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The success of HIRES led to the follow-up project HIRES Plus (co-ordinated by Dr. Claude Emmanuel Triomphe (ASTREES, Paris) and Prof. Dr. Thomas Kieselbach, Bremen), which organized in 13 EU countries national workshops in order to increase awareness of main actors, discuss HIRES conclusions and to test them in the light of the national consultation process, discuss possible ways to include health as an issue when restructuring takes place and to develop networks at national and European levels.

**Key words:** enterprise restructuring, health, social convoy, European frameworks, healthier change procedures, case study reports, national responses
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Health in Restructuring: Innovative Approaches and Policy Recommendations (HIRES)

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Follow-up project:

Dissemination and Consultation of the HIRES Recommendations in 13 EU Countries (HIRES PLUS)

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**Introductory remark**

Restructuring has become a daily practice in both private and public sectors in the EU. But often restructuring processes fail to produce the intended effects of secured or increased organizational profitability. On the contrary restructuring puts the physical and psychosocial health of all organizational members at risk. To limit the risks of enterprise restructuring effectively, several actors at the individual, enterprise and societal level have to collaborate towards the implementation of healthier change procedures and to create a “social convoy” in occupational transitions for workers affected by dismissal.

The European Expert Group HIRES on Health in Restructuring was coordinated by Thomas Kieselbach from the University of Bremen and supported by DG Employment of the European Commission. It presented a concise overview of the effects of enterprise restructuring and the social frameworks and change procedures that should be considered for “healthier restructuring”. With its policy recommendations and the innovative approaches on a company and regional level the report addressed policy makers, governmental structures like labour inspectorates or federal institutes, unions, managers, occupational health and safety personnel, shareholders and workers alike.

The public reception of the HIRES recommendations on Health in Restructuring was impressive all over Europe and across different institutions, stakeholders and professions. They were conceived before the economic crisis started but the development of the economies increased public awareness for the problems addressed in the HIRES report.

The success of HIRES led to the follow-up project HIRES Plus (co-ordinated by Claude Emmanuel Triomphe (ASTREES, Paris) and Thomas Kieselbach, Bremen), which organized in 13 EU countries national workshops in order to increase awareness of main actors, discuss HIRES conclusions and to test them in the light of the national consultation process, discuss possible ways to include health as an issue when restructuring takes place and to develop networks at national and European levels.

The second edition of the HIRES report is due to the success of the first edition published in 2009 in English, French and German (the full policy recommendations chapter was beside this translated into other 5 European languages as well as into Chinese and Japanese) and of the dissemination and consultation process initiated by the follow-up project HIRES Plus in 13 EU countries.

The global economic crisis in which Europe is still involved made a large audience very sensitive to the issues of health and to the ways change and restructuring is managed. Therefore the second edition includes:

- The original HIRES report as it was published in April 2009;
- The main outcomes of HIRES Plus in terms of national overviews and responses, common policy issues and dissemination activities.
Executive Summary of the HIRES report

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

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

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

A lack of specific knowledge regarding the effects of restructuring on the health of employees has been recognised by the HIRES group as problematic. This deficit of understanding had already been diagnosed in earlier DG Employment projects, such as the MIRE project: Monitoring Innovative Restructuring in Europe, 2005-07. Accordingly, the HIRES report lists some available sources of surveillance data on the topic of restructuring from the European and some national levels. The quality and relevance of these monitoring systems for the issue of health in restructuring is limited, as is their coverage within the EU. An overview about the scientific evidence about restructuring effects on individual health and organisational performance is also provided.
The most prevalent notion of restructuring remains that of a crisis which puts current working conditions and indeed employment at stake. On top of the challenges and struggles due to the changes in the organisational routines itself, this causes uncertainty and irritation at all organisational levels even when jobs might in fact be less insecure than perceived. Therefore the proactive incorporation of restructuring as a “normal” tool of organisational development should bring the following issues onto the agenda permanently: For the employees to decrease the issue of job insecurity, two strategies seem to be advisable:

a) joint efforts of the individual employee and the organisation to secure sustainable employability, which limits the severity of potential job loss and

b) transparent and fair decision processes in preparation for and the course of an organisational restructuring to limit the uncertainty.

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

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

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

The tools, instruments and practices, as well as the considerations regarding the roles of social actors and OSH institutions presented in the HIRES Report are of use to: employers, other social partners and policy makers on a European, national and regional level. Our plea for a re-prioritization of health in restructuring may contribute to the reinternalisation of the health costs involved into the debate on restructuring. The present financial markets crisis – the effects of which on the real economy can, at present, be only roughly estimated on a very preliminary and vague basis – will reinforce the necessity to carefully monitor and manage the process of restructuring by using and applying tools, instruments and practices that may help ensure less socially damaging changes.
The report summarises the current state of affairs in terms of good practices, innovative tools and instruments to secure individual health and organisational performance in restructuring. The MIRE project already showed how health can become a central issue prior to or during restructuring which needs to be addressed by the organisation and other institutional bodies responsible for managing or supporting the restructuring. Following this line, the HIRES project gathered and discussed cases of good practice in regard to the issue of health in organisational restructuring to subtract specific lessons to be learned and practices to be adopted. The innovative aspects and specific lessons learned from the selected cases in regard to health prevention are in short:

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

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

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

The 12 HIRES policy recommendations refer to the following areas:

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

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

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

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

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

The aims of HIRES

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

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

\(^1\) The expert group was co-ordinated by Thomas Kieselbach; project management: Andries Oeberst (both IPG, U Bremen, Germany); project partners: Elisabeth Armgarth (HRM Ericsson, Sweden), Sebastiano Bagnara (U Sassari, Italy), Marc DeGreef (Prevent, Belgium), Anna-Liisa Elo (U Tampere/FIOH, Finland), Stephen Jefferys (WLRI, Metropolitan U, UK), Cateljine Joling (TNO, The Netherlands), Karl Kuhn (BauA, Germany), Karina Nielsen (NRCWE, Denmark), Nikolai Rogovsky (ILO, Geneva), Benjamin Sahler (ANACT, France), Greg Thomson (UNISON, UK), Claude Emmanuel Triomphe (ASTREES, France), Maria Widerszal-Bazyl (CIOP-PIB, Poland).
a catalogue of existing and newly developed policies which may need to be amended and a review of the role of institutions across Europe in this regard.

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

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

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

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

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

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

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

**Figure 1.1: The onion model**

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

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

The actual financial and economic crisis and its effects on restructuring

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

However, restructuring and its impact now has an added relevance and urgency in the public debate due to the global financial crisis – a crisis that is already causing recession in the economies of many countries. Banks are restructuring or are nationalised as a direct result of the crisis. Other enterprises are restructuring in response to the economic recession brought about by the global financial crisis. Many governments are now intervening directly with financial packages on an unprecedented scale in an effort to ameliorate the effects of the recession.
On the other hand, if governments are prepared to use hundreds of billions of dollars\(^2\) of taxpayers’ money to ameliorate the recession there may be scope for other forms of intervention aimed at protecting workers. The most obvious example of this is the meeting of the G20 group of nations in November 2008 which has called for a ‘broad’ policy response to the global financial crisis. Some analysts have linked this process to the Bretton Woods agreement which set the post-war architecture for global finance. While at a more local level, some organisations have already articulated demands for both government and employers based on the crisis in the financial sector. One thing seems clear, a purely financial response to the global financial crisis and the consequent recessions in so many economies is unlikely to satisfy the people across Europe, who will not only suffer the consequences of the recession in terms of job losses and reduced living standards, but will also have to pay for the financial intervention in terms of higher taxes or reduced public spending in the long term.

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

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

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

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

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

\(^3\) IMF World Economic Outlook. October 2008.