often	somewhat	seldom	Never/ hardly ever
53.	Do you have a large degree of influence concerning your work?	1	2	3	4	5
54.	Can you influence the amount of work assigned to you?	1	2	3	4	5
55.	Do you have any influence on WHAT you do at work?	1	2	3	4	5

<b>Job insecurity:</b>		definitely yes	yes	difficult to say	no	definitely no
56.	Where you at risk to lose job	1	2	3	4	5
57.	Was there a risk that your job/tasks would change	1	2	3	4	5

<b>Task clarity:</b>		to a very large extent	to a large extent	somewhat	to a small extent	to a very small extent
58.	Does your work have clear objectives?	1	2	3	4	5
59.	Do you know exactly which areas are you responsibility?	1	2	3	4	5
60.	Are contradictory demands placed on you at work?	1	2	3	4	5

<b>Social support:</b>		always	often	sometimes	seldom	Never/ hardly ever
61.	How often do you get help and support from your colleagues?	1	2	3	4	5
62.	How often do you get help and support from your immediate superior?	1	2	3	4	5

<b>Considering all my efforts and achievements:</b>		strongly disagree	rather disagree	Somewhat disagree/ somewhat agree	rather agree	strongly agree
63.	I receive the respect and prestige I deserve at work from my supervisor and a respective relevant person	1	2	3	4	5
64.	My job promotion prospects are adequate.	1	2	3	4	5
65.	My salary / income is adequate.	1	2	3	4	5

<b>Work-Family interface:</b>		never	rarely	sometimes	frequently	always
66.	Do you miss or neglect your family activities because of your work?	1	2	3	4	5
67.	Do you miss or neglect your work because of family activities?	1	2	3	4	5

### III. WELL-BEING, HEALTH AND JOB SATISFACTION

General health:		very poor	rather poor	moderate	rather good	very good
68.	What's your health compared with others of your own age?	1	2	3	4	5
69.	How do you rate your current work ability with respect to the physical demands of your work?	1	2	3	4	5
70.	How do you rate your current work ability with respect to the mental demands of your work?	1	2	3	4	5
71.	Current work ability compared with the lifetime best. Assume that your work ability at its best has a value of 10 points. How many points would you give your current work ability? (1 means that you cannot currently work at all) 1 2 3 4 5 6 7 8 9 10 completely work ability unable to work at its best					

<b>Stress</b> means the situation when a person feels tense, restless, nervous, or anxious, or is unable to sleep at night because his or hers mind is troubled all the time.		not at all	only a little	to some extent	rather much	very much
72.	Do you feel that kind of work-related stress these days?	1	2	3	4	5

Feelings:		never	a few times a year	monthly	a few times a month	every week	a few times a day	Every day
73.	I feel emotionally drained by my work	0	1	2	3	4	5	6
74.	After a days work I feel empty	0	1	2	3	4	5	6
75.	When I get up in the morning and I'm confronted with work I feel tired	0	1	2	3	4	5	6
76.	Working with people all day is really demanding	0	1	2	3	4	5	6
77.	I feel completely exhausted by my work	0	1	2	3	4	5	6
78.	At my job, I feel strong and vigorous	0	1	2	3	4	5	6
79.	I am enthusiastic about my job	0	1	2	3	4	5	6
80.	I feel happy when I am working intensely.	0	1	2	3	4	5	6

<b>Job satisfaction:</b>		very dissatisfied	rather dissatisfied	neither satisfied or dissatisfied	rather satisfied	very satisfied
81.	How satisfied are you with your present work?	1	2	3	4	5

<b>Plans:</b>		Yes, absolutely	Yes, probably	Probably	No, probably not	Absolutely not
82.	Are you planning on being in your current workplace in five years?	1	2	3	4	5

<b>Performance evaluation:</b>		Much better than before	A little bit better	No better /no worse	A little bit worse	Much worse
83.	Do you think your performance is better now than it was one or two years ago?	1	2	3	4	5

<b>Innovative behaviour:</b>		Never	Seldom	Sometimes	Often	Always
84.	At work employees are encouraged to think about ways to do improve the working methods.	1	2	3	4	5
85.	At work I get time to develop new ideas	1	2	3	4	5
85.	I deliver a significant contribution to the renewal of products or services in my organization.	1	2	3	4	5
87.	I deliver a significant contribution to improve the products and services of my organization	1	2	3	4	5

<b>If you compare yourself with colleagues:</b>		More employable	To the same extent employable	Less employable
88.	Are you more, less or to the same extent employable?	1	2	3



Do you agree with the following statements:		strongly disagree	disagree	slightly disagree	slightly agree	agree	strongly agree
89.	I generally consider changes to be a negative thing.	1	2	3	4	5	6
90.	I'll take a routine day over a day full of unexpected events any time.	1	2	3	4	5	6
91.	If I were to be informed that there's going to be a significant change regarding the way things are done at work, I would probably feel stressed	1	2	3	4	5	6
92.	When I am informed of a change of plans, I tense up a bit.	1	2	3	4	5	6
93.	Changing plans seems like a real hassle to me.	1	2	3	4	5	6
94.	Often, I feel a bit uncomfortable even about changes that may potentially improve my life.	1	2	3	4	5	6
95.	I often change my mind.	1	2	3	4	5	6
96.	Once I've come to a conclusion, I'm not likely to change my mind.	1	2	3	4	5	6

## PERSONAL BACKGROUND

Year of birth:.....

Gender: 1) male 2) female

Education: 1) Primary 2) Secondary 3) Tertiary

Profession (which?).....

Position: 1) managerial 2) ordinary

Your employment contract: 1) Permanent 2) Temporary

Number of sick days taken during last year: .....

# Annex 3B: The PSYRES questionnaire: variables<sup>1</sup> and scales with references

## *Group 1: TYPES OF RESTRUCTURING*

Items 1 – 10 – based on categories of restructuring used in European Restructuring Monitor, CSI<sup>2</sup>, DWECS<sup>3</sup>, HYVIS<sup>4</sup>

Items 11 – 12 – new

## *Group 2: APPRAISAL OF MAGNITUDE AND SIGNIFICANCE OF CHANGE DURING RESTRUCTURING*

Items (13 – 23) based on:

- HYVIS (ideas for the items 13 – 15).
- The change impact factor (CIF) scale by Tvedt (2010). Ideas for the items: 17 – 18, 20 – 22.
- The perceived outcomes of the change scale by Oreg (2006). The idea of the response categories.

## *Group 3: APPRAISAL OF ORGANIZATIONAL TREATMENT DURING RESTRUCTURING*

*Communication and support from management* (24–28) – based on HYVIS.

*Communication and support from immediate manager* (29–33) – based on HYVIS with the exception of the item 31 (new).

*Employees involvement* (34–36) – based on the Employee involvement scale by Randall, Nielsen & Tvedt (2009) – slightly modified and only three items (out of 4) were used.

*Overall justice* (37 – 39) – based on three general experience items from The Perceived Overall Justice (POJ) scale by Ambrose & Schminke (2009) but adapted to an appraisal of past changes.

*Trust in management* (40 – 42) – a 3 – item scale developed by Oreg (2006).

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<sup>1</sup> See Figure 3.1: Structure of the new restructuring questionnaire in Chapter 3

<sup>2</sup> CSI = Cohort Study Social Innovation. This is a longitudinal survey conducted by TNO, the Netherlands.

<sup>3</sup> DWECS = Danish Work Cohort Study. This is a nation-wide study started in 1990 and carried out every five years.

<sup>4</sup> HYVIS = the Finnish project: “Promoting occupational well-being and managing sickness absences in Finnish paper industry”

<sup>5</sup> NWCS = the Netherlands Working Conditions Survey. This is the largest periodic survey on working conditions in the Netherlands.

#### **Group 4: PSYCHOSOCIAL WORKING CONDITIONS**

**Quantitative demands** (48 – 50) – a COPSOQ short version (Kristensen et al.,2005)

**Emotional demands** (51 – 52) – a COPSOQ short version (Kristensen et al.,2005)

**Influence at work** (53 – 55) – a COPSOQ short version (Kristensen et al.,2005)

**Job insecurity** (56 – 57) – modified items from CSI.

**Task clarity** (58 – 60) – selected items from two COPSOQ scales: “Role clarity” and “Role conflicts” – a medium version.

**Social support** (61 – 62) – a COPSOQ short version (Kristensen et al.,2005)

**Effort/reward imbalance** (63 – 65) – an ERI short version (Siegriest et al.,2009): only three items directly referring to “balance” were selected.

**Work–Family interface** (66 – 67) – based on NWCS

#### **Group 5: WELL-BEING AND HEALTH**

**Work ability** (68 – 71) – the Work Ability Index (Tuomi, Ilmarinen et al.,1998). Four items were used, the same ones as in HYVIS, the Finnish Still Working Study and DWECs.

**Work related stress** (72) based on Occupational Stress Questionnaire by Elo et al. (1990). The item was used also in Finnish HYVIS and Still working study.

**Emotional exhaustion** (73 – 77) – taken from NWCS, based on UBOS (Schaufeli & Van Dierendonck, 2000).

**Engagement** (78 – 80) – three items taken from UWES (Schaufeli, Bakker, and Salanova, 2006). The selected items had the highest correlation with the whole UWES in the Finnish study (Hakanen, 2010).

**Job satisfaction** (81) – a single-item scale used in HYVIS and the Finnish Still Working Study.

**Turnover intention** (82) – new.

**Performance** (83) – new.

**Innovative behaviour** (84–87) – a four-item scale taken from NWCS.

**Employability** (88) – a single-item scale used in NWCS.

#### **Group 6: INDIVIDUAL DIFFERENCES**

**Coping** (43 – 47) – four items were taken from Coping Inventory for Stressful Situations, CISS (Endler and Parker,1990; Averó et al., 2003). Two items (45 and 47) measure task-oriented coping, and two items (44 and 46) – emotion-oriented coping. Items with the highest loading – according to the Polish normalisation study (Strelau et al.,2005) – were selected. Item 43 was the new one.

**Resistance to change** (89–96): eight items from the Resistance to Change Scale (Oreg, 2003). From each of the four RCS subscales, two items with the highest loading were selected.









## Exploring the link between restructuring and employee well-being

Restructuring is a permanent feature in our economy. All of us working in the current labour market will sooner or later experience restructuring in some form. Restructuring can have a profound effect on the psychological health and well-being of employees. It is therefore important to gain insight into the relationship between restructuring and the psychological health and well-being of employees. It is not only necessary to gain insight into what the effects are, but also to know how employees' well-being is affected to understand the pathways through which restructuring affects well-being and the factors that influence the relationship between restructuring and well-being. These issues are important because with this knowledge it will be possible to define effective preventive actions and interventions to minimise the negative effects of restructuring and promote the positive effects. Furthermore, it will also make it possible to define parameters to monitor restructuring processes. While losing your job has a profound effect on psychological health and well-being, it has become clear that restructuring also has a profound effect on the employees who are employed in the organisation before, during and after restructuring. As these are the employees who will play a crucial role in meeting the goals of the restructuring, it is very important to have insight into the effects of restructuring on these employees.

The research project 'Psychological health and well-being in restructuring, key effects and mechanisms' (PSYRES) is funded by the NEW OSH ERA consortium. Four European project partners worked together in this research project. The results of this project are presented in this book. The book contains numbers on the relationship between restructuring and employee well-being, but also 'the story behind the numbers' told by employees. It contains the results of a new questionnaire for measuring the mechanisms and psychological effects of restructuring. The book ends with a chapter on actions that can be taken by individuals, supervisors, managers, HR department and other stakeholders to ensure a 'healthy restructuring process' in their own company.