

Labour market change
ERM report 2018:
**Impact of restructuring on
working conditions**



Contents

	Executive summary	1
	Introduction	3
1.	Context and policy background	9
	Experience of restructuring for stayers	9
	Relevant EU legislation and policy initiatives	10
	Labour market and restructuring trends 2008–2017	14
2.	Impact of restructuring on employees and factors influencing outcomes	19
	Building on previous restructuring research	19
	Overview of the analysis	22
	Restructuring trends	23
	Restructuring versus downsizing	25
	Information and consultation during restructuring	27
	Downsizing effects	27
	Outcomes of downsizing/upsizing	29
	Effort–reward imbalance, downsizing and employee health	31
	Sectors in which negative downsizing effects are more evident	33
	Work organisation factors mediating the negative effects of downsizing	33
	Main findings from empirical analysis	35
3.	Good practice elements in restructuring and their implementation	37
	Key elements for effective restructuring	37
	Multifaceted influence of the context in restructuring	45
	Employees’ perceptions shaping restructuring outcomes	46
	Main findings from qualitative research on good practice elements in restructuring	47
4.	Conclusions and policy pointers	49
	Making a case for supporting the stayers in restructuring	49
	Identifying the working conditions implications of downsizing	49
	Learning from the company cases	50
	Policy pointers	52
	Bibliography	55
	Annexes	61
	Annex 1: ERM restructuring events database, 2017	61
	Annex 2: EWCS 2015 variables used in analysis	63
	Annex 3: Multivariate analysis findings	64

Country codes EU28

AT	Austria	FI	Finland	NL	Netherlands
BE	Belgium	FR	France	PL	Poland
BG	Bulgaria	HR	Croatia	PT	Portugal
CY	Cyprus	HU	Hungary	RO	Romania
CZ	Czech Republic	IE	Ireland	SE	Sweden
DE	Germany	IT	Italy	SI	Slovenia
DK	Denmark	LT	Lithuania	SK	Slovakia
EE	Estonia	LU	Luxembourg	UK	United Kingdom
EL	Greece	LV	Latvia		
ES	Spain	MT	Malta		

Executive summary

Introduction

Restructuring is a major feature of labour markets and work organisation. Data collected by Eurofound's European Restructuring Monitor (ERM) clearly show this. While organisational restructuring is necessary for business survival and growth, it can take a heavy toll on employees – not least the 'stayers' or 'survivors' who manage to keep their jobs. Given that restructuring is an unavoidable part of the working lives of many people, it is crucial to gain a better understanding of the following aspects:

- the consequences of restructuring for the stayers, in order to anticipate and manage the process of change
- how an organisation that is being restructured can reduce or neutralise the negative effects
- how the organisation can support its employees during a difficult transition

Using data from the sixth European Working Conditions Survey (EWCS), carried out in 2015, the ERM report 2018 examines how workplace factors may influence the relationship between restructuring (with job losses) and the outcomes for employees. It also reviews policy and academic research on good practice in restructuring. The findings are then distilled into a model that may contribute to the design and implementation of effective measures to support the stayers. The good practice elements are exemplified by company case studies from four countries – Bulgaria, Germany, the Netherlands and Spain – showing different approaches.

Policy context

National and European policymakers agree that structural change should be effectively and suitably anticipated, so as to ensure future prosperity and economic growth. At the EU level, there are a number of directives that tackle issues related to restructuring. Over the years, the EU has channelled substantial resources into supporting the adaptability of workers and companies in restructuring situations. The training and lifelong learning initiatives funded by the European Social Fund (ESF) are examples of this. The European Commission has also financed research into the impact of restructuring on employees. The Commission's 2012 Green Paper on restructuring raised awareness of the matter at stake: 'poorly managed restructuring can have a significant negative long-term impact on the human resources of companies, thereby weakening this key resource for competitiveness'.

In recent years, however, attention regarding the concerns of the stayers has subsided. Although the importance of anticipating company restructuring and minimising the social impact for employees was emphasised by the 2013 EU Quality Framework for anticipation of change and restructuring (QFR), the policy focus has remained firmly on the laid-off employees. Key issues surrounding the implications for the well-being, health and working conditions of the remaining workforce have not been addressed. The present report aims to bring this issue back to the attention of policymakers and encourage a more holistic and forward-looking approach to restructuring.

Key findings

- According to representative European survey data, just under one-third (30%) of employees in the EU reported that restructuring had taken place at their workplace in the preceding three years. A similar proportion reported working in downsized workplaces.
- Among the stayers, both restructuring and downsizing were associated with higher levels of work intensity, exposure to adverse social behaviours and lower levels of satisfaction with working conditions. These associations were notably stronger in workplaces with major employment reductions.
- But downsizing was also associated with a higher incidence of employer-provided training and of cognitively rich work ('learning new things'), suggesting that some of the human capital-related work dimensions may be positively affected by restructuring.
- Open information and consultation on restructuring was identified as a potential buffer or mediating factor limiting the adverse effects of downsizing. Over three-quarters of workers in restructured workplaces reported having been informed of impending restructuring in advance and just over one-third indicated that they had been consulted ('opinion had been sought') prior to the restructuring.
- The most important buffer in terms of its mitigating effects was the perceived level of fair treatment at the workplace.

- The qualitative research pointed to the importance of management efforts and investments to equip the workforce to adjust to change and cope with the increased job demands. But training to enhance the employees' sustainable employability through lifelong learning may be more beneficial than job-specific training to deal with the increased workload or new tasks. Sustainable employability may translate into greater employee empowerment and a heightened sense of employment security.
- The extent of the negative effects of restructuring can vary, depending on an array of factors that have to be taken into account when designing and implementing measures to support the workforce during the transition. What works will depend on the institutional, legislative and economic context. Local circumstances, as well as cultural norms and expectations, will also play a part.
- One frequent shortcoming in restructuring is the lack of systematic monitoring mechanisms to take stock of the restructuring experience and better prepare for future changes. This was also seen in the company cases studied. Systematic monitoring of the measures implemented throughout the change process could give insights into the intended and unintended effects of the measures and signal what adjustments are required where and when.

Policy pointers

- Restructuring is a common feature of organisational development in all modern societies and is a precondition of economic growth and material advancement. Policy should aim not to restrict or constrain organisations needing to restructure but to facilitate and encourage responsible and well-managed restructuring.
- Restructuring and downsizing are associated with mainly adverse work organisation and health outcomes for those who remain in restructured workplaces. Pervasive restructuring is one possible contributing factor to the increasing share of work-related ill-health that is mental rather than physical in nature. It may also contribute, through work intensification, to the increased incidence of musculoskeletal disorders. More explicit reference to restructuring could be considered in health and safety legislation, emphasising the 'duty of care' of employers to carry out restructuring in a manner that takes account of these health risks.
- Despite policy measures to discourage it, early retirement remains an important exit strategy in cases of downsizing. A valid alternative is to direct efforts and resources into supporting employees' sustainable employability by helping them to develop more generic and transferable skills through lifelong learning.
- Particular attention could be directed to vulnerable groups among the stayers for whom the effects of restructuring can be more severe. This report reveals that female employees, high-skilled blue-collar employees and public sector workers in health, education and the civil service/public administration are at heightened risk of ill-health after downsizing.

Introduction

Background and objectives of the research

Restructuring is a pervasive feature of market economies and is at times inevitable. It is a legitimate component of organisational or business strategy and is no longer associated with organisational decline and failure (Reynolds Fisher and White, 2000; Cameron et al, 1993). Announcements about large-scale company restructuring are reported every day in the business press and mainstream media. Eurofound's European Restructuring Monitor (ERM) events database records on average 30 new large-scale restructuring cases in the EU every week, as announced in the national media.

Although restructuring is commonly associated with downsizing, it is not exclusively related to negative employment effects, even if it is often presented as such by the media. It can also be related to job growth. For example, the ERM events database identifies different types of restructuring,¹ which are not exclusively associated with staff reductions. Restructuring may also entail a reconfiguration of the work organisation with or without any employment change. Yet, much restructuring involves a reduction in employee numbers – even in companies with profitable operations (Datta et al, 2010).

Many companies embark on significant restructuring and reduce their headcount in response to commercial pressures. These can arise as a result of factors such as increasing global competition, the development of global value chains, financial engineering, the demands of shareholders, changes in consumer taste, rapid development of technology and changing workforce composition. Firms restructure as part of their corporate strategy to adapt and remain competitive. The common assumption behind much restructuring is that it will support company performance, or even that it may be necessary in certain circumstances to ensure survival. For this reason, short-term negative employment effects may be seen as serving the goal of job retention or even job growth in the medium to long term.

Although employees may appreciate and understand the intentions behind restructuring efforts, the change itself can take its toll on their well-being and productivity. Even when employees take a positive view

of the restructuring, as in cases of business expansion, they may be faced with some negative consequences, particularly in terms of higher workload (Widerszal-Bazyl and Mockało, 2015). The negative consequences of restructuring for employees are amplified when change is a painful process that involves job losses – even more so if the restructuring is not carefully planned and managed. These negative effects may translate into hidden costs for the restructured companies. For example, Reynolds Fisher and White (2000) point to the enduring damaging effects of restructuring on levels of learning and innovation in specific cases. As a result, anticipated productivity gains do not materialise or are at best short-lived, and the restructuring turns out to be counterproductive in the longer term. The true cost of company restructuring can be far greater. Heavy workloads and long working hours create the conditions for burnout, leading to the loss of experienced employees. The costs of the restructuring can in such cases become a burden for society as a whole, in the form of disability benefits, coupled with the loss of human capital and labour input to the economy.

In this report, the terms 'organisational restructuring' and 'restructuring' are used interchangeably. The more specific term 'downsizing' is used for restructuring that involves headcount reductions. Throughout the report, restructuring or organisational restructuring is discussed as a potential stressor. It is a potentially disruptive and stressful experience for the stayers, and the outcomes have wide-ranging implications for all concerned.

Against this background, the objective of this research is to assess the impact of restructuring on working conditions in restructured firms, in particular from the perspective of the remaining employees. It is also motivated by the need to identify 'good practice' quality criteria that can guide healthier restructuring strategies, in which people are seen not as resources to cut but as assets to develop. This is an important precondition for the success of any restructuring in the longer term. The aim is also to contribute to the policy debate around the anticipation and management of restructuring and provide information for the development of a more anticipatory, forward-looking and socially sensitive approach to restructuring.

¹ These include: bankruptcy, closure, internal restructuring, merger/acquisition, outsourcing, offshoring/delocalisation, relocation and business expansion.

The report calls for a renewed policy debate around restructuring in order to achieve a more comprehensive approach. The intention is to assist practitioners in the planning and implementation of effective organisational interventions during restructuring. Another aim is to raise awareness among policymakers of the need to support employers in their restructuring efforts, particularly with regard to those remaining in employment.

Structure of the report

Following this introduction, the report is arranged in three chapters.

Chapter 1 gives background on the phenomenon of restructuring. It reviews the most relevant EU legislative and policy developments on restructuring and provides data from two sources – the EU Labour Force Survey (EU-LFS) and the ERM – to illustrate broad labour market and restructuring trends in the EU.

Chapter 2 reports the findings from the empirical analysis of recent EU survey data, supplemented by a literature review on restructuring with a specific focus on the stayers. The data source for the empirical analysis on employee outcomes of restructuring is the European Working Conditions Survey 2015 which includes a set of restructuring-related questions. The information gained gives some useful indications of the effects of restructuring and downsizing on those staying in the restructured companies. It also points to factors in the work environment and work organisation that may influence employee outcomes.

Chapter 3 draws on a review of academic and policy research on good practice elements in company restructuring. The good practice elements are illustrated by four company case studies, which are compared: Mizia-96 (Bulgaria), thyssenkrupp Steel Europe (Germany), Dutch insurer (The Netherlands) and Fertiberia (Spain). Various contextual factors, both external and internal to the organisation, are also explored.

The report ends with conclusions and policy pointers for both policymakers and practitioners when guiding companies through the process of restructuring.

Methodology

Theoretical underpinning

Drawing on a review of the research and policy literature, a theoretical model was elaborated to underpin both the quantitative and qualitative research

carried out as part of this study. The model presented in Figure 1 proposes a goal-oriented and comprehensive approach to restructuring (hence the reference to ‘organisational intervention’), as opposed to the implementation of ad hoc or isolated measures.

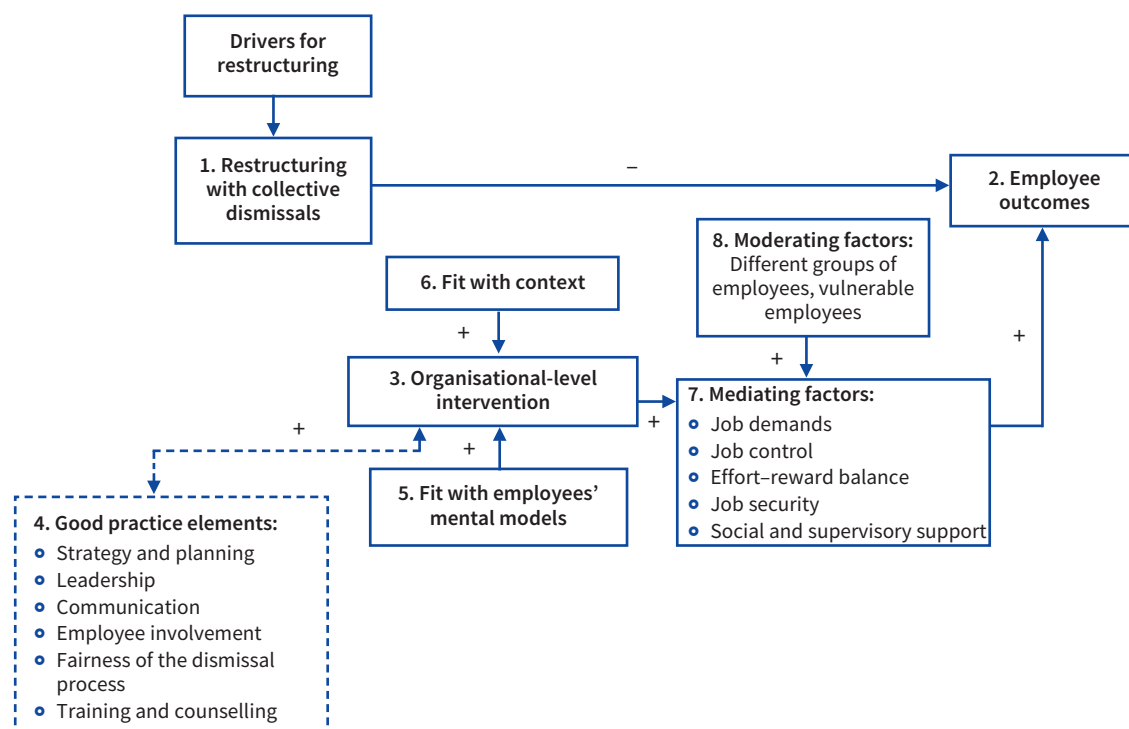
The theoretical model served initially as a reference framework for the statistical analysis of the European Working Conditions Survey (EWCS) data in relation to the employee outcomes of restructuring and factors in the work environment that, according to the research literature, mediate the relationship between restructuring and outcomes (Eurofound, 2016b). The EWCS empirical analysis sought to detail the employee outcomes and explore the relevance of potential factors that may influence those outcomes. The selection of good practice elements depicted in the model (also drawing on the review of academic and policy research) guided the later selection and analysis of the case studies. Exploration of the influence of contextual factors on the implementation of restructuring tends to be more amenable to qualitative research, such as case studies.

The point of departure for the model (see Figure 1) is that restructuring with collective dismissals (1) has typically a negative impact on employee outcomes (2). Organisational-level interventions (3), which encompass several good practice elements (4), can however reduce the adverse impact of the restructuring and generate more positive outcomes. But this is provided that the interventions (and good practice elements) address factors in the work environment (7) such as job demands, job control, effort–reward balance,² job insecurity, social support and supervisor support. Such factors are called ‘mediating variables’. They partly influence the relationship between restructuring and employees’ well-being and working conditions. These mediating factors can be controlled for and, hence, built upon when planning and designing organisational-level interventions in the context of restructuring. There are also moderating factors (8) influencing employee outcomes. These refer to characteristics of individuals. The assumption is that the effects of restructuring are not the same for all individuals but vary according to, for example, age, occupation or educational level. For some groups, the restructuring effects are more severe than for others. Moderating factors can help to identify the groups at which interventions should be aimed in order to be most effective. Finally, the organisational-level interventions need to fit with the employees’ mental models³ or their perceptions of the restructuring and measures taken as part of the intervention (5). They should also fit with the organisational context, as well as the larger context within which the organisation operates (6).

² The ‘effort–reward balance’ is between, on the one hand, job demands and obligations (‘efforts’) imposed on the employee, such as work intensity and overtime, and on the other, occupational ‘rewards’ such as career opportunities and job security.

³ The concept of ‘fitting with employees’ mental models’ refers to employees’ efforts to make sense of the changes occurring at work and to their readiness for change (Nielsen and Randall, 2013).

Figure 1: Theoretical model for the design and assessment of organisational interventions in restructuring



Source: Eurofound

The above model was validated by 26 national stakeholders and experts (including human resources and occupational consultants, trade union and employer representatives, researchers and policy experts) by means of in-depth qualitative interviews.

Statistical analysis and main data source

As the focus of this research is the impact of restructuring on the stayers, the main data source for the analysis is the EWCS. This is a five-yearly nationally representative survey conducted by Eurofound. It covers a broad range of quality-of-work issues – working time, work-related health exposures and outcomes, work organisation, technology use, job satisfaction, etc. – and is conducted in all EU Member States and a number of non-EU countries (seven in 2015). National sample sizes are for most countries around 1,000 (but with larger samples of up to 3,500 in some Member States), based on a multistage random sample design (see Eurofound, 2016b).

The most recent survey wave, conducted in 2015, asked whether the employee's workplace underwent restructuring or reorganisation during the preceding three years.⁴ This question had been introduced for the

first time in the fifth round of the EWCS in 2010. A new question introduced in 2015 asked employees about headcount shifts at the workplace in the previous three years.⁵ Another two new restructuring-related questions inquired (for those respondents who indicated that restructuring had taken place) whether they had been 'informed of the forthcoming changes' or had been 'asked to give [their] opinion' prior to the restructuring taking place.

Where positive associations are identified, appropriate caution is advised regarding their significance, as the data source used is not entirely suitable for testing the hypotheses proposed. The ideal data source would be longitudinal, preferably with linked employer-employee data, with a large sample of employees in both downsized and non-downsized firms, and the 'quality of work outcome' questions would be posed before and after a precisely dated downsizing event. Such a dataset does not exist. The EWCS is instead a cross-sectional survey dataset with a rich coverage of work organisation and work environment dimensions, including whether or not restructuring and downsizing had taken place, based on employee responses at one moment in time. Other potential weaknesses include

⁴ Question 20: During the last three years has there been a restructuring or reorganisation at the workplace that has substantially affected your work?

⁵ Question 19: During the last three years, has the number of employees at your workplace increased, stayed the same or decreased? (answer categories: 'no change', 'increased a lot or a little', 'decreased a lot or a little')

memory issues with self-reported data, especially over a time frame of three years, as well as a potential host of unobserved workplace or individual characteristics that may be contributing to the outcomes indicated. As restructuring does not directly cause stress or workplace bullying or any other individual-level outcome, the case for or against regarding downsizing as a cause of positive or negative work outcomes will necessarily be subject to many qualifications. What is identified is any increased probability that employees will report certain outcomes, given that downsizing or restructuring has taken place.

On the positive side, the survey has a broad thematic coverage. Potential selection or acquiescence biases in smaller surveys with a restructuring focus or conducted solely in restructured companies may tend to inflate associations between downsizing and hypothetically related outcomes, such as self-reported stress. Individual respondents may be more prone to report negative outcomes if they feel that the aim of the survey is precisely to identify and quantify such linkages. Whatever associations are found in a more broad-based working conditions survey are less likely to be bias-induced. The comparatively large samples also offer benefits in terms of statistical weight and allow for associations to be compared across subcategories such as 'sector'. And finally, broader-based working conditions surveys, by definition, offer thematic variety and possibilities for identifying associations between restructuring and a richer subset of work environment variables.

Case study research

For the selection of the company case studies, different criteria were used. All four company cases relate to instances of internal restructuring with significant headcount reductions in large private sector companies, in line with the ERM definition.⁶

An important criterion for the selection of the case studies was that the initiative to embark on restructuring was taken locally or nationally and did not result, for example, from a top-down decision by the international headquarters of a multinational company. Such top-down decisions may mean that local or national actors have only limited influence on the implementation of the restructuring.

Another selection criterion was that the restructuring was implemented in private sector companies. This is because public sector restructuring is distinct from that in the private sector. They often have different drivers, as outlined in previous Eurofound research (Eurofound, 2015). Restructuring in small and medium-sized

enterprises (SMEs) was also excluded, on the assumption that SMEs behave differently to larger companies when restructuring (Eurofound, 2013).

Where available, monitoring data on staff engagement and attitudes were reported, with a view to providing some evidence of the impact of the measures undertaken by the companies throughout the restructuring.

The case studies countries are Bulgaria, Germany, the Netherlands and Spain. These countries were chosen to ensure a reasonable (albeit limited) geographical spread and a variety of approaches to restructuring, embedded in different institutional settings and contexts.

To explore the approach to restructuring and identify good practice elements across the four company case studies, face-to-face half-standardised qualitative interviews were conducted between June and October 2017 in the selected companies with at least a representative of management or human resources and an employee representative (works council or trade union) at establishment level. By means of these interviews, information on the content and the implementation process of the restructuring was collected, as well as other factors that may influence employee outcomes. Additional data were also gathered through relevant and available company documents.

An overview of the main characteristics of the selected company case studies is given in Table 1. Three of the selected companies operate in the manufacturing sector, while the Dutch company is in the financial services sector. Both clothing manufacturer Mizia-96 and the Dutch insurer are independent, privately owned, autonomous companies. The other two – fertiliser producer Fertiberia and thyssenkrupp Steel Europe (tkSE) Dortmund – belong to international companies, having headquarters separate from the establishment that was studied. Decisions concerning restructuring in these two companies are taken at the national level. In all four companies, employees are represented by trade unions and works councils (local and joint works councils at the national level of a company). In all the selected companies, the restructuring resulted in substantial job losses. In the Bulgarian company, mainly low-skilled employees were dismissed. The dismissals implemented by the Dutch insurer mainly affected administrative staff. In Fertiberia and tkSE Dortmund, job losses took place among production or service workers, who are highly skilled personnel in these sectors.

⁶ The ERM defines 'restructuring' as an event affecting at least 100 jobs or 10% of a workforce of 250 at the establishment level.

Table 1: Key characteristics of the selected company case studies

	Mizia-96 (Bulgaria)	tkSE Dortmund (Germany)	Dutch insurer (The Netherlands)	Fertiberia (Spain)
Sector (NACE code)	Manufacture of other outerwear (14.13)	Manufacture of basic iron and steel and of ferro-alloys (24.10)	Income and life insurances (65.12)	Manufacture of fertilisers and nitrogen compound (20.15)
Property, ownership structure	Joint-stock company (independent, private)	Dortmund establishment, part of thyssenkrupp Steel Europe (tkSE) AG	Independent company, with APG as the sole shareholder	10 interlinked operational units at Huelva establishment; part of Fertiberia S.A., stock exchange listed
Form of employee representation	Union committee; over 85% of employees are members of the Federation of Independent Trade Unions in the Light Industry (FITULI)	Most of the workers (86%) are organised within IG Metall	Five trade unions affiliated to FNV, CMHF, De Unie, VCPS and CNV	Four trade unions representing 88.9% of workers. General Workers' Union (UGT) as the main trade union
Workforce number before and after restructuring	2008: 1,050 persons 2009: 730 persons 2017: 1,030 persons	2006: 730 persons 2016: 650 persons	2012: 431 persons 2016: 251 persons	Beginning 2009: 348 persons End 2009: 283 persons 2013: 125 persons 2017: 65 persons
Timeframe of restructuring	2008-2009: 115 dismissals in the first round of restructuring and 205 in the second round	2006-2016: Two rounds of restructuring without a demarcated end of restructuring (80 job losses)	2012-2015: 20 dismissals in the first round of restructuring, another 50 in the second round. Rest relocated to other company in the group	2009-2013: 65 dismissals in the first round and 144 in the second round. The last 14 followed in 2013

Source: Eurofound

It should be noted that the selected company case studies are not in themselves good practices. However, important components of their restructuring approaches are potentially beneficial for the stayers (referred to as 'good practice elements' in this report). It is understood that there is no 'one size fits all' approach to restructuring, but rather a variety of ways to mitigate the negative effects on the remaining employees while achieving economic and organisational goals.

There are a number of limitations to the case study research. For example, the company case studies illustrate only some good practice elements, as identified in the literature review and depicted in the

theoretical model. They cannot be considered representative of the situation in the individual countries or sectors. The restructuring is also studied retrospectively. In the interviews with the company managers and employee representatives, the effects of the measures were discussed and survey data were provided where available. Since there is no reference point for outcome measures 'before the restructuring' which could then have been used to determine the change 'after the restructuring', the conclusions should be considered with caution. There are no counterfactuals. What would have happened if no measures had been in place remains unknown.

1 Context and policy background

Experience of restructuring for stayers

Although organisational restructuring can be an opportunity for the restructured organisations to gain greater competitiveness and efficiency, the workforce may nonetheless experience it as a highly disruptive and stressful event. This is certainly the case for employees who lose their jobs (the ‘leavers’ or victims of restructuring), but it can also be the case for the employees who remain in the organisation after the restructuring (the ‘stayers’ or survivors). The latter are expected to ‘pick up the pieces’, adjust quickly to new organisational structures and work roles, and keep the business going.

Invariably, and understandably, companies being restructured devote much of their resources primarily to those employees who are about to lose or who have lost their jobs. While legislation is often very specific regarding the procedures and the treatment of the dismissed, there are no explicit provisions to safeguard the well-being and working conditions of employees who remain in the restructured companies. Often, national law contains no specific requirements for employers to assess the risks for stayers specifically in restructuring situations. Support measures – often provided for in companies’ collective agreements – primarily target the departing employees, with a view to cushioning the negative social consequences of the restructuring on those most directly affected. This generally involves (re)training, so as to facilitate placement in new jobs. Efforts and resources are mostly directed towards fulfilling legal and contractual obligations towards the departing employees. An extensive, but not comprehensive, list of public support measures can be found in Eurofound’s database on support instruments for restructuring, which is part of the ERM.⁷ The majority of the measures listed relate to the management rather than the anticipation of restructuring. This shows that policymakers pay more attention to mitigating the negative effects of restructuring for those who leave (Eurofound, 2011).

A fundamental problem is that restructuring is often practised by companies as a fire-fighting exercise. The aim is to respond quickly to economic and market changes, with little time and few resources devoted to careful long-term planning. So the possibilities for a positive outcome to the restructuring process are compromised (Rogovsky et al, 2005; Eurofound, 2013). Most companies, however, do little to prepare their employees for restructuring and to ensure a smooth transition for the workforce (Gandolfi and Hansson, 2015; Eurofound, 2013; Rogovsky et al, 2005; Gandolfi, 2006; Cascio, 1993). This is in spite of the growing emphasis given in the policy debate, particularly at the EU level, to the anticipation of restructuring.

Previous research shows that many organisations that have embarked on downsizing fail to achieve the anticipated goals of increased productivity and financial performance (Muñoz-Bullón and Sánchez-Bueno, 2011; De Meuse et al, 2004). Some authors (De Jong et al, 2016) have suggested that the negative impact of restructuring on the remaining employees may be one of the underlying causes of the failure of much organisational restructuring. According to Appelbaum et al (1997), employees’ negative responses to restructuring can impact adversely on company productivity and translate into a ‘double failure’, cancelling out the cost benefits from the downsizing endeavour.

In the past, the European Commission sponsored a growing number of research projects and initiatives aimed at examining the restructuring process and identifying good practices in restructuring (AgirE, ARENAS, MIRE and IRENE).⁸ They looked at the consequences of restructuring for the job losers as well as the stayers (HIRES⁹ and PSYRES¹⁰). This EU-funded research provided guidelines and recommendations for a healthier, more forward-looking and socially responsible restructuring (see Chapter 3). However, more attention should be paid to the needs and concerns of the remaining employees, as well as those who lose their jobs. Greater efforts must also be made to establish more comprehensive policies and practices that counteract the negative effects of restructuring for the entire workforce.

⁷ Eurofound’s database on support instruments for restructuring can be accessed on the ERM website at <https://www.eurofound.europa.eu/observatories/emcc/erm/support-instrument>

⁸ For information on these projects, see <http://responsible-restructuring.eu/publications-and-resources>: AgirE (Anticipation for an innovative management of restructuring in Europe), ARENAS (Anticipating Restructuring in Enterprises: National Seminars), MIRE (Monitoring Innovative Restructuring in Europe).

⁹ HIRES (Health in Restructuring) research project funded by the European Commission (DG Employment) under the Progress programme.

¹⁰ PSYRES (Psychological health and well-being in restructuring: key effects and mechanisms) research project funded within the ERA-NET scheme under the sixth EU Framework Programme for Research and Technological Development.

Relevant EU legislation and policy initiatives

Restructuring-related EU directives

There is a well-established body of EU legislation – in the form of EU directives – that deals directly or indirectly with issues in restructuring situations. Particularly relevant are those directives governing the information and consultation requirements that must take place in the event of business restructuring affecting employment. Although the focus of these directives is not specifically on the stayers, they set out provisions that potentially contribute to a more positive and stable social climate during the restructuring and ensure that the restructuring is conducted in a fair way.

The first European directive directly dealing with restructuring is the Collective Redundancies Directive (98/59/EC). Its purpose is to provide greater protection to workers in the event of collective redundancies. The directive sets out the minimum thresholds for collective redundancies requiring public notification. It applies if at least 20 employees are to be made redundant over a period of 90 days, or at least 10 to 30 employees (depending on the establishment size) over a period of 30 days. According to information collected in the ERM database on legal regulations, a definition of collective redundancies exists in all EU Member States. However, the thresholds stipulated in the national legislation vary from country to country. While some Member States apply the thresholds set out in the directive, others have opted for lower thresholds, a different time frame for the notification period or different thresholds for the establishment size.

The directive also requires employers to inform and consult the workforce on plans for collective redundancies and notify the competent labour authority of the projected redundancies. On this, some Member States specify a minimum period for notification of the redundancies to the competent public authorities while others set out a precise time frame. Furthermore, the directive provides that any employer considering collective redundancies must hold consultations with the workers' representatives 'in good time with a view to reaching an agreement' and consultations must at least cover the ways and means of avoiding collective redundancies or reducing the number of workers affected, and mitigating the social consequences of the restructuring. But while there is an EU-wide obligation for the employer to consult with employee representatives, national legislation varies as to the minimum period for consultation (with

possibilities of extension in some cases) and the extent of information on the ways of avoiding or minimising redundancies. The focus of the exchange between the employer and the employee representatives in the preparation of the restructuring remains, however, on consultation rather than negotiation. In addition, the directive on the information and consultation of workers (2002/14/EC), the European Works Council Directive (94/45/EC, updated in 2009 by the recast directive 2009/38/EC), and the directive on the safeguarding of employees' rights in the event of transfers of undertakings or businesses (2001/23/EC), known as the TUPE Directive, contain provisions that may be relevant in restructuring situations arising from mergers or acquisitions.

The 2002/14/EC directive establishes a general framework for informing and consulting employees on the probable development of employment within the company and on any anticipatory measures envisaged, in particular where there is a threat to employment. The employer must also inform and consult on decisions likely to lead to substantial changes in work organisation or in contractual relations. A European Parliament study (European Parliament, 2007) did, however, point to a number of shortcomings in European information and consultation legislation, which limit the impact of the 2002/14/EC directive due in particular to the minimum company size thresholds.¹¹ A large number of employees remain uncovered by the legislation (around 40% of all employees, according to Eurostat data). On the basis of this study, the authors advocated more monitoring and comparative EU-wide research regarding information and consultation practices in the Member States and the promotion of best practice information and consultation arrangements for those employees excluded from the protection of legislation.

The European Works Council Directive establishes a European Works Council (EWC) or other appropriate procedures to ensure information and consultation rights on transnational issues for employees of 'community-scale' companies (with at least 1,000 employees in the EU) or groups of companies. Individual company EWC agreements may also include discretionary provisions targeting the remaining employees, with a view to fostering a more stable social climate throughout the restructuring process and preventing or mitigating some negative outcomes typically associated with lack of transparency of the decision-making process and poor communication. There are instances of EWC agreements about 'responsible restructuring', which pay close attention to

11 The 2002/14/EC directive offers Member States the possibility of choosing alternative levels of threshold – that is, undertakings with at least 50 employees or establishments employing at least 20 employees.

preventive measures for both the job losers and stayers (see, for example, EFFAT, 2016). In this regard, the European Commission's database on Transnational Company Agreements (TCAs)¹² showcases a number of European agreements on responsible restructuring. Furthermore, the European Commission's latest implementation report on the recast European Works Council Directive (2009/38/EC) underlined the pivotal role of the EWC and/or trade unions in the prevention or mitigation of the negative effects of restructuring on employment and working conditions (European Commission, 2018). It also pointed to the need to share and exchange existing good practices. The creation and sharing of a practical handbook for EWC practitioners, proposed in the same report, would be a step in this direction.

Finally, the purpose of the TUPE Directive is to provide for the protection of employees in the event of a change of employer, in particular to ensure that their rights are safeguarded. It stipulates that the transferor (selling company) and transferee (acquiring company) must inform the representatives of their respective employees affected by the transfer of the legal, economic and social implications of the transfer for the employees, and of any measures envisaged in relation to the employees. If the transferor or the transferee envisages putting into place any measures in relation to their employees, they must consult employee representatives in good time on such measures with a view to reaching an agreement. This directive safeguards the rights of employees being transferred, in that it enables them to remain in employment with the new employer, under the terms agreed at the transfer, and ensures that the existing workers' representation is maintained until a new body has been appointed in the new enlarged organisation.

The broad health dimension of restructuring is covered implicitly by the EU Framework Directive on Health and Safety at Work (Directive 89/391/EEC).¹³ The directive underlines the employer's duty to ensure the safety and health of workers in every aspect related to work, in so far as employment or working conditions under the employer's control may undermine them. Even if the framework directive does not include specific terminology for mental health issues in the workplace (for example, work-related stress or psychosocial risks) which may arise from organisational restructuring, it does create a legal obligation for employers to protect workers from all workplace risks, including psychosocial risks. The Commission Communication *Safer and healthier work for all: Modernisation of the EU*

occupational safety and health legislation and policy (European Commission, 2017a) as well as the Practical guidance for employers accompanying the Communication (European Commission, 2017b) specifically mention that, according to the existing EU-level provisions, employers are obliged to protect workers from psychosocial risks and that these risks have to be duly taken into account in the risk assessment process. The guidance document accompanying the Communication provides concrete non-binding tools and resources for employers to effectively tackle psychosocial risks in the risk assessment. A 2014 external study (European Commission, 2014) flagged that organisational restructuring is one of the risk factors in the workplace that can engender mental ill-health. As reported in the study, mental health issues account for an increasing share of occupational health problems and the consequences tend to be more disruptive and costly (for example, as evidenced in extended periods of work absence or of work incapacity).

The abovementioned 2017 Communication *Safer and healthier work for all* puts greater emphasis on psychosocial risks and highlights the need to adopt a preventive approach. Safeguarding workers' health and safety is also a goal of the EU's working time directive (2003/88/EC), which guarantees minimum standards on working hours across the EU – for example, by setting maximum weekly average working hours (48 hours per week). In restructuring situations, however, overtime may not formally be required but rather 'encouraged' by employers. Or employees may themselves feel pressurised to work long hours to keep their job.

EU policy initiatives

There has been much debate at EU level on how to anticipate restructuring and ensure that its negative outcomes for employees are mitigated to the greatest extent possible. The economic and social impact of company restructuring has featured on the EU policy agenda since the late 1990s. It goes back to the publication of the Gyllenhammar report *Managing change* (European Commission, 1998) prepared by a high-level expert group appointed by the European Council¹⁴ in the wake of a large and controversial downsizing case at the Renault Vilvoorde plant in Belgium. The report stated:

Companies should shoulder the main responsibility for the anticipation of change ...[and for maintaining] the employability of their workers, whilst workers have the responsibility to utilise all available training opportunities.

12 The database can be consulted at <http://ec.europa.eu/social/main.jsp?catId=978&langId=en>

13 Directive 2007/30/EC of the European Parliament and Council of 20 June 2007 amended Council Directive 89/391/EEC, its individual directives and Council Directives 83/477/EEC, 91/383/EEC, 92/29/EEC and 94/33/EC, with a view to simplifying and rationalising the reports on practical implementation.

14 Luxembourg Extraordinary European Council meeting on employment, 21 and 22 November 1997.

Emphasising the importance of anticipating change, the Gyllenhammar report proposed the establishment of an observatory of industrial change, which was launched within Eurofound in 2001 and known as the European Monitoring Centre on Change (EMCC) (European Commission, 1998). A core part of the EMCC is the European Restructuring Monitor (ERM) which, since its inception in 2002, has provided information on the impact of restructuring on employment. The report also called for a voluntary approach at various levels to the anticipation and management of industrial change, reinforced by effective and constructive social dialogue.

The recommendations formulated in this report set the tone for the European Commission's 2002 and 2005 Communications on restructuring, with their emphasis on anticipation and management of change to meet both economic and social requirements.

The 2002 Communication *Anticipating and managing change: A dynamic approach to the social aspects of corporate restructuring* emphasised the central role of the social partners in managing change and sought to initiate a consultation on the most suitable approach to deal with the social dimension of company restructuring. Started in October 2002, this dialogue between the European (cross-sector) social partners culminated in 2003 with a joint text on the anticipation and management of change entitled *Orientations for reference in managing change and its social consequences* (UNICE, UEAPME, CEEP and ETUC, 2003). Some of the case studies annexed to this joint text highlighted issues particularly related to employees who remain after restructuring.

While acknowledging the potential negative social impact of company restructuring, the 2005 Communication *Restructuring and employment – Anticipating and accompanying restructuring in order to develop employment: the role of the European Union* framed the phenomenon not as intrinsically negative but as pervasive, sometimes inevitable and occasionally desirable or beneficial.

The restructuring of enterprises is often seen to be an essentially negative phenomenon, and its immediate effects on employment or working conditions are highlighted in most cases. And yet, restructuring operations are often essential to the survival and development of enterprises. It is therefore necessary to accompany these changes in such a way as to ensure that their effects on employment and working conditions are as short-lived and limited as possible.

(p. 3)

As well as outlining a set of measures for the anticipation and management of change, the Communication reaffirmed the key role of the European Social Fund (ESF) in supporting the adaptability of workers and companies in connection with restructuring, for example through training, retraining and lifelong learning. It also called for the proactive management of change and the strengthening of active employment policies that facilitate labour market transitions. In line with this objective, the European Globalisation Adjustment Fund (EGF) was established in 2006 to finance active labour measures for workers affected by mass redundancies as a consequence of major structural change due to globalisation.¹⁵

The need to balance the economic adaptation of companies with the social implications of change for workers was also emphasised in the Commission's 2009 Communication *A shared commitment for employment*. The Communication also advocated better anticipation and management of restructuring through exchanges of experience and sectoral partnerships.

At the beginning of 2012, the European Commission issued a Green Paper entitled *Restructuring and anticipation of change: What lessons from recent experience?*. It draws attention to the 'social and health consequences of employment insecurity, adaptation, loss of employment and long-term unemployment'. The negative consequences arising from insecurity should be mitigated through 'effective approaches which enable employees to adapt to change at workplaces, quickly reintegrate into labour markets and mitigate the health effects of transitions' (p. 14). On the specific issue of the consequences of restructuring on employees' health and well-being, the Green Paper broadens its focus to encompass both the stayers and the leavers.

It has been shown that, through its human and psychological consequences, poorly managed restructuring can have a significant negative long-term impact on the human resources of companies, thereby weakening this key resource for competitiveness.

(p. 17)

The Green Paper also notes that companies and social partners from some sectors undergoing particularly strong change have agreed on guidelines to manage mental health issues in workplaces, and are increasingly engaged in tackling these challenges. For example, in the electricity sector, the social partners jointly launched a toolkit in 2008 designed to help manage restructuring in a socially responsible manner. It makes

¹⁵ Operational since 2007, the EGF was renewed in 2013 for the period 2014–2020. The scope of the EGF has been expanded in the new programming period to include workers made redundant because of an unexpected financial and economic crisis, and to include other categories of workers, for example fixed-term and self-employed workers. The new EGF Regulation post-2020, issued by the European Commission in May 2018, further broadens the scope of the current regulation to cover displaced workers and self-employed people whose activity has ceased due to unexpected major restructuring events. Also, particular emphasis is placed on support measures for the most disadvantaged groups in order to facilitate their reintegration into the labour market.

explicit reference to those who remain after restructuring, thus recognising that restructuring can have a detrimental effect on their health and well-being (Tarren et al, 2008). It states that lifelong learning plays a key role in ensuring the ongoing employability of both stayers and leavers and warns against the potential ill-health effects of work intensification following restructuring.

The workload of those remaining may intensify and this can have a negative effect on the remaining employees, which may undermine the whole purpose of the restructuring operation, compounding the ill-health effects on the employees and placing severe strain upon individuals, their relationship with their managers and the entire organisation.

(European Commission, 2012, p. 40)

According to the toolkit, the time that individuals need in order to feel that they can resume normal working life following restructuring varies. Help and support are required for individuals following the upheaval of job loss or the transition from one part of the company to another. It also gives examples of companies that have put into place initiatives to monitor employees' health and stress levels throughout the restructuring process.

Another toolkit to assist actors in dealing with restructuring was published in 2009 by the European Commission (European Commission, 2009). It draws findings from ESF-funded research and illustrates key actions and success factors relevant for different actors (companies, employees, social partners, employee representatives, regional and national authorities) in relation to the three main stages of restructuring: before, during and after restructuring. In particular, the toolkit points to the importance of an anticipatory and proactive approach in order to remain 'ahead of the game' and also to buffer the negative social impact of the restructuring. Essential ingredients in this endeavour are a multi-actor collaboration through all the stages of the restructuring and investment in training and human capital measures for better handling of the change process.

There have been a number of sectoral social partner responses to the Commission's Green Paper. For example, the Council of European Municipalities and Regions (CEMR) and the European Public Service Union (EPSU) issued a joint response. They stated that the social partners in local and regional government believe that anticipating change includes anticipating the health and safety aspect of restructuring in order to maintain the health of the workforce, and that this needs to be integrated into any further EU work on restructuring. In December 2012, the social partners in this sector agreed a joint framework on well-being at work in the context of restructuring. They agreed a further text in December 2016 (CEMR and EPSU, 2016).

Further impetus to the EU debate on anticipation and management of restructuring came with the adoption in 2013 by the European Parliament of a resolution requesting the Commission to put forward a legislative proposal based on a set of recommendations on information and consultation of workers, anticipation and management of restructuring processes. In this resolution, the European Commission was called upon 'to ensure that dismissals are seen as a last resort after having considered all possible alternatives, without this diminishing the competitiveness of enterprises' and 'to assess whether it is necessary to take steps at Union level to supervise the activities of companies in order to prevent abuse of any kind with prejudicial effects, particularly on workers' (European Parliament, 2013). The arguments in favour of this approach were set out in a European added-value assessment study, which concluded that 'an intervention at EU level could also provide an integrated and coherent approach to dealing with restructuring, which is currently lacking in legislation, policy, practice and perceptions in many Member States, and a common understanding of the issue' (European Parliament, 2012, p. 31).

After much deliberation on the appropriate policy response to the anticipation and management of restructuring, the European Commission decided not to go down the route of proposing a directive, but instead issued in 2013 an EU quality framework for anticipation of change and restructuring (European Commission, 2013). This contains non-binding guidelines and recommendations addressed to national and regional authorities, social partners, companies and employees, based on good practice examples of the anticipation and management of restructuring and change. However, the focus remains primarily on those who are at risk of losing their jobs as a result of restructuring, with lower priority afforded to the concerns and needs of the remaining workforce.

On the legislative side, the European Commission issued, in November 2016, a proposal for a new directive on preventive restructuring frameworks and measures to increase the efficiency of restructuring when a company is facing insolvency. This proposal highlights the importance of an awareness of and focus on anticipatory restructuring measures, stating that a significant percentage of companies and jobs could be saved if preventive restructuring measures were put into place before a company entered into severe financial difficulties. The impact assessment accompanying the proposal stated that the proposed directive is neither without prejudice to the EU labour law directives nor does it prescribe how consultation and information should be effected (European Commission, 2016b). During the stakeholder consultation, trade unions reminded the Commission of 'abusive practices by which insolvency proceedings,

and in particular restructuring, are deliberately used to evade responsibilities under labour law'. The unions insisted that 'easier access to preventive restructuring framework should be counterbalanced by safeguards against "tactical insolvencies", for the protection of workers' rights' (p. 132).

Labour market and restructuring trends 2008–2017

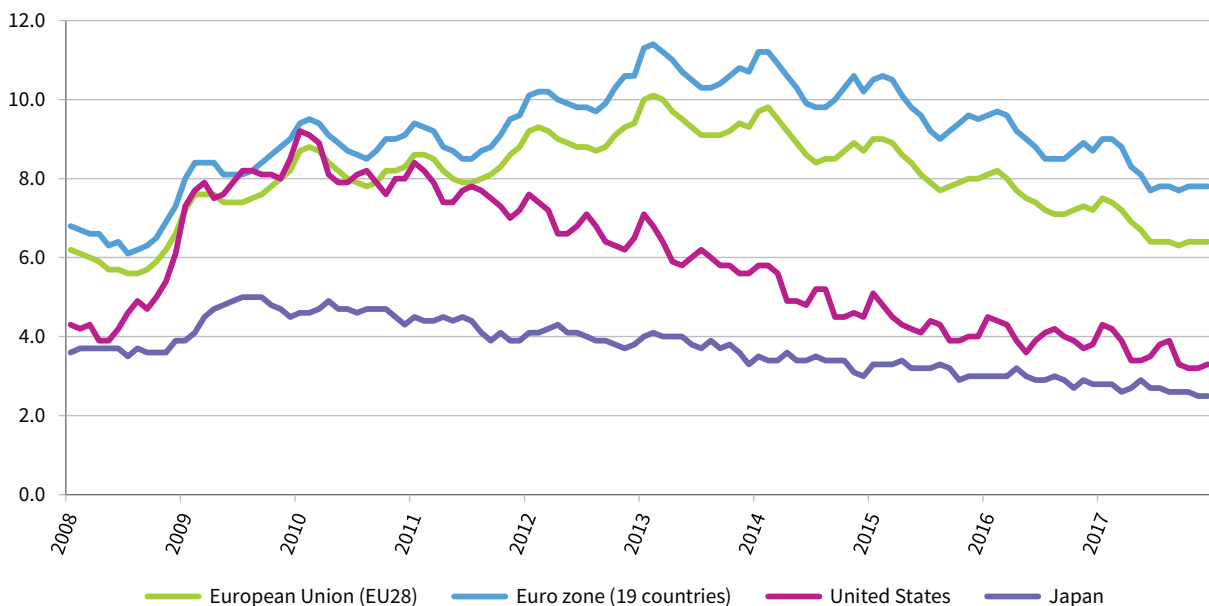
Aggregate labour market indicators in the EU have been positive since 2013, after the combined recessionary effects of the global financial crisis (2008–2009) and the euro zone sovereign debt crisis (2010–2012).

According to data from the EU Labour Force Survey (EU-LFS), aggregate EU employment recovered to pre-crisis levels in 2017. Unemployment rates also began to normalise during the recovery post-2013 and

have continued their steady decline, although they remain notably higher than in other developed economies (see Figure 2). The sharp divergence in labour market performance observed during the 2008–2013 period has also begun to abate, with employment recovering relatively faster in some of the countries most affected by the crisis – including Spain, Ireland, Greece and Portugal as well as the Baltic states. In countries such as the Czech Republic and Germany, unemployment is at its lowest level within a generation (2.8% and 3.5%, 2018 Q1) and labour scarcity has become a more pressing policy concern than unemployment.

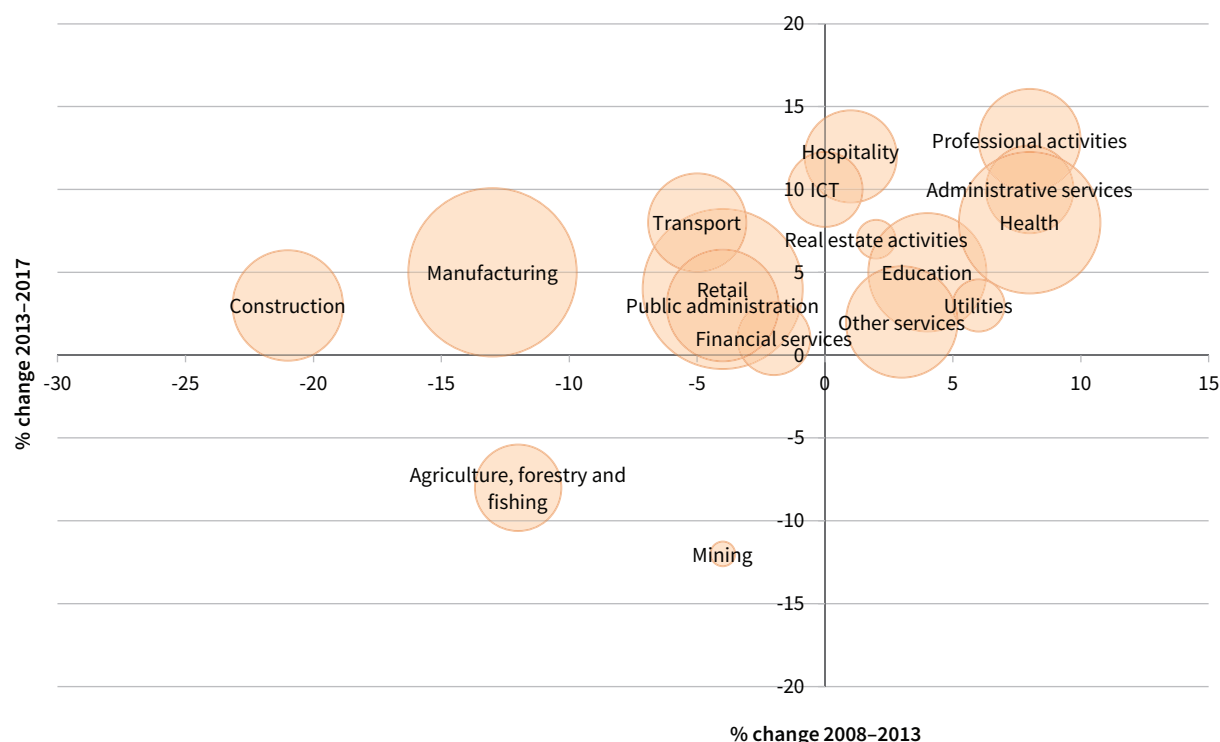
As indicated, 2013 was the pivotal year when the economic crisis turned to recovery. A simple way of distinguishing between cyclical and structural employment growth (or decline) in sectors is to highlight those sectors in which employment growth occurs even in a downturn (structurally growing) or,

Figure 2: Unemployment rates in the EU/euro zone, US and Japan, 2008–2017



Source: EU-LFS

Figure 3: EU employment growth by sector, comparing 2008–2013 with 2013–2017



Notes: Sector circles are scaled to reflect EU28 employment (for example, manufacturing = 34.7m, 2017; agriculture=9.2m, 2017).

Source: EU-LFS

conversely, in which employment declines even during a recovery (structurally declining). Figure 3 presents such data by sector, comparing the periods 2008–2013 (downturn) and 2013–2017 (recovery) for the EU as a whole.

The main features are the continuing long-term employment contraction in the primary/extractive sectors (agriculture and mining), the sharp recessionary contraction of employment in manufacturing and construction – only partially compensated for by modest increases during the recovery post-2013 – and finally, and perhaps most importantly, the increasing employment share of the service sectors. Services now account for more than 70% of employment in the EU. Despite the recession, significant employment growth was recorded in both public sector services (such as health and education) and private sector services (notably higher-level professional, scientific and technical activities). There was, however, a subset of service sectors such as retail, financial services and public administration where employment levels remained more or less the same in 2017 as in 2008 (see Table 2).

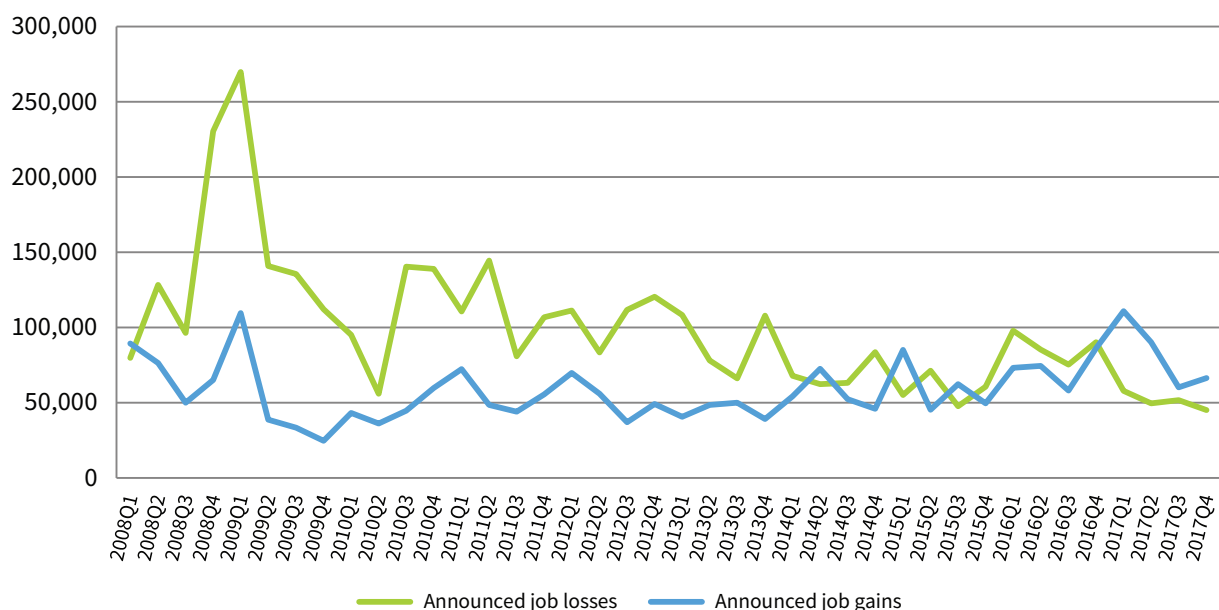
As the growing sectors tend to be predominantly high-skilled in terms of qualifications and occupational profile, and the contracting sectors predominantly low- or middle-skilled, these shifts have been to the

advantage of those with higher qualifications. On the other hand, they have been especially damaging to those with lower-level skills. This goes in particular for predominantly male jobs in construction and manufacturing, which have traditionally enjoyed significant wage premiums.

The pervasiveness of organisational restructuring in the European labour market is also apparent from data collected in the ERM events database. This continuously records announced job losses and gains in large-scale restructuring cases in the EU (plus Norway), as reported in the national media. The ERM is to date the only publicly available source of EU data on the employment impact of large-scale organisational restructuring.

It is important, however, to point out that ERM data on restructuring-related employment change are indicative rather than representative, given its relatively original method of data collection based exclusively on screening of national media reports. As the ERM is an early warning system intended to capture redundancies as they are announced (in the notification stage), it may overestimate the final realised job losses in individual cases where, for example, unions negotiate reduced job losses. On the other hand, due to its methodology – media screening – it will inevitably miss many cases of restructuring. For these reasons, quantitative data from the monitor should be considered with caution.

Figure 4: Total ERM announced job losses/gains by quarter, 2008–2017



Source: ERM

Excluding transnational cases, between 2008 and 2017, some 15,729 cases of large-scale restructuring in the EU Member States were recorded in the ERM. Over 60% of all cases reported in this period involved announced job losses, totalling 4.14 million jobs.





































The number of restructuring cases involving job reductions reaches a peak in periods of downturn in the business cycle, as seen in Figure 4. This happened notably in 2008–2009 during the global financial crisis. Positive, though hesitant, signs of recovery started in 2014 (Q2) when for the first time since the global financial crisis, the announced job gains in the ERM outnumbered job losses. This trend is consistent with other signs of general labour market stabilisation or recovery. These positive trends continued in 2015 and up to 2017. In 2017, the ERM recorded 931 cases of announced job creation (involving 328,666 new jobs) and 549 cases of announced job loss (204,451). See Annex 1 for ERM data for the 2017 calendar year.

Manufacturing continues to be the sector that accounts for the highest share of announced job losses – and job gains – in the ERM restructuring events database. This is a consequence of the case size eligibility thresholds for inclusion in the database. Large average establishment

size means that manufacturing establishments are overrepresented, accounting for just over half of all cases. Manufacturing accounts for around one in six jobs in the EU in 2018. The share of manufacturing in total restructuring job loss and job gain has tended to decline over time, in line with the contracting share of manufacturing in aggregate employment.

Table 2 shows the fluctuations in the employment impact of announced restructuring in broad economic sectors in the period 2008 to 2017. Of particular note are the very sharp job losses in manufacturing in the period 2008–2009 and in public administration in 2010–2011 (public spending cuts/austerity measures). However, it is noteworthy that, even in manufacturing, announced net job gains from large-scale restructuring began to outnumber announced job losses in 2017. This positive trend was particularly evident in the auto and machinery sectors. Consistent with the representative employment data from the EU Labour Force Survey (EU-LFS), service sectors such as information/communication and professional services have tended, especially since the recovery, to enjoy a positive net employment outcome from observed ERM restructuring cases. That is, announced job gains outnumber job losses.

Table 2: Announced job losses and job gains by broad economic sector (NACE Rev2), 2008–2017

Sector	loss/gain	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	
Administrative services	job loss	4,037	5,275	8,038	5,025	8,489	16,395	7,685	2,653	7,350	7,591	
	job gain	3,520	4,082	8,790	7,742	9,241	7,916	17,279	10,527	12,378	19,036	
Agriculture	job loss	782	4,097	1,152	403	1,192	553	1,160	554	100	-	
	job gain	250	165	150	125	-	-	418	160	300	560	
Arts/entertainment	job loss	490	862	1,237	820	784	277	1,476	315	739	129	
	job gain	-	1,300	600	-	1,450	200	1,640	575	328	900	
Construction	job loss	16,355	8,580	13,693	8,469	15,824	14,225	6,458	4,746	4,749	2,626	
	job gain	6,560	1,270	2,910	2,170	950	400	7,780	6,082	1,960	6,100	
Education	job loss	-	17,163	16,918	1,400	3,227	1,194	1,578	955	2,570	3,002	
	job gain	-	920	1,850	-	1,615	-	-	25,596	403	570	
Financial services	job loss	49,715	74,774	37,031	59,528	56,182	70,530	32,061	39,656	73,841	38,321	
	job gain	18,650	12,915	12,855	5,130	6,445	9,025	5,055	12,986	5,901	12,082	
Health/social work	job loss	100	3,530	15,469	8,175	3,733	5,476	4,856	1,715	8,984	631	
	job gain	660	410	1,550	3,090	5,206	2,744	2,590	4,876	4,781	3,650	
Hotel/restaurants	job loss	907	1,787	100	2,013	2,186	1,389	2,272	483	1,917	290	
	job gain	6,220	22,220	6,802	7,820	10,725	13,853	5,800	4,813	20,525	15,284	
Information/communication	job loss	52,802	34,864	20,885	29,717	39,551	27,771	21,150	15,941	18,365	8,302	
	job gain	17,040	15,555	19,640	18,247	17,261	18,860	25,227	24,475	40,024	47,888	
Manufacturing	job loss	247,378	313,826	107,679	90,132	151,080	132,496	91,767	76,771	100,955	67,589	
	job gain	114,934	43,029	66,543	77,064	56,656	54,130	70,091	65,955	87,081	97,714	
Mining/quarrying	job loss	5,453	10,803	3,801	8,202	2,430	2,812	9,043	14,658	25,148	1,930	
	job gain	16,020	8,507	2,070	6,413	4,803	1,450	2,155	290	840	880	
Other services	job loss	227	280	375	472	70	-	232	-	263	800	
	job gain	300	-	716	100	-	-	138	120	100	600	
Professional services	job loss	1,856	4,388	2,728	4,278	1,894	3,425	3,841	1,997	4,078	2,559	
	job gain	7,950	5,010	8,805	13,129	12,050	6,377	10,946	6,598	12,405	14,380	
Public administration and defence	job loss	72,400	47,167	136,273	132,087	33,160	11,183	27,025	1,356	9,765	4,367	
	job gain	7,415	13,999	2,621	2,614	7,500	5,312	8,341	10,296	13,138	4,792	
Real estate	job loss	2,521	280	-	100	-	235	-	118	-	-	
	job gain	650	100	-	2,500	2,100	-	800	2,000	-	700	
Retail	job loss	49,775	56,432	12,901	21,352	45,940	26,154	29,068	23,525	56,162	26,200	
	job gain	60,136	51,377	37,024	40,620	39,902	23,599	52,568	37,445	65,009	53,217	
Transportation/storage	job loss	21,678	70,541	45,510	55,950	46,922	34,325	31,291	24,254	18,063	32,279	
	job gain	18,315	9,076	8,245	32,352	27,571	23,668	13,024	26,661	23,820	47,732	
Utilities	job loss	8,238	3,453	6,626	14,456	13,975	11,722	6,038	24,784	15,491	7,373	
	job gain	2,135	16,260	2,685	1,140	8,305	10,506	992	2,704	2,810	1,410	

Source: ERM

2 Impact of restructuring on employees and factors influencing outcomes

This chapter presents the findings from the empirical analysis of recent EU survey data. This is complemented by a literature review on restructuring with a specific focus on the stayers.

Building on previous restructuring research

Previous research has shown that restructuring involving redundancies is associated with adverse effects for the employees staying in the company after restructuring (Datta et al, 2010; De Jong et al, 2016; for systematic reviews, see Quinlan and Bohle, 2009; Westgaard and Winkel, 2011; Bamberger et al, 2012; De Jong et al, 2016). In particular, empirical studies have found that restructuring is associated with increased sickness absence (Bourbonnais et al, 2005; Kivimäki et al, 2000), cardiovascular mortality (Vahtera et al, 2004), reduced self-rated health (Kivimäki et al, 2001a, 2003; Moore et al, 2004), musculoskeletal problems (Kivimäki et al, 2001b), sleeping problems (Campbell-Jamison et al, 2001; Greubel and Kecklund, 2011), higher levels of stress (Schiro and Baker, 2009), psychological distress and elevated blood pressure (Pollard, 2001) and increased use of psychotropic drugs and alcohol (Kivimäki et al, 2007; Frone, 2008).

The range of negative psychological or mental states prompted by restructuring has been dubbed ‘survivor syndrome’ (Brockner, 1988) or, more mildly, ‘survivor sickness’ (Noer, 1993). The survivor syndrome has been characterised by Doherty and Horsted as ‘a big bag of behaviours and emotions often exhibited by remaining employees following an organisational downsizing’ (1995, p. 26).

Early US studies on the psychological effects of restructuring on the staying employees (Brockner et al, 1985, 1986 and 1987) indicated that one of the most common symptoms associated with the survivor syndrome is remorse or guilt about the dismissal of co-workers. This feeling of guilt typically generates resentment or anger directed at the management who made the decision to lay off people in the first place and did not allow for sufficient time to acknowledge the loss (Noer, 1993; Guiniven, 2001). These negative feelings may be exacerbated when the management interprets the restructuring in economic terms and conveys the message to the remaining workforce that they should be grateful for being spared (Noer, 1993). For some

scholars (Schweiger et al, 1987; Greenberg, 1990; Appelbaum et al, 1997), guilt reactions depend on the extent to which the termination process is perceived as fair, rather than stemming from the terminations per se. Research suggests that uncertainty and lack of clarity around the criteria for selecting dismissals leads to increased job insecurity among remaining employees during and after the restructuring (Wiezer et al, 2011). Furthermore, recent research found that job insecurity was negatively and significantly related to perceived procedural justice (López Bohle et al, 2018). Another side-effect of the lack of clarity around the selection criteria is a deterioration of the work atmosphere, which may become more competitive, individualistic and conflict-ridden (Wiezer et al, 2011). This can provide fertile ground for adverse social behaviours, such as bullying or harassment (Einarsen et al, 2010).

By the same token, the fair treatment of employees, combined with adequate opportunities for employee participation and involvement, may facilitate the implementation of organisational restructuring and possibly result in less detrimental effects for the employees concerned (Sverke et al, 2008). It may even have a positive impact on employee dedication (Wiezer et al, 2011). Concerns around the fairness of the dismissal process go far beyond the actual treatment of the dismissed colleagues. Also at stake is the stayers’ perception of how they may be treated if they lose their own jobs (Campbell-Jamison et al, 2001; Amundson et al, 2004). This can be accentuated in an atmosphere of insecurity and uncertainty, where further job cuts may be on the horizon in the near future.

Using a two-dimensional measurement of job insecurity (threats to the job and threats to valued job features), Ashford and colleagues (1989) found that organisational changes, role ambiguity and external locus of control are all associated with job insecurity. This in turn negatively influences employees’ commitment, organisational trust and job satisfaction. Ultimately, it increases the propensity to quit the organisation. Empirical research conducted within the Psychological health and well-being in restructuring (PSYRES) project shows that the increased perception of job insecurity resulting from organisational change is a continuing source of stress which persists for years after the restructuring has taken place (Wiezer et al, 2011). The research also found that job insecurity is a key variable that partly mediates the relationship between

restructuring and outcome measures (for example, stress) but can be reduced by providing adequate access to information (Wiezer et al, 2011). Previous research using longitudinal data from the Whitehall II study found that anticipation of job change is associated with a decline in self-reported health status measures (Ferrie et al, 1995). On the basis of a systematic review, Quinlan and Bohle (2009) also found that downsizing was consistently related to job insecurity, which was an important determinant, in most reviewed studies, of the negative effect of downsizing on occupational health and safety.

The post-restructuring work environment can be stressful for a host of reasons that go beyond concerns about one's own job security. Employees in restructured organisations face a number of challenges, not least that of adjusting to a reorganised workplace which often bears only passing resemblance to what they have known. Research by Worrall (1997) suggests that the main outcome of redundancies on the remaining workforce is increased task overload and diminished role clarity. Restructuring can result in strain because more work is expected to be done in less time, or the same work has to be done with fewer staff, and employees are often not sufficiently prepared for these changes (Quinlan and Bohle, 2009; Kieselbach et al, 2009; Datta et al, 2010; Westgaard and Winkel, 2011; Wiezer et al, 2011; De Jong et al, 2016). These increased work demands may be also due to teething troubles with the reorganised workflow (for example, problems in the transition process) or to the fact that the new division of labour is not as efficient as it was before the restructuring (Kieselbach et al, 2009; Wiezer et al, 2011).

Restructuring not only results in higher demands; it may also lead to a decrease in job control and autonomy (Datta et al, 2010; Westgaard and Winkel, 2011; De Jong et al, 2016). A Finnish longitudinal cohort study (Kivimäki et al, 2000) among municipal employees found that increased ill-health arising from the threat of job loss due to downsizing was mediated not only through job insecurity (an obvious correlate of threatened job loss), but also through decreased job control and increased job demands.

The combination of less autonomy and higher demands can lead to stress, burnout and other threats to health. This is the underlying hypothesis of Karasek's widely cited and influential demand-control (DCM) or job strain model (Karasek, 1979). This model considers two psychosocial job characteristics as determinants of workers' health and well-being: 'psychological demands' and 'decision latitude'. Psychological demands refer to the psychological stressors in the work environment (for example, high time pressure, high work pace and difficult or mentally demanding work). The term 'decision latitude' can be defined as the control or discretion workers have over their tasks and the extent to which they can set the pace of their work

(Karasek, 1979). The model hypothesis is that work-related stress and strain occur most often when the worker is faced with high levels of job demands combined with low levels of job control. This stress accumulates over time and produces higher rates of psychological and physical ill-health. In an ideal situation, high job demands are counterbalanced by a higher level of control ('active jobs'), which ultimately may generate 'positive stress'. In contrast, high job demand and low control work – referred to as 'high strain' work – are characterised by 'negative stress' with negative health impacts.

Previous analysis of the EWCS data (Eurofound, 2012) lends some support to the Karasek model, showing a negative correlation between job control or autonomy and work intensity or job demands across four main occupational groups among the restructured employees (high- and low-skilled white-collar, high- and low-skilled blue-collar). The group comparison shows that blue-collar workers – who tend to have lower levels of autonomy and experience higher levels of work intensity – are more likely to find themselves in high-strain jobs and to report higher exposure to adverse social behaviour in the workplace, higher levels of psychosomatic disorders (especially depression, stress and sleeping problems) and absenteeism as well as presenteeism (working when ill).

An extended version of the DCM includes the dimension of 'workplace social support' based on evidence that social support (from colleagues and supervisors) has a protective or buffering effect, reducing the negative health outcomes in high-demand situations (Cooper et al, 2001; Karasek and Theorell, 1990; Lim, 1996). This holds particularly true in restructuring situations. A recurrent theme emerging from the literature on restructuring research is the role of social support as the moderator or mediator of the restructuring impact on employees (De Lange et al, 2003). In the same vein, quantitative analysis and case study research by PSYRES indicate that appropriate levels of support from top management, line managers and co-workers can reduce the negative effects of restructuring on well-being (Wiezer et al, 2011). Also, supervisory or leadership style is found to be associated with perceived stress, strain and burnout in subordinates (Sosik and Godshalk, 2000). Hence, it is another related variable that may influence the implementation of organisational change and result in 'healthier restructuring' (Kieselbach et al, 2009).

According to some scholars, both the DCM model and the extended version encompassing social support fail to capture the complexity of the work environment (Bakker et al, 2010). This was the starting point for the job demands-resources (JD-R) model, which postulates that job demands are the most crucial predictors of job strain, while job resources are important predictors of work motivation, learning, commitment and

Effort–reward imbalance versus psychological contract breach

Rigotti and Mohr (2005) posit that the strain reaction arising from the effort–reward imbalance is very similar to the perceived psychological contract breach. The notion of psychological contract refers to the employee's set of beliefs and expectations of mutual obligations that link employees and employers (Rousseau, 1995).

A psychological contract breach is the perception or cognition that the organisation has failed to fulfil its obligations (Morrison and Robinson, 1997). There is also some evidence that the ERI and the psychological contract breach are positively correlated (Rigotti and Mohr, 2005). A disruptive event, such as restructuring, can be perceived as a breach of the psychological contract (or an imbalance between efforts and rewards), as it pushes employees to think that their organisation no longer values their contribution and disregards their well-being (Zhao et al, 2007; Datta et al, 2010). Guest (2004a and 2004b) argues, however, that there are contextual factors impinging on the nature of the psychological contract: for example, the increasing fragmentation and flexibilisation of the employment relationship. One implication is that the promise of job security is less of an expectation for employees and therefore the psychological contract breach may be experienced differently by employees in restructuring situations, depending on their job tenure, type of contract and level of employability.

engagement. Hence, they have a moderating function in the relationship between job demands and strain (Demerouti et al, 2001).

Another competing model, further broadening the scope of the original DCM, is the equally influential Effort–reward imbalance (ERI) model (Siegrist, 1996; Siegrist et al, 2004), which goes beyond extrinsic factors or external pressure in the work environment as predictors of physical and psychological ill-health (Peter and Siegrist, 1999). The ERI model considers the potential mismatch between perceived intrinsic efforts (overcommitment or a tendency to put extra effort into work, beyond what is actually required), extrinsic efforts or external pressure (similar to the concept of job demands in the Karasek model) and rewards typically defined as appropriate pay, recognition and esteem, career opportunities and job security. Central to the ERI model is the concept of reciprocity, in which there is an expectation on the part of the employee that their work effort should be compensated by suitable rewards. The model predicts that a mismatch or lack of reciprocity between employees' efforts and the rewards received may cause stress and adverse health outcomes (Siegrist, 1996). As a result, stayers may withdraw psychologically from the organisation with reduced trust, loyalty and involvement (Freese, 2007; Datta et al, 2010). There is much support for the ERI model (Tsutsumi and Kawakami, 2004; van Vegchel et al, 2005), including the Whitehall II studies (Bosma et al, 1998) which found significantly higher risks of heart disease in those exposed to high-effort–low-reward conditions compared to low effort and/or high reward. In a cross-sectional study on organisational downsizing, Dragano et al (2005) investigated the links between ERI and associated levels of work stress and found that the combined exposure to organisational downsizing and work-related stress is associated with increased risk of work-related ill-health.

Another important consideration is that the effects of restructuring are not the same for all workers. For example, a recent systematic review of longitudinal studies on the impact of restructuring on employees' well-being (De Jong et al, 2016) indicates that low-income and less-qualified employees are more vulnerable than others to restructuring in terms of its impact on health and well-being. In addition, as shown in PSYRES research, the negative effects of restructuring, through job insecurity, are more severe for workers who are older and less employable (Wiezer et al, 2011). An individual's degree of confidence about having the abilities and skills needed for the new job may possibly also influence the effect of restructuring on well-being.

In terms of occupational groups, research findings suggest that the health impact of restructuring is more negative for manual workers than for white-collar workers and managerial staff (Nelson et al, 1995). This may be due to the fact that managers and supervisors have more control over the changes and greater access to information that is likely to predispose them more favourably to change (Luthans and Sommer, 1999). Evidence from a longitudinal study (Armstrong-Stassen, 1998) indicates that middle managers are not immune from the negative effects of downsizing, and they may experience downsizing in ways similar to staff members. However, middle managers who had perceived higher organisational support at the beginning of the study reported higher levels of job satisfaction and morale, and lower job insecurity, compared to their counterparts who perceived lower organisational support.

In another longitudinal study, Armstrong-Stassen (2005) found that, compared with executives, middle managers perceived greater job insecurity and reported lower job performance and higher levels of health

symptoms. This is consistent with the findings from PSYRES case study research showing that middle managers can also struggle during the restructuring process if not adequately supported and can even feel ‘squeezed’ between higher layers of management and their subordinates (Wiezer et al, 2011).

Although much research has shed light on the underlying mechanisms through which restructuring (with job losses) affects employees’ health and well-being, there is a need for more research into these mechanisms and the wider implications for working conditions. This can help to shape workplace interventions that lead to healthier, more effective restructuring.

Against this multifaceted research background, the empirical analysis of the data from the EWCS 2015 can contribute to the existing body of research on employees and the organisational outcomes of restructuring. It can also serve to update the previous analysis conducted by Eurofound in 2012 and enrich it by exploring possible factors in the work environment that can influence or mediate the relationship between restructuring and outcomes. The research questions guiding this exploratory analysis are:

- Which categories of workers (by occupation, sector, skills level, age/tenure etc.) are most likely to be working in workplaces reported as having undergone restructuring or downsizing?
- In cases of downsizing, does a similar workload fall on the reduced group of workers with consequent work intensification?
- If so, is this reflected in higher levels of stress or related negative work-related health outcomes?

- Are restructured or downsized organisations more likely to offer training and other development possibilities, as reconfiguration of work tasks necessitates upskilling?
- What work organisation factors – for example, levels of individual job autonomy or access to support from colleagues and managers – may help to buffer negative outcomes for those continuing to work in restructured workplaces?

Overview of the analysis

In the EWCS conducted in 2010, a new question was introduced regarding restructuring: respondents were asked whether ‘substantial restructuring or reorganisation was carried out’ in the previous three years at the respondent’s current workplace. Based on this research, a Eurofound report (2012) compared, in a simple multivariate design, various work environment and quality-of-work associations between those employees reporting restructuring and those reporting no restructuring. The premise was that statistically significant, stronger associations in the target population (those reporting restructuring) than in the control group (those not reporting restructuring) for specific ‘outcomes’ – for example, work intensity or access to training – indicated that restructured workplaces were qualitatively different from non-restructured workplaces: they were associated with higher risks, in particular of a psychosocial nature, and that policymakers needed to be sensitive to these differences.

Respondents in restructured (compared to non-restructured) workplaces: Summary of findings

Work organisation outcomes: higher work intensification, greater autonomy, access to training, more formal work assessment and more teamwork.

Work-related health risks: higher exposure to psychosocial workplace risks (notably bullying/harassment); higher levels of work absenteeism and in particular of presenteeism (working when sick); higher physical and psychosocial type risks, especially among those employed in the health care sector.

Work-related health outcomes: higher reported levels of psychosomatic disorders (especially depression, stress and sleeping problems), though levels of ergonomic or physical health problems were also somewhat higher.

Well-being: reduced job satisfaction and increased job insecurity.

Source: Eurofound, 2012.

The analysis in the EWCS 2010 was supplemented with some further work looking at the fifth European Social Survey (ESS), whose workplace module included a more specific ‘downsizing’ question. That question was subsequently included in the EWCS 2015, which asked respondents about company-level headcount shifts in the previous three years (five categories: no change, increased a lot or a little, decreased a lot or a little). Results from both surveys largely corroborated each other.

In the exploratory analysis that follows, the original analysis undertaken with the earlier 2010 EWCS dataset is reprised with data from the succeeding wave of the EWCS (2015) and takes advantage of the inclusion of newly added restructuring-related questions. The most important new question is the one regarding headcount shifts at the employee’s workplace in the previous three years. This explicitly captures whether downsizing occurred. The other two new questions relate to whether respondents who indicated that restructuring had taken place had been ‘informed of the forthcoming changes’ or had been ‘asked to give [their] opinion’ prior to the restructuring taking place.

A number of filters are used in the EWCS data analysis. Only data from EU Member States (EU27 in 2010, EU28 in 2015) are included. The sample is also restricted to employees with tenure of at least three years – based on the fact that the primary wording of the restructuring and headcount change questions each indicate a time frame of the previous three years. Most of the analysis is conducted using the pooled EU28 data. The small samples at Member State level mean that a more cross-country comparative approach is not feasible.

One stated assumption of the earlier 2012 analysis was that a large share of those reporting ‘substantial restructuring or reorganisation’ were in workplaces where there had been downsizing. The analysis framed in terms of workplace stayers was based on this assumption. As will be seen, this assumption was largely undermined, not supported, by analysis of the EWCS 2015 data. The correlation between reported restructuring and reported downsizing over the previous three years was quite weak, suggesting that workers understand ‘restructuring/substantial reorganisation’ to be an organisational phenomenon quite distinct from ‘downsizing’ involving headcount reductions. The inclusion of the new question about

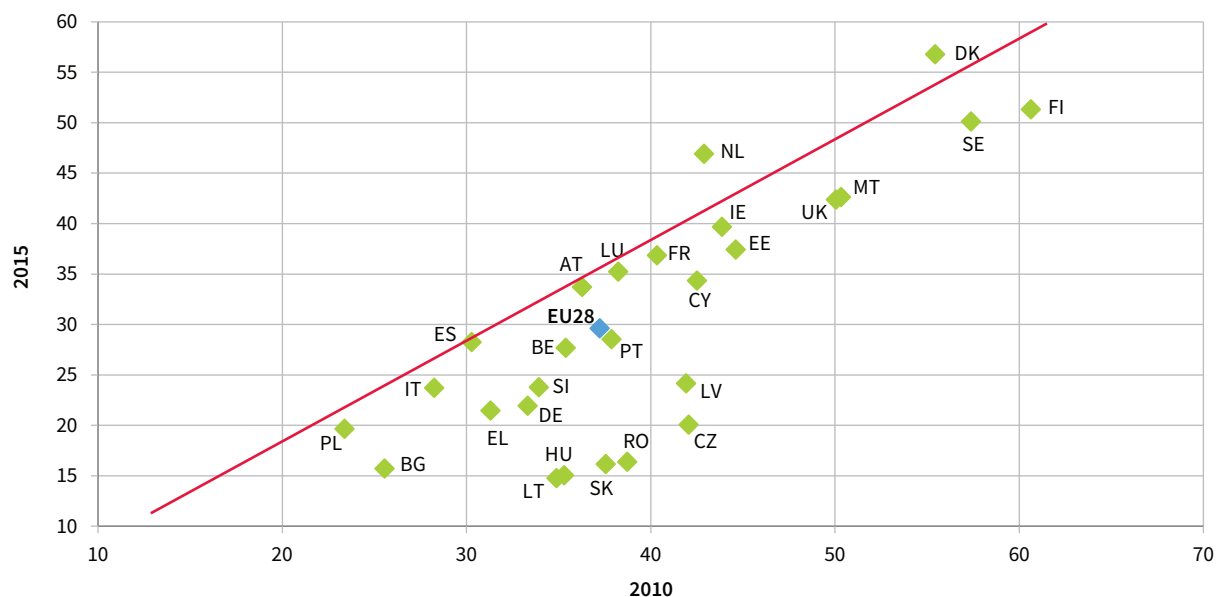
headcount change makes it possible to test more specifically for quality-of-work effects, with a much higher level of confidence that the correct target population of employees has been identified: those in workplaces that have downsized, as opposed to those undergoing some more general internal reconfiguration or reorganisation.

The analysis that follows presents descriptive findings from the EWCS as well as a multivariate analysis, whose purpose is to identify whether downsizing was associated with specific quality-of-work outcomes – for example work intensification – when controlling for a range of individual and background factors. An important emphasis in the review of the restructuring literature already presented in this chapter has been on factors in the work environment that might buffer any negative quality-of-work consequences of restructuring – or enhance the smaller number of identified positive effects. With this in mind, a concluding section assesses the extent to which the presence of work organisation features – over some of which employers are likely to have significant control – may mediate potentially negative effects. For example, are more positive employee assessments of management leadership, fair treatment or supervisor support conducive to diminishing the negative effect of restructuring in terms of (low) self-reported job satisfaction or (poor) work-related health?

Restructuring trends

Figure 5 presents the reported level of workplace restructuring by country, based on the main restructuring question (EWCS 2010, Q15a; EWCS 2015, Q20). First, the reported levels of restructuring declined in every Member State except the Netherlands and Denmark between 2010 and 2015. At EU aggregate level, the decline was from 37% to 30%. This in all likelihood reflects very different stages of the business cycle. In 2010, the EU was still suffering the effects of the global financial crisis and was on the cusp of the euro zone sovereign debt crisis. It was a period of intensive restructuring and shrinking aggregate employment. In most countries, the trend was a lower reported incidence of restructuring in 2015 compared to 2010, as the economic recovery that had begun in 2012–2013 had generalised, labour markets were stabilising and employment was growing.

Figure 5: Reported incidence of restructuring over the previous three years, by country, 2010 and 2015



Source: EWCS 2015

Workers in northern European Member States tended to report a higher incidence of restructuring, with a lower incidence reported in eastern and southern European Member States. The highest levels of reported restructuring were consistently in the Nordic Member States. This suggests that restructuring may be associated with positive outcomes at the macro level, as these countries also generally rank high in cross-national comparisons across a range of indicators, including per capita income, quality of life and quality of work. The biggest changes in reported restructuring between 2010 and 2015 are the sharp declines reported in many of the Member States that acceded in the 2000s, for example in the Czech Republic, Hungary, Latvia, Lithuania, Romania and Slovakia.

While the incidence of restructuring declined over this period, what are the effects of restructuring on other dimensions of work as experienced by individual

workers?¹⁶ In Table 3, some of the stronger findings (that is, the most significant ones based on relatively high odds ratios) to emerge from both the descriptive and multivariate analysis of the EWCS 2010 data are retested using the EWCS 2015 survey data.

Table 3 shows the results of logistic regressions, expressed as odds ratios, where the main independent or predictor variable is whether restructuring is reported to have taken place or not and the dependent or outcome variables are outcomes such as reported work intensification or increased health risks. Descriptive results are also provided for context (pooled EU28 data). So too are the odds ratios for the same analysis performed on the earlier EWCS (2010), in order to see if strong restructuring-work environment associations identified in the earlier analysis continue to be observed in 2015.

¹⁶ When the word 'effects' is used in this analysis, it refers to statistically significant correlations. No claim is being made as regards causal effects. The pathways between the experience of restructuring and specific individual work outcomes – such as increased work intensity – are necessarily complex and multifactorial and it is not possible to identify causal connections between one and the other. This caveat is important to emphasise also given that the survey data used are cross-sectional, not longitudinal, and cannot capture directly individual effects over time (for example, before and after downsizing).

Table 3: Quality-of-work outcomes and reported restructuring

Theme	Dependent variable	Restructuring		Odds ratio 2015	Sig.	N	Odds ratio 2010	Sig.
		Yes (%)	No (%)					
Skills/work organisation	Access to training paid by employer	55.6	40.2	1.298	***	20,003	1.650	***
	Work involves learning new things	84.1	69.6	1.553	***	19,937		
	High work autonomy	54.0	49.6	0.917	*	19,781	1.126	*
Work intensity	High work intensity	43.5	34.4	1.614	***	19,940	1.447	***
Health	Exposure to adverse social behaviour	24.4	12.7	1.960	***	20,030	1.583	***
	Subject to bullying at workplace	10.1	3.6	2.339	***	19,980	1.997	***
	Stress	36.3	23.9	1.640	***	19,962	1.565	***
	Working while sick (presenteeism)	52.6	33.1	1.631	***	19,935	1.526	***
	Absence due to work-related health problems in last 12 months	17.3	10.4	1.570	***	18,543	NA	
Well-being	Satisfaction with working conditions	79.4	90.1	0.459	***	19,976	0.619	***
	Mental well-being (WHO-5)	49.6	55.4	0.779	***	20,030	0.789	***
	Job security	73.5	76.1	0.664	***	18,494	0.675	***

Notes: Odds ratios are calculated from logits comparing respondents' reporting restructuring in the previous three years with those not reporting restructuring, while controlling for the following covariates: sex, age, establishment size, supervisory status, sector, occupation and country. See Annex 2 for details of variable construction. WHO-5 is the World Health Organization's well-being index.

Sig. = Significance levels: * $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$.

Source: EWCS 2010 and 2015

A sample interpretation of Table 3 is that 56% of workers in restructured workplaces reported having access to training paid for by their employer over the previous 12 months, compared with 40% of workers who indicated that no restructuring took place. Controlling for the different compositions of the two groups (those working in restructured versus non-restructured workplaces) in terms of the indicated covariates, the odds of a restructured worker's having access to such training were 1.298 times greater than for a non-restructured worker in 2015; this represents a weakened – but still positive – effect compared to 2010 (1.650).

The first summary observation is that the restructuring effects or associations with specific quality-of-work outcomes identified in the 2010 survey are also seen in the 2015 data. Indeed, there is a striking similarity in the findings and even in the relative strength of the associations across different outcomes. Restructuring is associated with higher levels of work intensity – working at high speed and to tight deadlines, higher levels of self-reported stress, work-related absenteeism and

presenteeism. Based on the odds ratios indicated, the strongest associations of restructuring were with decreased satisfaction with working conditions and increased exposure to bullying, as well as a range of psychosocial risk exposures. Both of these associations had strengthened since 2010. The relative consistency of the results over time and their statistical significance provide reassurance that the dataset is identifying real and not spurious associations. In summary, even if the incidence of restructuring has declined since 2010, nearly all of the previously identified, predominantly negative quality-of-work associations reported by respondents in restructured workplaces continue to be observed in a nationally representative sample of EU28 employees in 2015.

Restructuring versus downsizing

The inclusion of an explicit workplace headcount shift question in the EWCS 2015 for the first time allows us to see the extent to which 'restructuring' and 'downsizing' are understood as cognate terms by respondents.

Table 4: % of employees indicating whether restructuring had taken place or workplace employment levels had changed over previous three years, EU28, 2015

%	Restructuring question		
Employment level change question	Yes	No	Total
Increased a lot	8	3	4
Increased a little	21	21	21
No change	26	55	46
Decreased a little	31	19	22
Decreased a lot	15	3	6
Total	100	100	100

%	Restructuring question		
Employment level change question	Yes	No	Total
Increased a lot	52	48	100
Increased a little	29	71	100
No change	17	83	100
Decreased a little	41	59	100
Decreased a lot	70	30	100
Total	30	70	100

Unweighted frequency count	Restructuring question		
Employment level change question	Yes	No	Total
Increased a lot	457	503	960
Increased a little	1,268	2,647	3,915
No change	1,509	7,836	9,345
Decreased a little	1,887	2,656	4,543
Decreased a lot	898	402	1,300
Total	6,019	14,044	20,063

Notes: Sample is for EU28 only, excludes those working alone, the self-employed and those with tenure of less than three years. Figures may not add up to 100 due to rounding.

Source: EWCS 2015

Respondents who indicated that restructuring had taken place were much more likely to indicate headcount shifts, especially if they were big headcount shifts (increased or decreased a lot). But restructuring was associated with both headcount increases and headcount decreases. Less than half (46%) of those indicating that restructuring had taken place reported that downsizing had occurred – that is, that employment had decreased ‘a little’ or ‘a lot’ at their workplace. Over a quarter (26%) indicated no change in headcount. Even more surprising is that 30% of those who reported that employment levels had decreased ‘a lot’ also indicated that no restructuring had taken place in the previous three years.

One conclusion is that restructuring is understood as a quite distinct phenomenon from downsizing. It involves changes in work organisation or internal configuration that are just as likely to involve no downsizing as to involve downsizing. Of those who report that employment levels contracted at their workplace, it is

only in the category reporting that employment levels declined ‘a lot’ that a majority indicated that restructuring took place over the same preceding three-year period. The majority of those indicating mild shifts in employment – where headcount was reported to have either decreased or increased ‘a little’ – reported that no restructuring had taken place.

Figure 6 points to the limited correlation between reported restructuring and reported downsizing at country level. Relatively low incidences of downsizing and restructuring are reported simultaneously in several countries: mainly central and eastern European Member States – Poland, Lithuania, Romania, Bulgaria and others – but also in Germany. And relatively high incidences of both phenomena are simultaneously reported in the Nordic countries, the Netherlands and, to a lesser extent, France and the UK. On the other hand, there are large discrepancies in the relative positions in the cases of Italy, Greece and Croatia, where downward employment shifts are much more likely to

have been reported than ‘restructuring or re-organisation’. Labour market indicators for each of these countries, notably Greece, were negative over the implied time frame (2012–2015), so the high incidence of reported downsizing is unsurprising. The low incidence of reported restructuring in the same countries is, however, more surprising. One inference is that the term ‘restructuring’ in particular is perceived or understood differently from country to country. Whether or not employment levels changed at one’s workplace is more likely to be understood and reported correctly by respondents. As a consequence, the reported incidence of downsizing is likely to correlate better with general labour market indicators at country level, which indeed appears to be the case. Overall, the correlation between downsizing and restructuring was quite weak ($r=0.25$ for the pooled EU28 data), with the highest correlations at country level in Spain ($r=0.40$) and Romania ($r=0.44$).

Information and consultation during restructuring

Respondents who reported restructuring in their enterprise were also asked whether they were ‘informed of the forthcoming changes’ and ‘asked to give [their] opinion’ on them. These questions implicitly address the extent to which the obligations of employers as regards the information and consultation of workers in cases of restructuring are being met. These obligations are enshrined in a series of EU directives going back in their original versions to the 1970s (see Chapter 1, p. 10, section on restructuring-related EU directives). Over

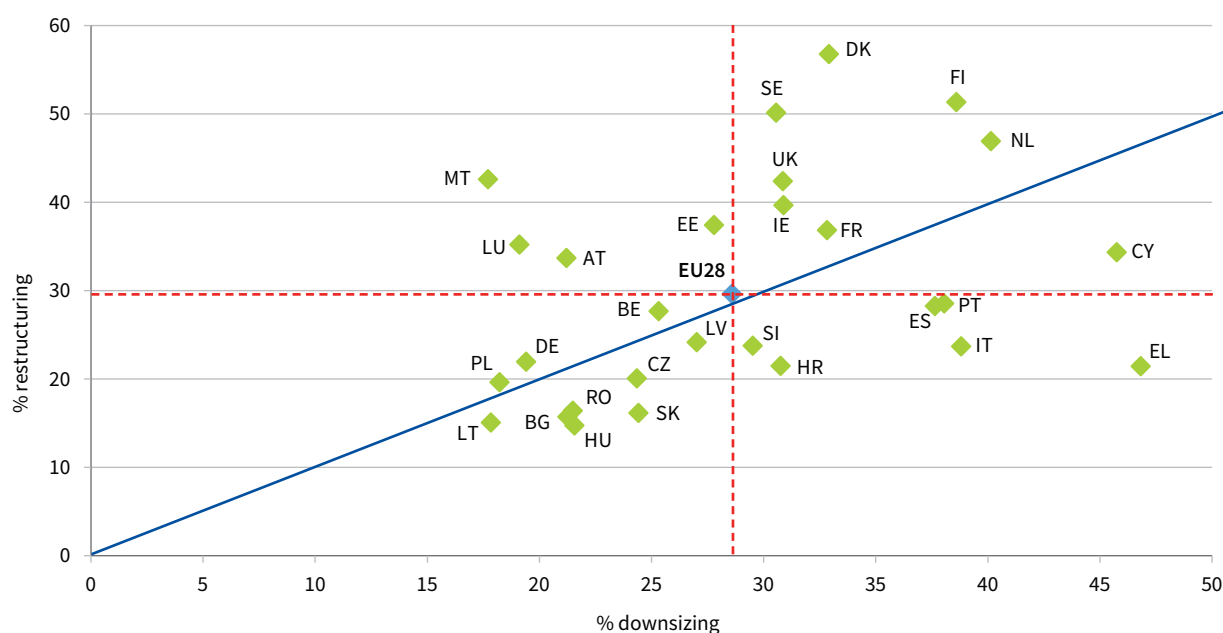
three-quarters of workers (78%) in restructured workplaces reported having been informed about the restructuring while a much smaller share (38%) reported having had their opinion sought regarding the restructuring: that is, having been consulted. Interestingly, levels of consultation of workers and the strength of social dialogue at national level seem to be linked only tenuously. The countries where the level of information and communication prior to or during restructuring was comparatively strong included Sweden, Finland, Austria, Germany, Poland and the Netherlands – and also the Baltic states, where traditionally social partner structures are not very robust. The weakest levels were reported in Spain, Portugal and Greece, the first two countries characterised by highly developed processes of social dialogue.

The presence of a trade union in the workplace accounted for a small positive difference in information regarding restructuring (81% among those in a unionised workplace versus 77% among those without a union presence in the EU28). In the UK, Denmark and Sweden, the union differential was much higher (15–23 percentage points), indicating a stronger information and advisory role for unions.

Downsizing effects

The partial disproof of one of the main assumptions underpinning the research – that answering ‘yes’ to the restructuring question was likely to correlate highly with employment reductions at workplace level – justifies a shift in attention to the headcount question

Figure 6: Incidence of reported downsizing and restructuring by country, EU28, 2015



Source: EWCS 2015

Figure 7: Employment changes in respondent's workplace in previous three years (%), EU28, 2015

Source: EWCS 2015

newly introduced in the EWCS 2015. This asks whether 'during the last three years, [...] the number of employees at your workplace increased, stayed the same or decreased' and has five answer categories – 'increased a lot', 'increased a little', 'no change', 'decreased a little' and 'decreased a lot'. This question provides a more direct measure of downsizing and its implications for the work environment.

Just over a quarter of employee respondents (EU28) reported that employment levels had decreased in the preceding three years (29%). The majority of these indicated that employment levels had decreased 'a little' (22%) rather than 'a lot' (6%).¹⁷ A similar proportion indicated that employment had either increased a little or a lot at their workplace (25%), while just less than half (46%) of respondents indicated that there had been no change in employment levels.

Downsizing was somewhat more likely to be reported by white-collar workers than blue-collar workers. Its reported incidence was highest among workers in the public administration and two other sectors with significant state involvement: transport and health. The customary association of public sector employment and job security was undermined in many Member States by public spending cuts in the aftermath of the euro zone

sovereign debt crisis of 2011–2012. This overlaps with the reference time frame for the restructuring and downsizing questions in the EWCS: 2012–2015. Retrenchment took the form of public sector hiring freezes and job cuts, as well as pay cuts and freezes (see Eurofound, 2013 for a review of post-crisis public sector restructuring). A related, important factor in downsizing was establishment size, with those working in large workplaces much more likely to have reported downsizing. On average, workplace headcount tends to be much higher in public administration and industry.

One aspect of Figure 7 should alert us to possible selection biases. Some categories where employment outcomes in the post-crisis period were markedly negative, based on EU-LFS data – blue-collar low-skilled workers (those working in manufacturing and construction sectors) – show middling values for reported downsizing. Figure 7 also reflects the fact that the EU-LFS and the EWCS have different cohorts (all working age individuals in the former, all workers in the latter). White-collar and higher-skilled workers are more likely to have survived individual instances of restructuring. Job cuts are also likely to have disproportionately affected blue-collar or lower-skilled workers within the same firm who may as a result be

¹⁷ A similar question was posed in the European Social Survey 2010, though with the difference that the employment shifts were at 'company/organisation' level rather than 'workplace' level (as in the EWCS 2015). There was a similar ratio of EU employees (in the 20 Member States covered) indicating that employment had decreased 'a little' (29%) compared to 'a lot' (10%) in the previous three years. The higher percentages are consistent with changed economic circumstances; as already noted, most EU Member States were still enduring the consequences of the global financial crisis in 2010 (Eurofound, 2012, p. 88).

Table 5: Upsizing/downsizing and work environment outcomes (odds ratios)

Theme	Dependent variable	Employment levels				Restructuring
		Increased a lot	Increased a little	Decreased a little	Decreased a lot	
Skills/work organisation	Access to training paid by employer	1.283**	1.269***		1.221*	1.298***
	Work involves learning new things	1.643***	1.409***	1.155**	1.639***	1.553***
	High work autonomy			0.889**		0.917*
Work intensity	High work intensity	1.293**	1.264***	1.189***	1.616***	1.614***
Health	Psychosocial risk exposure		1.187**	1.463***	2.086***	1.960***
	Subject to bullying at workplace	1.459*	1.270*	1.675***	2.817***	2.339***
	Work affects health negatively	1.473***	1.183**	1.475***	2.321***	1.704***
	More than three health problems indicated	1.507***	1.240***	1.477***	2.218***	1.643***
	Stress	1.308**	1.209***	1.253***	2.138***	1.640***
	Worked while sick (presenteeism)	1.305**	1.194***	1.382***	1.825***	1.631***
	Absence due to work-related health problems in last 12 months	1.273*		1.347***	1.597***	1.536***
Well-being	Satisfaction with working conditions	0.678**		0.553***	0.318***	0.459***
	Mental well-being (WHO-5)		0.910*	0.713***	0.631***	0.779***
	Job security		1.248***	0.785***	0.440***	0.664***

Notes: The coefficients are odds ratios from logit models where the main independent variable of interest is whether establishment upsizing or downsizing took place in the previous three years (reference category: no change in employment). The previously reported odds ratios for the restructuring question are included for comparison (reference category: no restructuring). An odds ratio of >1 indicates an increased probability of the specified outcome for those in the indicated employment shift category ('increased a lot' etc.) compared to those in the reference category of 'no change'; an odds ratio of <1 indicates a decreased probability. Control variables: education, sex, occupation, sector, country, establishment size, age group, supervisory status (manager or not). Non-significant odds ratios are suppressed. Significance levels: * $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$.

Source: EWCS 2015 (EU28, author's analysis).

outside the surveyed population. In sectors with a prevalence of small businesses – for example, agriculture and construction – those firms are relatively more likely, in a recession, to go out of business than to restructure and survive. For these reasons, categories of workers considered more resistant to job loss during restructuring (the higher-skilled) may nonetheless be relatively more likely to report restructuring.

Outcomes of downsizing/upsizing

This section presents an analysis of the associations between reported workplace headcount shifts (both positive and negative) and the same work environment outcomes previously identified as being affected by restructuring. As before, the approach in the first instance is to carry out logistic regressions with employment level shifts as the main independent variable (in place of whether restructuring was reported, in the earlier analysis) and the previously identified restructuring-affected outcomes – work intensity, skills, health and well-being related to work – as dependent variables. The same set of covariates is also included in the models, as in the earlier restructuring analysis. Table 6 reports the coefficients from the models, expressed as odds ratios, and

compares them with the odds ratios already produced using restructuring as the main predictor. The headcount question is not binary, but has five answer categories. The 'no change' category is used as a reference category, equivalent to the use of 'no restructuring' as the reference category for the restructuring question. The main comparison is therefore between those who report that employment has declined a lot at their workplace in the last three years and a comparator group of those saying that employment levels have not changed for a series of different quality-of-work or work environment outcomes.

Given the focus of the ERM on 'large-scale restructuring cases' (generally involving at least 100 announced job losses), and a similar framework for the selection of the case studies in this report, the most relevant category in Table 5 is 'decreased a lot'. This category is much more likely to capture cases of restructuring involving significant downsizing (compare with Table 4). Where employment levels at a workplace declined 'a little', as reported by respondents, this could just as easily have occurred as a result of attrition, voluntary departures or non-replacement of departing staff and is much less likely to have involved the disruption implied by a collective redundancy.

The first point of comparison in Table 5 is between the odds ratios generated by the two downsizing proxies and the restructuring question. Where restructuring was seen to have a negative effect in terms of outcomes, downsizing had statistically significant effects with the same sign (that is, in the same direction). Moreover, in all cases, the strength of the effect was greater where respondents had reported that employment levels had ‘decreased a lot’ than where employment had ‘declined a little’. This offers support for the significance of downsizing as a contributory factor for the indicated outcomes: the more extensive the downsizing, the stronger the association with specific outcomes. For example, the odds of reporting bullying were 2.82 times greater for those in workplaces where employment had declined a lot than for respondents who indicated no change in workplace employment. There was also an increased likelihood of reported bullying for those indicating that employment had declined ‘a little’ (1.68 times greater). This was the single strongest effect associated with downsizing.

By what mechanism might downsizing or restructuring impact on the incidence of workplace bullying, specifically, and the rise in adverse social behaviours in the workplace more generally? One tentative answer is that all downsizings involve coercive change. Such circumstances, which are stressful in themselves, may also provide opportunities for the misuse of organisational power, for example by managers over subordinates. An increased incidence of bullying or harassment could therefore be one possible second-order effect of restructuring. Regardless of manager/subordinate relations, decisions about who is retained and who leaves, in restructurings involving involuntary job loss, are likely to be divisive in character (Einarsen et al, 2010). To the extent that downsizing undermines perceived job security in the long run, even for the stayers, it may also impact on interpersonal relationships, with colleagues positioning themselves competitively to preserve their posts. Finally, the post-restructuring increases in work intensification already noted may lead to a fraying of social relationships at work and create the conditions for negative or pathological behaviours between colleagues, including peer-on-peer bullying.

The ranking of strength of effects in Table 5 – as indicated by odds ratios – is very similar to that recorded in the earlier analysis based on the restructuring question. Despite the weaker than anticipated correlation of restructuring and downsizing, the associations between both restructuring and downsizing and the work environment or work well-being outcomes were quite consistent. The strongest associations were between downsizing and workplace bullying, exposure to adverse social behaviours more generally, self-reported stress and reduced satisfaction with working conditions – as had previously also been observed for restructuring.

An important finding in the earlier analysis (Eurofound, 2012) was that restructuring was associated with some outcomes that can be characterised as positive rather than negative. Modern forms of work organisation emphasise the value of teamwork and training, as well as employee involvement and autonomy. These are key elements of ‘learning organisations’ (Eurofound, 2009c; Eurofound, 2013) as well as ‘high performance work systems’ or ‘high involvement work systems’ (Tomer, 2001). In part, such developments reflect the growing cognitive challenges of high-end work tasks, including the need to learn new things continuously. Training endows individuals with new skills that capitalise on their existing competencies and equip them to respond to new workplace demands. In a context of skill-biased technological change, the share of total employment continues to grow in such jobs.

Restructuring may be associated with these learning organisation dimensions to the extent that the explicit goal of restructuring is to adapt and modernise the work organisation in order to secure broader organisational objectives. These associations were identified in the analysis of the EWCS 2010 and emerge (partially) also from an analysis of the downsizing question in the EWCS 2015.

Where respondents reported downsizing, they were also more likely to report greater access to employer-paid training (though a weak effect, odds ratio: 1.22) and to indicate that their work involved ‘learning new things’ (a stronger effect, odds ratio: 1.64) than those reporting no change in employment levels. One interpretation is that both restructuring and downsizing introduce change to a workplace and to existing forms of work organisation, and that these changes require adaptation on the part of workers, which is likely to be facilitated and encouraged by employers (for example, through paid training).

For all of the negative work-related outcomes in Table 5, the strength of the downsizing effect was greater than that for restructuring – comparing odds ratios. Significant reductions in workplace headcount – where employment ‘decreased a lot’ – is associated with higher levels of stress, bullying and presenteeism, and reduced levels of perceived job security or satisfaction with working conditions, compared with those who reported restructuring.

A final point worth underlining is that for most of the work environment outcomes analysed, the effect of employment level shifts was observed regardless of whether the workplace had grown or contracted. It might be thought that, if downsizing is associated with reduced job satisfaction, working in a growing workplace would be associated with enhanced job satisfaction. This is not, however, what is observed in the EWCS data. Compared with the reference group reporting no change in employment levels, the association with higher levels of stress or work intensity

on the negative side, or learning new things and access to employer-paid training on the positive side, was observed both in expanding and in shrinking workplaces.

A plausible interpretation is that workplace change, however it may manifest itself, and not necessarily just downsizing, potentially exacerbates both positive and negative quality-of-work outcomes. Workers reporting no change in employment levels – or no restructuring – in the previous three years are more likely to report being satisfied with their working conditions, and less likely to report being stressed at work or exposed to bullying. On the other hand, the greater likelihood of receiving training (compared with those reporting no change) was observed both for those in workplaces where employment had ‘decreased a lot’ and for those where it had ‘increased a lot’.

The coefficients for negative work environment outcomes such as bullying, stress and reduced job satisfaction are in all cases greater for downsizing than for upsizing, implying weaker negative effects in growing workplaces. In the case of training and cognitive richness of work (work involves ‘learning new things’), the positive effect was of a similar magnitude for those in workplaces where employment had ‘increased a lot’ as for those where it had ‘decreased a lot’.

The one outcome where the sign of the employment shift – whether negative or positive – leads to opposing effects is for perceived job security. Those in workplaces that contracted were more likely to report decreased job security. As might be expected, those in expanding workplaces (though only where employment had increased a little) were more likely to report increased job security.

In summary, despite their limited correlation, restructuring and downsizing were associated with similar, statistically significant increases in exposure to many work-related stressors. The effect of downsizing – where workplace employment had declined ‘a lot’ – was generally stronger than that of restructuring. This was especially the case with regard to exposure to bullying, self-reported stress and reduced job security and job satisfaction. But downsizing was not only associated with negative work outcomes. Workers in shrinking workplaces were also more likely to report that their work involved learning new things and were more likely to receive training than those in workplaces with stable employment. Also, for nearly all of the outcomes in Table 5, both negative and positive in nature, the employees with the lowest exposure were those reporting no change in employment levels. Any change in employment levels – whether negative or positive – was associated with a greater probability of reporting both negative and positive work environment outcomes.

Effort–reward imbalance, downsizing and employee health

The effort–reward imbalance model developed by Siegrist (1996) has a potentially useful application in cases of downsizing. Mismatches between the effort an employee puts into work and the rewards he or she gets in return – in the form of pay, recognition or career opportunities – have been identified as a strong predictor of stress and other negative work-related health outcomes. These mismatches are likely to be exacerbated during episodes of restructuring or downsizing involving far-reaching changes in work organisation. Downsizing can, for example, compromise an important, non-pecuniary part of employment reward – the reciprocal commitment between employee and organisation, and the sense of loyalty based on a shared and mutually advantageous common endeavour – by undermining an employee’s sense of job security. Downsizing is also associated with higher levels of work effort and work intensity, as confirmed by analysis of EWCS data.

In the analysis that follows, based on the approach of Dragano et al (2005) using cross-sectional German data, EWCS data are used to characterise high-effort–low-reward work (stressful work) and assess the extent to which simultaneous exposure to stressful work and downsizing interact to generate additional harmful health outcomes. This ‘synergy’ effect, where the independent negative effects of downsizing and of stressful work reinforce each other, was identified in the German study using a statistical approach applied in occupational epidemiology. The application of the approach using the EWCS relies on comparing the odds ratios from a logistic regression of negative health outcomes as the dependent, outcome variable ($=1$ where respondents reported at least three negative health symptoms from a listing of 11 symptoms) where the predictor variables were whether downsizing had occurred or not and whether the respondent was in the top quartile of a high-effort–low-reward ratio, as well as a number of covariates. The high-effort indicator was based on a composite of three questions: the extent to which respondents reported having enough time to do their work, worked to tight deadlines and worked at high speed. The reward indicator was based on a composite of four questions: whether respondents consider themselves well-paid for the work they do, have good career development opportunities, are motivated to do a good job and are recognised in their work (see Annex 2 for more detail on the construction of the variables). The high-work-stress indicator = 1 only for those in the top 25% of the effort–reward ratio.

The combined effect of downsizing and high-effort–low-reward work was evaluated by applying two indices proposed originally by Rothman (1986). The first formula used is

$$\text{Synergy effect } DS = (OR_{DS} - 1) / (OR_D + OR_S - 2)$$

where *DS* is the interaction of downsizing (*D*) and stressful work (*S*) and *OR* = odds ratio.

This generates a value of 1 in cases of perfect additivity, where there is no extra synergy effect from the interaction of the two independent variables (*D* for downsizing, *S* for stressful work), and a value > 1 where there is a synergistic interaction. In the case of downsizing and high work stress, there is clearly a synergistic interaction. A second formula estimates the proportion of the overall effect (the odds ratio that a respondent reports at least three negative health symptoms) that is attributable to the interaction of the two exposures.

$$\text{Attributable proportion } DS = (OR_{DS} - OR_D - OR_S + 1) / OR_{DS}$$

Table 6 shows the relevant findings for the whole sample (all EU28 employees not working alone, with tenure ≥ 3 years) in the first column and then separate findings by gender, education and occupation in the remaining columns.

In all cases, the odds ratios are greater than one, which signifies that, compared to respondents reporting no downsizing and low work stress, those reporting downsizing, high work stress or a combination of the two are more likely to report at least three negative health symptoms. The odds ratios for all employee categories are highest for the combined effect and next highest for those reporting stress but no downsizing. Relatively, the weakest effect is from those reporting

downsizing but low work stress, although the odds ratios are greater than one in each case and statistically significant in every case except for blue-collar high-skilled workers.

There is a statistically significant synergy effect for every category, confirming that the combined effect on health of downsizing and stressful work is greater than the sum of the individual effects (synergy effects > 1). The synergy effect is especially high for female employees (as was found also in Dragano et al, 2005), as well as for employees with medium educational attainment (second-level completed) and for blue-collar high-skilled workers (who tend to be strongly concentrated in manufacturing, construction and agriculture). The proportion of the overall health effect attributable to the interaction of downsizing and stressful work was 30% for the sample as a whole but as high as 39% for female employees. Weak synergistic effects were observed in the case of employees in professional or managerial occupations, suggesting that employees in this group had greater resources to neutralise the combined effects of downsizing and effort–reward imbalance.

What practical conclusions can be drawn from this analysis? First, downsizing combined with high work stress generates additional pressures on employee health and well-being. The negative health outcome indicator used in the analysis is quite rudimentary and based on self-reported data, but there is evidence to show that self-reported symptom load is a ‘strong predictor of sickness absence and disability pension, two core health indicators for companies’ (Dragano et al, 2005). The costs for employers of not paying attention to the combined effects of downsizing and high work stress will be reflected in increased short- and

Table 6: Combined exposure to downsizing and work stress in relation to negative health symptoms

Sample	All	Gender		Education			Occupation			
		Male	Female	Low	Medium	High	WC HS	WC LS	BC HS	BC LS
Dependent variable: at least negative health symptoms	Odds ratios									
No downsizing/low work stress	Reference									
No downsizing/high work stress	3.005	2.778	3.366	3.244	2.762	3.204	3.562	3.281	2.55	2.097
Downsizing/low work stress	1.273	1.232	1.34	1.299	1.34	1.189	1.14	1.415	1.041	1.717
Downsizing/high work stress	4.653	4.653	6.063	4.282	4.685	4.66	4.552	5.42	4.195	3.733
Synergy effect	1.60	1.41	1.87	1.29	1.75	1.53	1.31	1.64	2.01	1.51
Attributable proportion	29.6%	21.6%	38.9%	17.3%	33.8%	27.2%	18.7%	31.8%	38.2%	24.6%

Notes: Odds ratios are based on unadjusted odds ratios of the combined exposure variable. Additional tests were conducted with a model including covariates for sector, country, establishment size, age group and supervisory status. Inclusion of the covariates did not alter the substantive findings. Education: Low = International Standard Classification of Education (ISCED) 1-2, medium = ISCED 3-4, high = ISCED 5-6 (third-level qualification). Occupation: WCHS = white-collar high-skilled, ISCO-1d (International Standard Classification of Occupations) 1-3 (professionals and managers), WCLS = white-collar low-skilled (clerical and sales workers), BCHS = blue-collar high-skilled (skilled agricultural and craft/related trades workers), BCLS = blue-collar low-skilled (elementary occupations and plant operators).

Source: EWCS 2015

Table 7: Sectors where employees are most likely to report negative outcomes related to downsizing

Outcome	Sector
Work intensity	Transport, health
Psychosocial risk exposure	Health
Decreased satisfaction with working conditions	Public administration, education
Absent due to work-related health reasons	Retail/hospitality, education
Exposure to bullying	Public administration, health
Presenteeism	Education
Stress	Construction, retail/hospitality, education

Source: EWCS 2015 (author's analysis)

long-term employee absences. While employers may not be in a position to avoid downsizing, they do have the power to set or adjust work effort after downsizing, ensuring that employees are not faced with undue workload. To the extent that workplace interventions should be directed at those most potentially vulnerable to negative health outcomes, female employees and blue-collar high-skilled employees in downsized organisations would seem to warrant particular attention.

Sectors in which negative downsizing effects are more evident

The incidence of reported downsizing varies by sector, establishment size and other characteristics, as indicated in Figure 7. Employees in larger workplaces, notably in predominantly state-funded sectors, were more likely to report downsizing as having occurred during the previous three years in 2015. But is this reflected also in higher self-reported exposure to, for example, adverse social behaviour or stress? Table 7 presents a summary of the results of separate logits for broad sector categories, identifying those sectors where the odds of reporting a particular outcome are at least 25% higher than for the sample as a whole.

State-funded sectors – education, health and public administration – are over-represented in the list. Employees in downsized establishments in the health sector were, for example, more likely to report greater work intensity as well as exposure to adverse social behaviour. Reported levels of bullying are higher in the public sector than in the private sector in the overall sample (6% versus 4%, EU28) and this differential is increased where downsizing is reported – notably so in the case of the core civil service (public administration, compulsory social security) and the health sector. Employees in the education sector were also more likely to report higher levels of work-related health absences and presenteeism, as well as higher self-reported stress following downsizing.

The prevalence of predominantly state-funded sectors in the list may in part be related to the timing of the survey. As already noted, the time frame of the downsizing question, 2012–2015, relates to the period directly after the European Fiscal Compact, when nearly all Member States committed to significant retrenchment in public spending. One of the principal elements of public spending is the public sector payroll and, although numerical employment adjustments in the public sector tend to be more complicated than in the private sector, the introduction of hiring freezes and other measures have resulted in a reduction in state-paid employment in the public administration since 2012 – especially in those Member States requiring economic adjustment programmes after the global financial and euro zone crises. In addition, new public management (NPM) style reforms since the 1990s have tended to emphasise market mechanisms, outsourcing and privatisation as conduits for public sector restructuring. These may have increased levels of public sector accountability or economic efficiency in some cases but have also been linked to work intensification (see, for example, Green, 2001).

In the private sector, the lower-level services grouping which encompasses retail, accommodation and restaurants was the only one in which at least two increased exposures were recorded. This was consistent with earlier findings in Eurofound (2012) for the same sector grouping.

Work organisation factors mediating the negative effects of downsizing

The EWCS includes a series of questions addressing dimensions of workplace relations that may serve to mediate identified negative effects of downsizing on stayers.

Table 8 sets out the results from tests of the statistical impact of management actions or practices, showing whether employees who reported being consulted and informed, for example, were less likely to report the

Table 8: Potential mediators for negative work outcomes related to downsizing

Outcome analysed	Potential buffers				
	Informed and consulted prior to restructuring	Leadership	Perceived fair treatment	Social support	Union presence at workplace
Work intensity	0.915ns	0.780***	0.584***	0.787***	0.982ns
Psychosocial risk exposure	0.798**	0.498***	0.342***	0.467***	1.320***
Health at risk due to work	0.676***	0.574***	0.472***	0.604***	1.355***
Stress	0.820**	0.686***	0.491***	0.656***	1.133*
Satisfaction with working conditions	2.194***	4.642***	5.877***	3.913***	1.093ns
Absence due to work-related ill-health	0.894ns	0.596***	0.492***	0.556***	1.157*

Notes: The coefficients are odds ratios from a series of logit models where, in addition to the downsizing question, a second independent variable captures the effects of potential mediators or buffers. For readability, only this latter odds ratio is cited in each case. An odds ratio of >1 indicates an increased probability of the specified outcome for those reporting positively, for example those respondents with above median score on the composite variable for leadership/perceived quality of management compared to those below median. An odds ratio of <1 indicates a decreased probability. Covariates – education, sex, occupation, sector, country, establishment size, age group and supervisory status (manager or not) – are included in the model, but coefficients are omitted. Significance levels: * $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$. ns = not significant.

Source: EWCS 2015 (EU28, author's analysis)

previously indicated negative outcomes. In addition, there are sets of questions that help to characterise management in terms of perceived management or leadership quality and workplaces in terms of reported levels of social support and perceived fair treatment.¹⁸ Finally, the presence of a trade union or worker representative body is associated with greater employee voice and involvement in decision-making on restructuring. Each of these attributes can be hypothesised to facilitate responsible restructuring and cushion the negative effects.

The first column of Table 8 relates to the sample of those employees reporting that restructuring had taken place in their workplace (just less than one-third of the total sample, about 6,000 respondents). It compares the odds ratios of specific outcomes for those reporting that they had been both informed and consulted regarding the restructuring, compared with those who had been neither informed nor consulted. These questions are the only examples in the EWCS 2015 questionnaire of a management action strictly related to a reported restructuring event. They capture an important dimension of the approach to restructuring advocated in EU policy (for example, the quality framework for restructuring and anticipation of change) and enshrined in various EU directives: anticipation of change, as well as advance notification to and consultation with employees affected by restructurings. Modest but statistically significant positive effects are reported in terms of reduced exposure to adverse social behaviour and reduced perceived health risks due to workload and

stress. The odds of reporting high levels of satisfaction with working conditions were also more than doubled. For work-related health absence and work intensity, there was no statistically significant difference between employees who had been consulted and those who had not. But overall, prior information and consultation were associated with slightly better outcomes.

For the next three columns in Table 8, the odds ratios indicated derive from the extended sample (about 20,000) and capture dimensions of cooperation and perceived management quality. In each case, a positive score results from individual employee answers to a series of related questions (see Annex 2 for the construction of variables). The odds ratios reported are all highly significant across all of the indicated outcomes and with the expected sign based on a review of the literature and evidence from the case studies. For example, the odds of reporting psychosocial risk exposure were reduced by almost one-third (OR: 0.342) where employees indicated a high level of fair treatment. The corollary was also true and positive outcomes were more likely: the odds of reporting higher levels of satisfaction with working conditions increased (OR: 5.877).

The perception of fair treatment was the most important of the three factors in terms of mitigating negative effects associated with restructuring (that is, odds ratios deviated most significantly from 1). The existence of social support at the workplace and positive scores on leadership from management were also associated with improved outcomes across the

¹⁸ Each of these three factors is constructed as a composite variable and then dichotomised (above and below median values) as indicated in Annex 2.

board, with lower odds ratios indicating somewhat weaker mitigating effects than those identified for perceived fair treatment.

For each of the potential mediators, whether or not downsizing took place was included in the model and the coefficients/odds ratios for specific outcomes are decreased with the inclusion of the potential mediating factor (or increased in the case of satisfaction with working conditions or job security). This supports the argument for a positive mediating or buffering role in each case. However, one important caveat in interpreting Table 8 is that the management attributes analysed are based on questions that are asked independently of any specific restructuring event. Employees who report positively on leadership in their workplace are likely to report also a lower incidence of negative work environment outcomes, regardless of whether restructuring took place. There is only very limited evidence of interaction effects that would signal that any of the potential mediators exercise an enhanced mitigating effect specifically in cases of downsizing. Nonetheless, it can be concluded that for a range of potential negative outcomes that are confirmed to have a significantly increased probability of occurring after downsizing, the evidence is that a positive assessment by employees of the indicated management attributes and practices limits the increased probability of these negative outcomes.

Main findings from empirical analysis

- Around one third of employees reported restructuring (30%) or downsizing (29%) as having occurred in their work establishment in the preceding three years, according to data from the European Working Conditions Survey.
- Both restructuring and downsizing were associated with higher levels of work intensity and exposure to adverse social behaviour, as well as lower levels of satisfaction with working conditions among the stayers. The greater the employment decline in cases of downsizing, the stronger these associations were. Downsizing in turn was associated with negative self-reported health outcomes, including absence for work-related health reasons.
- The effects of downsizing were not, however, wholly negative. It was also associated with higher levels of employer-paid training and cognitively richer work – consistent with restructured workplaces requiring adaptation via new, and often higher-level, skills in the remaining workforce.
- Predominantly state-funded sectors (public administration, health and education) were those with the highest prevalence of adverse downsizing outcomes, especially in relation to heightened adverse social behaviour exposure.
- Information/consultation was identified as one of a number of potential buffers or mediating factors limiting, in particular, the negative effects of downsizing. The most important of these buffers in terms of the strength of its mitigating effects was the perceived level of fair treatment at the workplace – a proxy measure of procedural justice, widely identified in qualitative research, including the case studies in this report, as an important element of good practice in restructuring.

3 Good practice elements in restructuring and their implementation

Key elements for effective restructuring

Even if restructuring with job loss is found to have negative effects for the workforce, as evidenced by the EWCS empirical analysis (reported in Chapter 2), restructuring cannot in itself be considered intrinsically good or bad. The outcomes of restructuring efforts may depend, at least partly, on how the restructuring process is planned and implemented and the extent to which the needs and concerns of the employees are taken into account and addressed.

Academic and policy research has shed light on good practice elements that make restructuring effective and could result in more satisfactory outcomes both for the employees and for the organisation as a whole. Some of these good practice elements focus on the anticipation of the restructuring process (for example, strategy and planning), whereas other elements are of relevance during or after the restructuring process.

Intervention research points to the importance of the organisational context (in terms of organisational culture, available time and resources) for measures to be effective (Nielsen and Randall, 2013; Nielsen and Miraglia, 2017). The national experts and stakeholders consulted in this study indicated, however, that the broader context in which organisations operate also influences the range and type of measures implemented in restructuring as well as the outcomes. Therefore, in restructuring situations, the context should be understood in broad terms, encompassing many dimensions – for example, the institutional setting, national legislation, industrial relations systems, social dialogue traditions, economic climate and the prevailing culture in each country.

They also highlighted the importance of identifying and supporting vulnerable groups during the restructuring and tailoring support measures to their specific needs. Low-skilled and older workers, in particular, tend to be more exposed to the negative effects of restructuring, as they are less equipped to adjust to the new situation in the organisation after the restructuring. They also have fewer opportunities to find a new job in the case of dismissal (due to lower employability). This leaves them more prone to experiencing high levels of job insecurity. However, it was also acknowledged that the disruptive and negative effects of restructuring cannot be fully avoided as they are inherent to the process. While there

may be no perfect ways to manage a restructuring exercise involving downsizing, some practices are better than others. By learning from and building upon the better ones, it is possible to achieve more effective, less damaging restructuring.

Strategy and planning

Organisations should not view restructuring as a one-off quick-fix solution, but rather as part of the organisation's long-term strategy (Cameron, 1994; Baruch and Hind, 1999; Appelbaum et al, 1999; Cascio, 2005; Kieselbach et al, 2009).

At the early stage, companies should seek out possibilities to minimise the redundancies by considering alternatives to permanent large-scale layoffs, such as temporary suspension of contracts, pay bargaining, recruitment freezes and other measures (Appelbaum et al, 1999; Baruch and Hind, 1999; Vinten and Lane, 2002; Eurofound, 2009a). In situations where dismissals cannot be avoided, it is best to implement restructuring as quickly as possible, in order to reduce uncertainty for the remaining staff and allow them to move on and adapt to a new situation as quickly as possible (Broughton, 2009).

Several guidelines and research studies stress the importance of clear and thorough planning of the restructuring or downsizing process. Early planning and advance notification of downsizing also enables employee representatives to inform the workforce, prepare for the redundancies and seek support measures to mitigate the social consequences of the restructuring (Appelbaum et al, 1999; Dolan et al, 2000; Broughton, 2009; Eurofound, 2008; Eurofound, 2009a; Broughton, 2009). Careful planning of the restructuring is beneficial for the remaining employees, not only in the context of corporate restructuring but in all restructuring situations, including in the public sector (Eurofound, 2015) and SMEs (Eurofound, 2013). Advance planning also allows public authorities to assess the case (in situations of collective redundancies) and intervene where necessary. The active involvement of trade unions or employee representatives in the development of a restructuring plan during the consultation process increases the overall transparency of the undertaking.

Dolan and colleagues (2000) also contend that the strategy set out in the preparatory phase of the restructuring should reflect the organisation's core

values and be aligned to existing HR policies. This is linked to the idea of advance planning in restructuring, even when the management does not anticipate restructuring in the immediate future. In this regard, Vinten and Lane (2002) point to the importance of having pre-existing human resources strategies to minimise the ‘survivor syndrome’ and recover more quickly from the trauma of the restructuring. Such HR strategies and policies should be open, transparent and subject to wide consultation within the organisation. As mentioned in Chapter 2, PSYRES research specifically supports HR strategies and policies that can enhance the employability of the remaining workforce, for example by means of training and the development of competencies that may be needed in the future (Wiezer et al, 2011).

Evidence from the case studies

The four company cases differed in the degree of advanced preparation for the restructuring, as well as the content of the restructuring strategy.

In both tkSE Dortmund and Fertiberia, the well-established social dialogue within the companies influenced the planning and permeated to a large extent the approach to restructuring (as reflected in the companies’ respective restructuring strategies).

The restructuring strategy prepared in anticipation of the closure of the cold rolling mill in tkSE Dortmund was in line with the company collective agreement, *Safeguarding the future 2020*. This provides for a job guarantee until 2020 (no compulsory redundancies) and allows for working time flexibility (with corresponding wage adjustments), depending on production fluctuations. A ‘job guarantee’ policy does not mean that no one is to be dismissed, but mainly that there will be no ‘hard’ involuntary dismissals. In the planning phase, the company management and the trade union representatives had discussed the overall restructuring plan, indicating which production lines would keep functioning. The detailed planning of the restructuring in Dortmund was to be agreed between the plant management and the local works council. The restructuring was announced by the Dortmund management and the local works council six months before the restructuring took place and immediately after the decision was jointly taken by the management and the joint works council. This gave sufficient time for the planning of the restructuring, which did not come as a surprise to the employees in Dortmund.

As in the German case, the long-standing culture and tradition of social dialogue in the Spanish case of Fertiberia shaped the approach to the restructuring from an early stage. The background to the restructuring was that Fertiberia had to discontinue some production activities. This resulted in the closing down of five of the ten operational units in its Huelva establishment, due to the decision of the Spanish

Environmental Authority to stop the dumping of chemical waste into tailing dams. With a view to securing viable jobs for the remaining employees and reducing the most damaging social consequences, the restructuring strategy included a substantial investment in retraining and job mobility (formalised in what is known as a functional mobility and training plan or *plan de movilidad funcional y formación*) within the Huelva establishment and also envisaged voluntary exits via early (or partial) retirement. Furthermore, the strategy involved staggering the implementation of the job cuts: these were postponed until as many employees as possible could opt for early retirement.

The case of the Dutch insurer was different. Here, lessons had been learned from omissions that occurred in the planning and implementation of the first round of restructuring in 2012. Therefore more time and resources were devoted to preparing the second round of restructuring in 2014. In the planning phase, the management prepared a new long-term organisational strategy, which delineated the new products, the new division of work, the teams required to execute the work and the competencies needed in the future. The new restructuring strategy revolved around more streamlined communication, greater participation of the employees in the change process, supporting action and preparation for organisational changes through training for both line managers and employees. The intention was to prepare the employees for the forthcoming changes and potentially alleviate the stress caused by their implementation. According to the company interviews, after the second round of restructuring the work atmosphere was more positive and there was less turmoil and job insecurity among employees than after the first round of restructuring.

Less planning was apparent in the restructuring of the Bulgarian company Mizia-96. Faced with a considerable and rapid market contraction, the company initially sought to find alternatives to dismissals, for example by putting in place a new business strategy aimed at finding new markets and clients and diversifying production. It soon became apparent that dwindling profitability would not be turned around without more drastic cost-cutting measures. Between 2008 and 2009, the company dismissed a total of 320 employees, while at the same time implementing other cost-cutting measures including reorganisation of the work processes, short-time and part-time work, wage cuts and unpaid leave. The new strategy developed by the management was aimed at keeping the company afloat while at the same time safeguarding as many jobs as possible. As the timely fulfilment of all contract obligations and delivery of high-quality products was paramount for the survival of the company, the strategy was primarily focused on retaining highly qualified employees. However, the company also committed to retaining the most vulnerable employees (in hardship situations) who were most dependent on the

continuation of their employment. This was in keeping with the corporate social responsibility (CSR) policy the company had introduced some years before the restructuring.

Communication

Kieselbach and colleagues (2009) highlight the importance of a communication strategy and plan as a way to overcome uncertainty and resistance to change and to induce employee commitment. Open communication can promote a sense of trust and organisational justice throughout the organisation (Appelbaum et al, 1999; Baruch and Hind, 1999). Employees should be informed about the goals of the restructuring (Dolan et al, 2000; Wiezer et al, 2011). When developing the communication strategy, it should be determined who is responsible for its implementation: who provides information to whom and when. The communication strategy should be managed throughout the restructuring process (Wiezer et al, 2011), with the aim of sharing as much information as possible about the restructuring, helping to dispel rumours and reducing uncertainty about the future (Dolan et al, 2000; Cascio, 2005; Bergström and Arman, 2017). Other elements of a successful communication strategy include being consistent at all organisational levels (organisation, department, team, individual), allowing employees to have a voice and express their feelings or opinions freely and openly and also giving them opportunities to have their questions answered and concerns addressed. Also, consideration should be given to establishing and articulating a clear mission that conveys a sense of shared corporate identity and beliefs, in order to motivate the staff throughout the transition (Vinten and Lane, 2002).

Evidence from the case studies

Good information and communication – through both official and less formal channels – were deemed crucial by all the company representatives interviewed. The Dutch insurer invested significantly in communicating the new company orientation and vision, the implications for the employees and the details of the implementation of the change process. This allowed employees to see how they could fit into the new strategy and what was required of them. The intention of top management was to emphasise open and honest communication, convey the message that the process was under control, limit the spread of rumours and foster acceptance of the process among employees. A communication specialist was also appointed to help HR in both the preparation and the implementation of a detailed communication plan. As part of the plan, the management sought to communicate what the restructuring entailed in practice, in staff meetings hosted by the board of directors and via information on the company website and official announcements. A two-way communication process was also established to ensure that all employees had opportunities to vent

their feelings or concerns, discuss with the management the implications of the restructuring for the day-to-day work and provide their opinions. Several company-wide and team-specific meetings were organised for just this purpose. An important part of the plan was the communication of the new company values.

The management in all four companies could count on the support of the works council and/or trade unions to communicate more effectively with the employees throughout the process. In Mizia-96, the trade union was actively involved in the implementation of the communication strategy. From the management perspective, their role was essential to motivate the staff, promote the legitimacy of the decisions and acceptance of the harsh measures, and ultimately instil confidence that company performance would be restored and those dismissed would be rehired. The trade union performed this supporting role through three (already existing) channels: the union committee, the employee assembly (acting as the works council) and the committee on work conditions. The union committee served as a main communication channel for informing the employees about the dismissals, the selection criteria and implementation process. The other official channels functioned as communication mechanisms after the dismissals, providing employees with information about the state of change and the implementation of the restructuring. Additionally, in preparation for the restructuring, a team consisting of HR specialists and trade union representatives met individually with each employee to explain the reasons for the restructuring and its goals, the changed circumstances (shorter working hours, increased workload), the reshuffling within production units and the reorganisation of work processes. These individual consultations were important for maintaining mutual trust between employees and the company, and preparing the employees for the changes.

In tkSE Dortmund, too, communication to employees was mainly channelled via the local works council, which organised weekly meetings with employees. Alongside this, the management and works council in Dortmund agreed on four-monthly employee meetings to inform the employees about the current state of change and offer them the opportunity to engage in dialogue and give feedback.

By contrast, in Fertiberia, the role of the local works council was limited to communicating the details of the functional mobility plan and its implementation. The process for the transfer of employees to new job positions was transparent and based on open selection procedures. Prior to the restructuring, the company's HR department was in charge of communicating on the decisions taken by the management and action to postpone the closure for as long as possible, so as to allow the maximum number of employees to become eligible for early retirement. No specific communication

measures were, however, implemented during the restructuring.

Overall, good and effective communication was seen by the management representatives interviewed as a means of avoiding misunderstanding and conflicts and helping to reduce rumours, apprehension and uncertainty among employees about the restructuring. Also, the active involvement of trade unions and/or works councils in the communication process, in addition to the commitments already made by management, helped to make communication more effective and dispel uncertainties around the restructuring.

Employee involvement

The importance of employee involvement is underlined in many studies, as well as by the national experts and stakeholders consulted. If employees understand that restructuring is necessary and they are involved in the decision-making and the implementation of the restructuring, they will be more likely to 'buy in' to the process (Broughton, 2009; Eurofound, 2009a) and the negative effects of organisational changes can be minimised (Schweiger and DeNisi, 1991; Probst, 2005; Sverke et al, 2008; Eurofound, 2013, 2015). This can be accomplished by having employee representatives take part in the development of the restructuring strategy, the planning of the different phases of the restructuring, and the communication and monitoring of the effects of the restructuring (Appelbaum et al, 1999; Wiezer et al, 2011; Bergström and Arman, 2017). Employees may also be given the opportunity to influence their future role in the organisation by participating in the reorganisation of the division of tasks and the development of new work processes (Pahkin et al, 2011). However, as highlighted by the national experts and stakeholders consulted, in practice employee representatives often have a limited role in the preparation of the restructuring and in the decision-making process. A more socially sensitive approach to restructuring, which fully takes into account employees' expectations and needs, would give greater leeway to employee representatives in the planning phase of the restructuring. In this way, employee representatives would not just be confronted with the plan proposed by the management. They could also be actively involved in the decision-making and formulate their own proposal for the restructuring. Additionally, consulted experts recognised the importance of good social dialogue at company level in paving the way for more effective restructuring by preventing major disputes from arising and giving greater legitimacy to decisions and ensuing actions.

Evidence from the case studies

In the four company cases, employee involvement was organised through the trade union and/or the works council. However, in some cases, this mainly entailed

being informed about the forthcoming restructuring and state of change, with limited margins for influencing decisions on the restructuring, particularly in the preparation phase.

Employee involvement was a particularly important element in the restructuring of tkSE Dortmund. The company has a long tradition of social partnership, which has its origins in the German industrial relations system and involves three different layers of cooperation: cooperation with metalworkers' trade union IG Metall, co-determination (participation of employee representatives in the supervisory board) and the involvement of a joint and local works council. The trade union had a pivotal role in getting the employees on board and convincing them to share part of the restructuring costs. Employees in Dortmund had agreed a working time reduction and a wage cut (working time reduction eventually saved 51 jobs). According to the company interviews, employee involvement in the decision-making (via the trade union and works council) throughout the restructuring built confidence in the process and was a guarantee that the employees' interests would be taken into consideration. This also created a more positive social climate which fostered acceptance of change. The local works council was involved in shaping the process, operationalising the restructuring plan and translating it into specific measures. This included, for example, the decisions regarding how many employees to retain and how to organise the transfer (via retraining) of the remaining employees in the affected plant to other operations in Dortmund.

At Mizia-96, too, the stable management–trade union relationship was an important element of the management culture. The union was actively involved in the implementation and communication of the restructuring and it was regularly consulted by the management on the change process. This started with the selection of those employees to be dismissed and those to be retained, which was the subject of intensive deliberations with the trade union. Also, after the first round of dismissals in 2008, the union negotiated a collective agreement, which remained valid for five years and contained provisions on working conditions (particularly in relation to wages and working time), employee benefits and terminations. However, employee involvement (organised via the employee representatives) mainly concerned being informed about the restructuring plans, helping the plans to get communicated and monitoring the implementation of the new business strategy.

In the Dutch company, employees are represented by five different trade unions, which potentially weakens the influence of the individual unions. The role of the trade unions was limited to the development of the social plan. Employee involvement was mainly organised through the works council, which did not

limit itself to an advisory role in the consultation phase (as prescribed by law) but was also implicated in the implementation of the restructuring strategy and the communication process. The active involvement of the works council was more apparent in the second round of restructuring.

In the Spanish company, the local works council was mainly involved in preparing and implementing a functional mobility plan (moving younger workers to posts occupied by older workers who were due to leave on early retirement) during the restructuring. This plan included an agreement reached between Fertiberia and the trade union committee concerning the criteria for selecting the employees to be transferred to other job positions and the necessary arrangements to facilitate the transfer of competencies and adaptation to new skills requirements and responsibilities.

The company representatives indicated that they invested heavily in the relationship with the trade unions and works councils. For employee representatives, it was very important that management adhered to the agreements made.

Procedural justice

Procedural justice refers to the perceived fairness of the processes and procedures applied in the implementation of the restructuring or downsizing (Brockner and Greenberg, 1990), notably the selection of workers to be made redundant. Findings from a large body of research indicate that procedural justice is a good predictor of a variety of work attitudes and behaviours among stayers, including organisational commitment (Clay-Warner et al, 2005). In an empirical study on downsizing, Paterson and Cary (2002) found that procedural justice partly explained the effects of change management procedures on acceptance of downsizing and morale among employees.

Many studies find that it is important to use clear, objective and transparent criteria to determine the basis for the redundancies and a fair selection process (Baruch and Hind, 1999; Vinten and Lane, 2002; Broughton, 2009). The consulted experts and stakeholders in this study agreed that the fairness of the dismissal process is a particularly important good practice element in restructuring, as this generally results in minimising 'hard feelings' and resentment among stayers. Stayers are very conscious of how those who have been laid off are treated. When stayers see that their departing colleagues have been treated with dignity and respect, this will positively affect their feelings of trust and commitment towards the organisation. Processes and procedures are perceived as being fair when consistency is applied across all affected employees, decisions are bias-free, the opportunity is given to employees to express their

opinions and mechanisms are put in place to correct wrong decisions if needed (Cascio, 2005; Datta et al, 2010). Also, employees' perception of 'shared pain' can positively affect their well-being and this perception can be shaped by top management, for example, by taking voluntary salary cuts or renouncing bonuses (Vinten and Lane, 2002).

Evidence from the case studies

Judging by the company interviews, in all four company cases, feelings of job insecurity were partly influenced by how employees perceived the treatment of their dismissed colleagues. The remaining employees took comfort from the fact that their former colleagues were treated fairly and assumed that they would be treated likewise if ever a new restructuring event were to take place.

The selection criteria for the redundancies (or retention of employees) differed substantially among the companies, but in all cases they were perceived by the workforce as fair. In the Dutch case, the company set out clear procedures for the selection of the dismissals and explained thoroughly and clearly the proportionality rule to be applied. The dismissed employees were given higher severance compensation than required by law and provided with counselling support and job search assistance. In the Bulgarian case, a share of remaining employees was retained on the basis of 'social criteria', thus sparing some of the most vulnerable employees from the dismissals. As in the case of the Dutch insurer, the management of Mizia-96 offered the dismissed employees severance compensation higher than what was legally required. They were also given a strong indication that they would be rehired as soon as the company's performance improved. In fact, Mizia-96 did regain output levels later on and re-employed most of those who had been dismissed. In 2017, the company employed more people than in 2008.

In the other two companies – Fertiberia and tkSE Dortmund – 'hard dismissals' were avoided by allowing the maximum number of employees to opt for early retirement. In both companies, the implementation of the job cuts was postponed until as many employees as possible could opt for early retirement. Based on the company interviews, this approach created a positive attitude towards management and contributed to a better social climate, fostering acceptance of change. A system of 'double posting' was put in place whereby redundant employees worked in the same post (in some cases as on-the-job trainers) alongside colleagues who would have replaced them at a later date. According to the interviewed employee representatives in tkSE Dortmund, alternatives to involuntary dismissals gave employees a choice and a sense of security.

Leadership

Leadership plays a crucial role in the restructuring process (Cameron, 1994; Broughton, 2009; Kieselbach et al, 2009; Wiezer et al, 2011). Two components are central to leadership: the overall vision, strategy and direction coming from the top management and how this translates into appropriate behaviours and actions by middle management throughout the restructuring. Top management is responsible for establishing a culture (or shared set of beliefs and values) that is aligned with the new organisation's vision and strategy. In an environment where employees resent the management decision to downsize, a negative impact on organisational performance may result (Arnold and Pulich, 2003).

Both PSYRES and HIRES research points to the pivotal role of the middle managers in communicating information about the change process and providing support to the affected employees (Kieselbach et al, 2009; Wiezer et al, 2011). PSYRES research also suggests that middle managers should be fully involved in the process of designing the new organisation, as they have a good overview of the tasks and goals of their departments or teams (Wiezer et al, 2011). The consulted national experts and stakeholders highlighted the need to provide training to middle managers, particularly in the area of developing communication skills. This reflects the fact that middle managers are 'on the front line' throughout the change process: they are usually the ones who inform the employees about the details of the restructuring, including redundancies, engage in sensitive discussions, and handle the negative emotions of their subordinates. Since they are implicated in different aspects of the restructuring process, middle managers should be given adequate assistance and support (also in the form of training, coaching and mentoring) in order to implement the change effectively and, as far as possible, to ensure a smooth transition (Appelbaum et al, 1999; Wiezer et al, 2011). Managers who are not sufficiently trained or equipped to manage the transition may be more likely to make mistakes in the process. This can damage the company culture, negatively affect social interactions and ultimately compromise the whole restructuring effort.

Evidence from the case studies

The formulation of a clear mission and vision for the organisation was regarded as a precondition of a more effective and less impactful restructuring, particularly in the Dutch company. In spite of limited resources, the Bulgarian company also sought to exercise strong leadership during the process. The top management emphasised throughout the restructuring that each and every employee would receive individual attention. In their communication with the employees, they stressed their commitment to the company's core values and CSR policy. The top management showed awareness

that the corporate identity was more vulnerable in a context of changed market conditions, and that this could impact negatively on the employees' sense of belonging to the organisation. This concern was central in the communication efforts by the management and the trade union.

Good practice should also be examined at the level of the middle managers, who took the lead in the implementation of the restructuring in all four companies. In the Dutch case, middle managers were tasked with translating the new organisational strategy into the job positions and competencies required for their departments. They received support and training in order to guide the employees throughout the process, engage in sensitive discussions with them, act according to the company's values, operate 'in concert' and, last but not least, manage the transition effectively. The concept of sustainable employability was very prominent in the new company strategy. This was centred on the development of new competencies and skills to enhance employees' career prospects and their general employability within or outside the company. Middle managers were also trained to fully understand this new concept and implement it accordingly. They were tasked to organise individual discussions with team members and allocate personal training budgets. Scores on trust in management in the staff survey carried out just after the restructuring were within the 'norm scores' the company had set for itself. Scores on social support were, however, below norm in 2016 but increased later in 2017 and reached the norm scores. Scores on organisational commitment and faith in the future of the company were also initially lower than norm scores but increased over time. Even though a lot of effort was invested in supporting the middle managers in the implementation of the restructuring, afterwards differences in the way they reorganised their teams became apparent. Based on the interviews, several employees expressed some discontent with inconsistencies in the implementation of the restructuring strategy.

In the German case, too, attention was paid to supporting middle managers to implement the restructuring effectively and deal with sensitive discussions with the personnel affected. Each line manager received thorough training from the company's central training organisation. During the change process, the Dortmund managers were further coached by two specially appointed 'change managers' (staff members from the central office of tkSE specialised in change management). These change managers provided the local managers with guidance on managing change and supported them in their daily tasks. All managers in tkSE are assessed on a regular basis through staff surveys. Based on the results of the 2016 staff survey, middle managers in Dortmund achieved higher ratings than any other tkSE establishments in Germany. The level of satisfaction

with both top and middle management in Dortmund was also high, which may be an indication that employees trusted both levels of management and felt guided in the process.

In the Spanish case, prior to the implementation of the restructuring, team leaders or supervisors received training on how to organise the training or competence development (as part of the functional mobility plan) and facilitate a smooth transition. The subsequent training of employees and transfer of competencies was tutored by both the team leaders (together with colleagues occupying similar job positions). The results of a staff survey carried out in 2014 give some indication that the employees at the Huelva establishment trusted the management, as regards their care for employees, to a greater extent than in the other company establishments in Spain. Scores for teamwork between departments were also higher in the Huelva establishment. Reported commitment level was at least equal to that recorded in other company establishments in Spain.

Training and counselling

Several studies highlight the importance of providing both employees and managers with adequate training, counselling and coaching (Baruch and Hind, 1999; Appelbaum et al, 1999; Vinten and Lane, 2002; Cascio, 2005; Broughton, 2009; Kieselbach et al, 2009; Wiezer et al, 2011) before, during and after restructuring. Examples of employee support initiatives are HR policies focused on increasing employability for all employees (Wiezer et al, 2011). Measures to support workers' employability either within or outside the company are also advocated by Eurofound research investigating restructuring in the public sector (Eurofound, 2015) and SMEs (Eurofound, 2013). Training to enhance workers' employability should, however, be an ongoing focus of HR and a continuous process in an organisation, not only in times of restructuring (Kieselbach et al, 2009). Furthermore, employees may receive training in improving interpersonal skills, including assertiveness, and counselling/coaching focusing on employees' empowerment (Kieselbach et al, 2009). Another focus may be on training specifically on transition skills of employees to facilitate internal mobility (ETUC, 2007). It is important for organisations to determine which groups of employees may benefit most from such support initiatives and tailor the offer to their needs (Vinten and Lane, 2002; Wiezer et al, 2011).

Evidence from the case studies

In all the company cases, the remaining employees were provided with the training to prepare them for the new situation. The nature and extent of the training offer, however, varied among the four cases.

In Mizia-96 and Fertiberia, employees were mainly offered on-the-job-training, which was focused on

job-specific skills. Such training was primarily aimed at facilitating the takeover of new or additional tasks from departing employees.

In the Spanish company, the training and transfer of competencies – as part of the functional mobility plan – was tutored by both the team leaders and colleagues occupying similar job positions (in some cases, these were the employees leaving on early retirement and receiving a small financial incentive in exchange). The length of the training envisaged by the plan ranged from four weeks for transfers with low training needs to 15 weeks for posts with high training needs. There were cases where employees needed to extend their training period, and this did not impact negatively on the transfer. Most of the training was on the job, although some training sessions were organised on specific issues, for example health and safety risks. The new job positions offered to the affected employees had to be at least at the same level as those they were transferred from (keeping current seniority and salary levels). As a way of minimising reluctance to change posts, the Spanish company Fertiberia avoided transfers that entailed a switch to a lower-level position. All affected employees – both colleagues acting as on-the-job trainers and the employees being transferred and receiving the training – showed commitment and an open attitude throughout the process, which contributed to a positive work environment.

Less formalised was the training provided to the remaining employees in Mizia-96. As a direct consequence of the workforce reduction, workload increased. The remaining employees had to perform new tasks or attend to work duties previously performed by a workforce that used to be twice the size. In order to cope with the increased job demands, the employees in production units were given on-the-job training provided by in-house trainers (line managers and more experienced colleagues). The training was mainly job-specific, in order to learn new skills – particularly how to operate machines and manage operations previously performed by the dismissed colleagues.

In the other two companies, there was a greater focus on the employees' employability and their future career development, rather than the acquisition of skills to perform new or additional tasks in a limited time frame. There are, however, differences between the two companies in the ways that the employees' employability was enhanced. The training at tkSE was focused on broadening the skill set of the workers, but with the intention of keeping them within the company. An important concern for the management was also to avoid situations where employees were confronted with increased and unmanageable job demands due to the restructuring. The employees reassigned to other jobs received training, personalised support and coaching to prepare for their new jobs. In spite of the company's

investment in training, employees expressed conflicting opinions in this regard in the 2016 staff survey. Although most of the employees in tkSE reported being satisfied with the personal development possibilities offered at tkSE, they found that the specific training did not necessarily enhance their capability to perform more skilled tasks. Less than half of employees at the Dortmund site reported being satisfied in this respect.

A different approach to training was implemented in the Dutch company, which focused on enhancing the employees' sustainable employability either within or outside the company. All employees were encouraged to think about their own future and the skills and competencies they wanted to develop, and no longer in terms of lifetime employment in the company. Employees engaged in discussions with their line manager on their sustainable employability, and these discussions resulted in individually tailored career development plans with an agreed training budget. In spite of some initial reluctance by the employees to engage in discussions around their sustainable employability, by the end of the restructuring, more than 70% of the employees (across all age groups) had agreed an employability plan with their line manager and requested funding for training to strengthen their labour market position. This approach to sustainable employability is now part of the company's ongoing HR strategy.

Less emphasis was placed on counselling support to stayers before or during the restructuring in the four companies. Only in the Dutch company were employees offered some individual counselling to deal specifically with the transition, and personal coaches were appointed for this.

Monitoring and evaluation

It is essential to monitor the working conditions, health and well-being of employees throughout the restructuring process (Kieselbach et al, 2009; Wiezer et al, 2011) and if necessary to make adjustments when required (Vinten and Lane, 2002). This can lead to a better appreciation of why specific measures result in certain outcomes (Nielsen and Miraglia, 2017). This insight can be used to prepare future reorganisation and restructuring, and help to decide whether additional measures are needed to support the remaining employees in the transition. Eliciting the opinions of the remaining employees about how the restructuring process was conducted is also of great benefit in order to learn for the future and signal that the concerns of the employees are important for the organisation (Kieselbach et al, 2009). The organisations' existing risk assessment tools and attitude surveys may be instrumental in monitoring the change process and allowing for the identification and possible resolution of problems arising from the restructuring. HIRES research has identified a number of tools for the monitoring of the health and well-being of employees in restructuring

situations. One example is the model of change developed by the French National Agency for the Improvement of Working Conditions (ANACT), which identifies stress factors in the work environment that require monitoring. They are grouped into four broad areas that are believed to be impacted by organisational change and which may explain tension or stress at work: job demands, individual expectations, social relationships and aspects related to the management of the change process (for example, communication and employee involvement). Another example of a monitoring instrument is STREAM, developed by British Telecom in collaboration with the trade union in the company. This is an online stress tool that allows individual employees to report voluntarily and confidentially stress scores, which are then summarised and analysed for the entire workplace pool and used as a barometer of employees' health and well-being (Kieselbach et al, 2009). In the frame of PSYRES research, Wiezer and colleagues (2011) also developed a questionnaire for organisations undergoing restructuring, to determine the perceived magnitude of change and monitor how the situation has developed after the implementation of the change process.

Evidence from the case studies

Monitoring in all company cases was mainly focused on keeping within the confines of the agreements made between management and employee representatives. No obvious feedback loop mechanism was established to learn from the restructuring experience and improve any future restructuring with a view to minimising the impact for the remaining employees.

In the Fertiberia case, the monitoring of specific aspects of the restructuring was organised at the level of both the company and the establishment. At the company level, a central commission – composed of trade union members from the different company establishments in Spain – followed up on the implementation of the social plan and checked that it was carried out as had been agreed. At the establishment level, a specific local (ad hoc) commission was in charge of monitoring the implementation of the functional mobility plan. For example, the local commission was responsible for organising extra training sessions when needed and carrying out regular visits to the reorganised production units to obtain first-hand information from the affected employees and act upon these if required. Also, a register of all employees changing posts (100 of the 125 remaining employees at the Huelva establishment) was prepared. This register included, among other elements, the previous and new job position as well as details of all the aspects in the job profile susceptible to change, including those linked to employees' remuneration.

The monitoring effort in the Bulgarian company was more limited, concentrating exclusively on the dismissal process. In this case, the trade union ensured that the applied dismissal procedure fully complied with the

legal requirements as well as the provisions set out in the collective agreement.

In the Dutch company, the monitoring of the change process was not initially foreseen or planned by management, but it was requested by the works council in the consultation phase prior to the implementation of the second round of restructuring. The intention was to detect problems and put in place corrective actions with a view to reducing as much as possible the negative impact of the restructuring on the employees. This was done by consulting employees in regular meetings as well as collecting their feedback in staff surveys that were carried out from 2015 onwards. Although the survey results were routinely shared with the personnel, they were not followed up systematically by the management, thus missing the opportunity to establish an effective learning loop.

In tkSE, restructuring is seen as daily business and an ongoing process. Staff surveys, the results of which are shared with personnel, are recognised as a shop-floor tool to assess the management skills of both top and middle management in different areas, but these surveys are not explicitly linked to the restructuring effort.

Multifaceted influence of the context in restructuring

In the four selected company cases, the content, implementation and extent to which the restructuring measures were deemed to be effective in addressing employees' needs or concerns partly depended on several context factors, both internal and external to the companies.

An important contextual organisational factor was the resources available to the companies undergoing the restructuring. If companies are sufficiently large, they have more opportunities to relocate employees to other more viable or productive units. The German and Spanish company cases illustrate this approach, whereas the Dutch insurer and, especially, the Bulgarian company had fewer or no possibilities to offer replacement jobs as alternatives to dismissals.

The financial strength of the company is another important factor contributing to the success of the restructuring endeavour. In the Bulgarian case, for example, there were no sufficient financial resources to deploy a fully-fledged restructuring strategy that could address the stayers' needs comprehensively and possibly alleviate all apprehension about future job cuts. On the other hand, in the German and Spanish companies, there were sufficient resources to cover the costs of early retirement options and to safeguard as many jobs as possible. The planning and implementation of training, retraining and coaching to

help employees to deal with the increased workload and new skills requirements are also time-consuming and costly. The approach adopted at Fertiberia, for example, envisaged the 'double posting' of workers, whereby departing and remaining employees worked closely together in the same post for some time, with the former training and mentoring the latter.

There were also contextual factors external to the companies that inevitably played an important role and influenced the restructuring in each company under investigation.

In all company cases, the drivers of the restructuring shaped, to a varying extent, the content of the strategy set out in preparation for the restructuring. Sector- and company-specific factors were the main drivers of the restructuring at the Dutch insurer and tkSE Dortmund. The insurance market in the Netherlands had been under pressure for some time and the Dutch company needed to adjust its cost structure, products and services to new market demands. The new strategy had an impact on work content, as the number of products was reduced and the orientation was changed from products to customers. As a result, employees had to change from being specialists with in-depth knowledge about specific financial products, becoming instead generalists with expertise on multiple products. Therefore, the chosen strategy entailed greater emphasis on skills and competence development with a focus on more generic skills. Both technological developments and market developments were the drivers for the restructuring at tkSE Dortmund. The German company operates in a very difficult international market and is under pressure to adapt its production processes on a continuous basis. This means that restructuring was and continues to be regarded and experienced in the company as a continuous process, whereby adaptation to new skill requirements is needed in order to stay competitive. In the case of the Bulgarian company Mizia-96, the global recession triggered the restructuring. The decrease in turnover and profits substantially reduced the volume of work for this company. This is why the strategy involved a business diversification, which created increased job demands for the stayers, only partly addressed by on-the-job training. The driver behind the restructuring in the Spanish company was regulatory/institutional. The company lost a court case and, at the end of a long process, had no other option than to discontinue some production activities and reduce its headcount. Against this background, Fertiberia proceeded with an 'ordered closing plan' and a staggered approach to job reduction (via early retirement), which was aimed at limiting as much as possible the economic and social impacts derived from the closing of five out of the 10 plants in the Huelva establishment.

Other contextual factors influencing the restructuring approach relate to the prevailing restructuring regime and relevant national legislation. Early retirement was, for example, a key component in the restructuring strategies set out and implemented at tkSE Dortmund and Fertiberia. This was in the context of long-term agreements – developed in social plans – between company management and unions. By contrast, in the Netherlands, early retirement requires that an employer fund the full salary of the employee up to the retirement age. In the past, companies needed only to pay the difference between the wage and the unemployment benefit. Now, since companies have to carry the full wage burden until the person starts receiving a pension, this has become a much less attractive option for employers.

In all four company cases, the social dialogue traditions and industrial relations systems also shaped the restructuring approach. In Germany, for example, social dialogue is a firmly implemented practice at company level and in society in general. Co-determination of company policies (*Mitbestimmung*) is part of the German collaborative business culture. Social dialogue and public-private partnership are favourable settings for overcoming major and minor crises and changes. This is illustrated by the tkSE Dortmund case, where the IG Metall union is on the company board, as part of its co-determination role. The plan at tkSE to avoid involuntary dismissals was only possible because of the active involvement and the power of the IG Metall union. In Spain, the role of social dialogue in restructuring remains more limited compared with countries such as Germany. However, in the Fertiberia case, the involvement of the trade unions and works council was deemed essential in order to give legitimacy to the restructuring efforts and reduce the negative impact of the restructuring on the workforce.

In the Netherlands, there is a distinct role for the trade unions and for the works council. While the trade unions mainly play a role in the development of the social plan, dealing with the consequences of the restructuring for the leavers, the works council has an advisory role in decisions concerning important planned changes (as in restructuring) in the organisation. In the case of the Dutch company, the trade unions were only involved in the development of the social plan, but the works council had a greater role in both the planning and the implementation of the restructuring, going beyond the advisory function in the planning phase as required by law.

Social dialogue in Bulgaria is less developed than in the other countries examined. There are also no stringent legal provisions on selection criteria for the layoffs (or staff retention), especially in situations of economic downturn. Besides, companies in Bulgaria do not always follow to the letter the labour law concerning

working conditions, particularly in restructuring situations. In this respect, the Bulgarian case stands out as the company not only abided by the law, but also aligned their restructuring practice with a mission statement and a CSR policy under which care and respect for employees was central.

In all four cases, cultural differences also influenced the implementation of the restructuring. In the Bulgarian and the Spanish companies, hardship criteria (for example, the employee being the chief earner, having a mortgage and a family to provide for) were taken into account in the selection of employees to remain after dismissals. In these countries, where the national culture gives priority to family values and family-based support systems (see Hofstede, 2001; 2009), these selection criteria are regarded as acceptable and fair. The interviewed employee representative at Mizia-96 also indicated that the perceived procedural fairness was, to some extent, context-dependent, as common restructuring practices in Bulgaria tend to be less socially sensitive.

In the Netherlands, where the culture is more individualistic, selection criteria like those applied in the Bulgarian company would be perceived as discriminatory. Such a way of selecting is even prohibited by law, as these criteria go against the rule of proportionality. This means that a company that decides to restructure is required to identify all persons eligible for dismissal in separate age groups: the total number of dismissals needs to be evenly divided among age groups. The person who last entered the company is required to be the first to be dismissed per age group.

Finally, the four companies are all located in areas of high unemployment, with very limited possibilities of re-employment in case of dismissals. This possibly influenced the outcomes of the restructuring, in the sense that it may have amplified feelings of job insecurity among the staying employees.

Employees' perceptions shaping restructuring outcomes

For individual measures to work in restructuring situations, it is also important that they are appraised positively and accepted by the affected workforce. In all company cases, the measures planned and implemented to accompany the restructuring were generally positively received by the employees and contributed to a more positive work atmosphere.

Conversely, a measure may be less effective if employees are not fully committed or not convinced that the measures can be beneficial for them. This may be because employees have had some negative experience with a similar type of measure in the past, or they do not understand the aim and potential benefits

of the measures. In the Dutch case, for example, older employees were initially reluctant to engage in discussions with line managers on training measures to enhance their sustainable employability. These employees experienced the restructuring as particularly stressful. This was because they had a mindset or expectation of a lifetime job in the company and therefore they did not see the measures as very useful or relevant for them. By the end of the restructuring, the initially more reluctant employees had changed their attitude and perceived the sustainable employability programme as valuable to them. This was achieved by intensifying and improving the communication with the employees around the concept of sustainable employability. The opportunities (and funding) offered to employees to increase their employability could be seen as an attempt to establish a new psychological contract or maintain the effort–reward balance. Instead of loyalty and commitment in exchange for job security, this new psychological contract essentially asks employees to take responsibility for their own employment security in exchange for investments in their sustainable employability (Nauta, 2008).

Employees' perceptions, and their openness to change, can also be influenced by the management style of those responsible for the execution of the restructuring. This is also illustrated by the Dutch case, where line managers and supervisors differed to some extent in the way they executed the restructuring, reorganised the team and designed the new functions. There were also differences in the extent of the social support they offered and the way the restructuring process was communicated to employees. These differences may be partly responsible for some resistance to change and, in the initial phase of the restructuring, impacted negatively on employees' perception of job security and trust in management.

Main findings from qualitative research on good practice elements in restructuring

- Good practice elements consistently identified in many studies and guidelines refer to careful planning of the restructuring and procedural fairness in the selection of the redundancies, combined with timely, open and clear communication, and an ongoing focus on training and skills development for the remaining employees.
- In restructuring situations, the training offer is often limited to the development of competencies and skills required to cope with the increased workload or adjust to new job requirements. However, the most effective training should be aimed at improving the employees' general employability (within or outside the company) in a longer-term perspective, not exclusively confined to the immediate consequences of the restructuring experience.
- Both existing guidelines on good practice elements in restructuring and case study research suggest that attention and resources should be also directed to the support and training of middle or line managers. This training should equip them to manage the process effectively, support their subordinates during the change and deal with the difficult task of engaging in sensitive discussions. Line managers are not immune, either, to the negative effects of restructuring and organisational change. The same attention should be given to members of the works council. They too can be in a difficult position, in situations where they have more information than their colleagues (for example, in the preparation phase of the restructuring) and are required to give recommendations about the restructuring, even if these might affect some of their direct colleagues in a negative way.
- Information and consultation should be an active and systematic process through which the employees can influence the decision-making around the restructuring. Employee involvement prior to and during the restructuring should go beyond formal compliance with information and consultation procedures. In the company cases examined in this study, employee involvement remained mainly within the boundaries of information and consultation and did not specifically involve participative decision-making.
- The involvement and support of the trade union and/or works council throughout the change process helped to secure more positive outcomes of the restructuring for the employees and the organisation as a whole. On the one hand, it ensures a balance of interests and needs of both employees and employer and, on the other hand, it creates a greater acceptance among employees of the restructuring decisions and helps to mitigate feelings of job insecurity.

- Research guidelines repeatedly and consistently point to the need to monitor the effects of the restructuring process and the measures accompanying the restructuring effort. One of the aims is to detect problems as early as possible and put in place corrective actions if and when needed. The aim should also be to inform and improve the implementation of future restructuring rounds and possibly provide information on the unwanted side effects of implemented measures. Among the four company cases, only the Dutch company developed a specific survey for monitoring purposes. The other companies had surveys not explicitly linked to the restructuring. It should, however, be noted that survey results should be considered with care as they do not permit the establishment of causal links between measures and their effects. Also, more research is needed to identify the most suitable indicators to be monitored.
- As indicated by the experts and stakeholders consulted, and illustrated anecdotally by the company cases, the implementation of the restructuring can be influenced by the broader context in which the organisation operates. This also partly shapes employees' expectations and understanding (or mental models). For example, cultural differences play an important role in defining who is vulnerable (and who is not) and what is to be considered fair in the context of the selection of employees for redundancy.

4 Conclusions and policy pointers

Making a case for supporting the stayers in restructuring

During the last economic crisis, many companies embarked on large-scale restructuring activities and consequently shed many jobs. The driver of new waves of restructuring may be linked to automation and technological change, which are continually transforming the nature of jobs and work.

Although European research has traditionally concentrated on the implications for those losing their jobs as a result of restructuring and support measures to help them to reintegrate into the labour market, the research focus has increasingly broadened to include the concerns and needs of the remaining workforce. This in part mirrors a greater sensitivity among EU policymakers about the negative impact of restructuring for the stayers and the need for more holistic policies in relation to restructuring.

One message that comes across from the reviewed research on restructuring is that looking after the stayers and providing them with adequate support plans to go through a difficult transition is a precondition for successful restructuring. One way forward is a more socially sensitive approach to corporate restructuring, with the focus on both anticipation and management of change, also encouraged by EU policy in this area. It is clear that the effects of restructuring on the stayers partly depend on how the restructuring is managed and the mitigating measures introduced to support them before, during and after the change process. In spite of the research evidence pointing to the negative impact of downsizing on the staying employees, the latter are rarely the target of support measures in restructuring situations. The focus of much European and national legislation and policy on restructuring remains on the employees being made redundant, leaving the concerns and needs of stayers at the margin of restructuring efforts. At company level, the adoption and implementation of support measures for the stayers are often left to the goodwill of employers and to negotiations with employee representatives, in an effort to reconcile the different interests of the employees and the company. The stakeholders consulted in this research indicated that it is not easy for employers to take into account support for stayers during preparations for restructuring. Support measures for the remaining workforce are not regarded as a priority in a context where restructuring is driven by a need to address

short-term cost pressures. One common assumption behind this neglect vis-à-vis the stayers is that the remaining employees are the lucky ones who get to keep their job. However, the remaining employees in today's restructuring may be the same employees who will lose their jobs in future restructuring. This is another reason why it is crucial to boost their resilience and equip them to deal with job transitions, whether within or outside the company.

Identifying the working conditions implications of downsizing

Consistent with an improved macroeconomic environment, EU employees were less likely in 2015 than in 2010 to report that restructuring had taken place at their workplaces in the preceding three years. Just under one-third (30%) were restructuring stayers in 2015. A very similar share (29%) reported negative employment shifts at their workplace but there was a surprisingly weak correlation, nonetheless, between restructuring and downsizing. This suggests that employees understand the two terms as referring to quite distinctive phenomena: 'restructuring' principally denotes a reconfiguration of work organisation (administrative) which may or may not involve employment shifts, while 'downsizing' refers specifically to negative employment shifts.

Both restructuring and downsizing were associated with higher levels of work intensity, exposure to adverse social behaviour and lower levels of satisfaction with working conditions among stayers. The associations were notably stronger in the case of employees in workplaces where employment had declined a lot (compared to the reference category of employees reporting unchanged employment levels). Downsizing, in turn, was associated with negative self-reported health outcomes, including increased stress, prevalence of more negative health symptoms and absence for work-related health reasons. The effects of downsizing were not, however, wholly negative as it was also associated with higher levels of employer-paid training and cognitively richer work – consistent with restructured workplaces requiring adaptation by means of new, and often higher-level, skills in the remaining workforce.

What mechanisms might explain these increased associations between changes in work organisation and negative health outcomes? One explanatory framework

is Siegrist's effort–reward imbalance hypothesis. From the EWCS data, it was clear that high-effort–low-reward work and downsizing, both stressful in themselves, generated an increased likelihood of adverse health outcomes when occurring together. This compounding effect was observed for all categories of workers analysed and notable in particular among female employees and high-skilled blue-collar workers. Predominantly state-funded sectors (public administration, health and education) were those with the highest prevalence of adverse downsizing outcomes, especially in relation to heightened adverse social behaviour exposure. They were also among the sectors with the highest reported incidence of both restructuring and downsizing in 2012–2015, which is likely to be related to tightening fiscal conditions in most Member States in the aftermath of the euro zone crisis.

Over three-quarters of workers in restructured workplaces reported having been informed of the impending restructuring in advance and just over one-third indicated that they had been consulted ('opinion had been sought') prior to the restructuring. Levels of information and consultation, however, varied by country, with higher levels reported in northern European Member States (including Poland and the Baltic states) and lower levels in Mediterranean countries.

Information and consultation were identified as two of a number of potential buffers or mediating factors limiting, in particular, the negative effects of downsizing. The most important of these buffers in terms of the strength of its mitigating effects was the perceived level of fair treatment at the workplace. This can be seen as a proxy measure of procedural justice, widely identified in qualitative research as an important element of good practice in restructuring. Other important buffers were the perceived level of management quality/leadership and the availability of social support from colleagues and supervisors at the workplace. Analysis of the survey data therefore reinforced one of the main messages of the qualitative, case-based research in this project: the way downsizing is managed makes a difference. Organisational change, especially when it involves significant job losses, is disruptive and can be traumatic for the employees involved, including those who remain in employment. But where employees are adequately consulted and informed, and especially where management prerogatives are exercised responsibly, the associated adverse effects tend to be attenuated.

Learning from the company cases

The company cases provide some insight into how the companies have implemented restructuring (and accompanying measures) while remaining mindful of the well-being of the stayers. There are key conclusions to be drawn from the analysis of the company cases:

- Although the four companies did not develop a comprehensive intervention specifically targeting the stayers, some of the measures were designed and implemented to buffer the negative impact of the restructuring on them. For example, in the Dutch company case, after the first round of restructuring, the communication strategy was redeveloped to reduce the sense of uncertainty and job insecurity among employees. Also, the support offered by the company to enhance the employees' sustainable employability was intended to empower them and heighten their employment security. An important aspect of the training offered was the shift from on-the-job and skills-specific training towards the development of more generic and transferable skills and competencies. In the other three companies, training measures were implemented to upgrade the skills of the remaining workforce and/or help them to deal with the increased job demands resulting from the staff reductions.
- Good preparation and advance planning of the restructuring is key to counteracting the negative impact arising from the threat of future job loss. In the German case, restructuring is seen as a long-term process in which employment reductions are planned thoroughly and conducted in a structured way. Time is then not so much a constraint as an opportunity to come up with more favourable solutions for the employees affected. Sufficient time was devoted to the preparation of a new business and organisational strategy in the Spanish and Dutch cases (in the second round of restructuring). What brought employees in these companies to accept the changes was a trustworthy business and organisational strategy for the future of the company. One lesson that can be drawn is that the new organisational strategy underpinning the restructuring should not only be developed for top management purposes but also communicated effectively and clearly throughout the organisation, and the implications of the organisational change should be explained explicitly to employees. Also, the nature and method of communication impact the change process and influence the restructuring outcomes.

- As evidenced by the research literature and the case study research, line managers have a very important and difficult role in the restructuring process. They are often the ones who have to inform employees about the decisions taken by top executives and implement the restructuring process. In doing so, they can be caught in the middle and held accountable by their subordinates for (unintended) negative consequences of the restructuring. This is what happened in the Dutch company case, where some employees in the affected departments felt that their line managers should have done more to protect their team and save as many jobs as possible. There were also differences in management styles in the extent of support given to both departing and staying employees, and the way work processes were reorganised within teams and information about the changes was communicated. Although the company invested in the training of line managers, the perceived differences in management style hampered the restructuring and such differences were responsible for a negative appreciation of changes among some employees. In the case of the Bulgarian company, the company representative interviewed indicated that, in hindsight, it would have been more beneficial for the employees if line managers had received greater support and training on how to manage the process and deal with the insecurity related to the ongoing change.
- What works is contingent upon the context and local circumstances in which measures are implemented. Taking the example of procedural justice or fairness of the selection process – which is deemed by experts to be paramount for promoting employees' trust and tempering feelings of job insecurity – what is fair partly depends on the context. Dutch employees (and employers) would not accept as fair the 'hardship criteria' used in Bulgaria. German and Spanish employees may have great difficulty in accepting the proportionality rule used in the Netherlands to select candidates for dismissal. This shows that it will not be possible to standardise good practices to all contexts. There is no 'one size fits all' solution. Measures need to be tailored to both the macro context in which the company operates and workers' characteristics in order to be truly effective.
- What matters is not only the fairness of the selection process but also the extent to which the way that dismissed colleagues are treated (for example, in the form of counselling, job search assistance and generous severance compensation) has an impact on the stayers' perceptions of the process and outcomes (organisational commitment, trust in management and job security). In the four company cases, the perceived fairness of the process and the support offered to those dismissed fostered a general acceptance of the restructuring decisions among the employees. In all cases, the management and employee representatives worked closely to ensure that the selection procedures were transparent and communicated clearly to dispel ambiguities and further anxiety. In the German and Spanish cases, the alternatives to hard dismissals were regarded favourably by all employees and fostered a more positive social climate. In the Spanish case, the staggering of workforce reduction was also appreciated by employees and regarded as an effort by the company to enable a higher number of employees to leave on relatively advantageous terms via early retirement.
- Information and consultation of employee representatives is a requirement in restructuring, as enshrined in relevant EU directives. In the Dutch company case, employees were informed about the upcoming restructuring at a very early stage. In the first round of restructuring, employees had been already informed about the possibility of a second round of restructuring. The intention of the management in giving advance notice was to prepare the workforce for the planned changes and show the management's openness and transparency in their dealings with the employees. However, this created stress and heightened the employees' anxiety and insecurity. They felt that if they 'survived' the first round of restructuring, there was still a chance that they could lose their job in the second round in two years' time. Although earlier research indicates that it is good practice to communicate the restructuring as early as possible (Wiezer et al, 2011), the Dutch company suggests that a shorter period of insecurity could have been more beneficial for employees and might have reduced the anxiety around future layoffs.
- The four company cases point to the importance of good cooperation between management and employee representatives for a more effective and less impactful restructuring. The interviewed company representatives agreed that the involvement of employee representatives helped to legitimise the restructuring decisions, build trust in the management and make employees feel they had the opportunity to influence the process. However, for this cooperation to work well in times of change, it is essential that there is a well-established and trust-based relationship between management and employee representatives before the restructuring process starts. In the German case, the co-determination culture and tradition of social partnership in the company shaped the restructuring process and facilitated cooperation, employee participation and exchange of information.

- None of the selected companies put in place extensive or systematic monitoring mechanisms to take stock of the restructuring experience and prepare better for future changes. As far as learning can be observed to some extent in the company cases, this learning was mainly incidental and reactive. A systematic monitoring of the implemented measures throughout the change process could give insight into both intended and unintended effects of the measures and signal what, where and when adjustments are required. In this study, the Dutch company developed a specific staff survey for the purpose of monitoring the overall effects of the restructuring, but the employee feedback collected through the survey was not systematically followed up by the management, nor translated into improved support measures. In the German and Spanish companies, the surveys were pre-existing monitoring tools developed for purposes other than monitoring the restructuring implementation and outcomes. In all cases, employee feedback on the restructuring implementation was also gathered through formal and informal meetings with the management and employee representatives but such feedback had not been fully documented. Documenting lessons learned from these meetings could have provided valuable information for future restructurings.
- The proposed theoretical model in this study points to the importance of targeting vulnerable groups (for example, those with a lower level of employability) and adjusting the measures to the needs of vulnerable groups. However, none of the selected companies had identified specific vulnerable groups and developed any specific measures to protect them from the most damaging effects of the restructuring. Attention to vulnerable categories was nonetheless paid in the selection process for the dismissals. In the German and Spanish companies, age was the criterion for the selection of the employees to be let go, in order to enable them to opt for early retirement. The intention of the company management in both cases was to avoid hard dismissals while at the same time safeguarding jobs for the younger employees. In the Bulgarian company, other criteria informed the selection of those employees to be retained. As the priority for the company was to keep afloat, the challenge was to reach a trade-off between a pragmatic and a socially sensitive approach to the selection process. This was done by retaining on the one hand those employees in a financially vulnerable position or falling within a specific 'social risk category', and on the other hand

retaining the most skilled who were necessary to implement the new business strategy successfully and make the company profitable again.

Policy pointers

- Restructuring is part and parcel of production structures in all modern societies and a precondition of economic growth and material advancement. While it brings broad societal benefits in the aggregate, it also entails the trauma of involuntary job loss for many and disruptions to working life for many others. Policy should avoid constraining organisations needing to restructure and instead facilitate and encourage timely, responsible and well-managed restructuring; this would involve introducing measures to minimise the number of layoffs or redundancies where these can be identified and negotiated between employers and employee representatives. Findings derived from the EWCS show that advance information and consultation in cases of restructuring is associated with lower levels of adverse work organisation and individual health outcomes.
- Restructuring and downsizing are associated with mainly adverse work organisation and health outcomes for those who remain in restructured workplaces. The evidence of two waves of the EWCS points to increased risks of work intensity, a greater number of health symptoms and more exposure to adverse social behaviour, including bullying behaviours. Pervasive restructuring is one possible contributing factor to the increasing share of work-related ill-health that is mental rather than physical in nature. More explicit reference to restructuring could be considered in health and safety legislation, emphasising the duty of care of employers to carry out restructuring in a manner cognisant of these health risks. There are examples of national legislation in this area: for example, in Sweden, there are provisions that require the employer to assess whether any planned restructuring entails risks of ill-health (including psychosocial health) or of accidents which may need to be remedied. The health of both redundant employees and those staying in the company must be monitored in accordance with the provisions.¹⁹ Health and safety legislation could also take account of the fact that all forms of restructuring and change in work organisation – including organisation growth and upsizing – are associated with increased prevalence of many adverse quality-of-work outcomes, including some likely to impact on worker health.

¹⁹ For additional information on this specific legislation, consult the ERM restructuring-related legislation database on the Eurofound website at <https://www.eurofound.europa.eu/observatories/emcc/erm/legislation/sweden-health-monitoring-of-workers-affected-by-restructuring>

- Existing information and consultation requirements for employers intending to downsize can be beneficial. They provide an incentive to plan redundancies in a timely fashion, as well as to formalise layoff procedures and implement difficult decisions in a fair and transparent manner. Being informed and consulted about restructuring is also associated with lower reported negative work and health outcomes at the individual employee level.
 - Apart from addressing the immediate concerns of the staying employees (for example increased workload and job demands), support measures targeting the stayers – whether publicly supported or driven/financed by the company – could alleviate the perceived job insecurity and loss of control triggered by the restructuring event. This is even more the case in a context where companies increasingly engage in frequent restructuring involving different rounds of layoffs. Such situations can lead to prolonged feelings of uncertainty and lower levels of commitment among the stayers, with a negative impact on both company performance and employees' health and well-being.
 - In many countries, social dialogue in restructuring continues to focus on early retirement or working time reduction as alternatives to redundancies. A valid alternative is to direct efforts and resources towards supporting employees' sustainable employability – particularly for the most vulnerable employees. In this way, employees can develop more generic and transferable skills from a lifelong learning perspective. This can help employees to adapt to new settings more easily, whether within or outside the company. Lifelong learning and training should receive more attention at the company level, but could also be effectively supported by sectoral or national-level agreements. The idea behind such policies is that the employee's future should be seen as a responsibility not only of the employer, but also of the employee.
- Particular attention should be directed to vulnerable groups among the stayers, for whom the effects of restructuring can be more severe. The empirical analysis in this report reveals that female employees, high-skilled blue-collar employees and public sector workers in health, education and the civil service/public administration are at heightened risk of adverse health outcomes post-downsizing. At European level, such interventions could be supported explicitly through existing financing instruments such as the ESF. Also, consideration could be given to extending the scope of the EGF to cover interventions that improve the employability of the most vulnerable employees who remain in the restructured organisations (those with low levels of employability) and who are therefore more at risk of losing their jobs in the future.
- To gain more systematic insight into the effects of all-round organisational interventions (as described in the theoretical model), one avenue worth pursuing is to conduct intervention studies, in which interventions made in organisations undergoing restructuring are followed over time to examine what happened, when and why. Data on outcomes should be gathered before, during and after the restructuring. Experimental designs require that all other conditions in the organisation should be controlled for. To be sure that the effects are caused by the measures taken, a control group should be studied: this would be a group in the same circumstances but which cannot (yet) benefit from the measures taken. Further evidence on the relationship between measures taken and outcomes could be gained through surveys with a longitudinal design. Longitudinal and intervention studies are scarce because they are time-consuming and expensive. Their benefits are, however, by no means negligible in terms of moving practice and policy forward. The insight gained can inform policy on restructuring and help in the design of company-based as well as public support measures – as part of the anticipation of change – that are beneficial for the entire workforce and protect employees from the most damaging effects of organisational change.

Bibliography

All Eurofound publications are available at www.eurofound.europa.eu

- Amundson, N. E., Borgen, W. A., Jordan, S. and Erlebach, A. C. (2004), 'Survivors of downsizing: Helpful and hindering experiences', *The Career Development Quarterly*, Vol. 52, pp. 256–271.
- Appelbaum, S. H. and Donia, M. (2001), 'The realistic downsizing preview: A management intervention in the prevention of survivor syndrome (part II)', *Career Development International*, Vol. 6, No. 1., pp. 5–19.
- Appelbaum, S. H., Delage, C., Labib, N. and Gault, G. (1997), 'The survivor syndrome: Aftermath of downsizing', *Career Development International*, Vol. 2, No. 6, pp. 278–286.
- Appelbaum, S. H., Everard, A. and Hung, L. T. S. (1999), 'Strategic downsizing: Critical success factors', *Management Decision*, Vol. 37, No. 7, pp. 535–552.
- Armstrong-Stassen, M. (1998), 'Downsizing the federal government: A longitudinal study of managers' reactions', *Canadian Journal of Administrative Sciences*, Vol. 15, pp. 310–321.
- Armstrong-Stassen, M. (2005), 'Coping with downsizing: A comparison of executive-level and middle managers', *International Journal of Stress Management*, Vol. 12, No. 2, pp. 117–141.
- Arnold, E. and Pulich, M. (2003), 'Managing effectively in the downsized organisation', *Health Care Manager*, Vol. 22, No. 1, pp. 56–62.
- Ashford, S. J., Lee, C. and Bobko, P. (1989), 'Content, cause, and consequences of job insecurity: A theory-based measure and substantive test', *Academy of Management Journal*, Vol. 32, No. 4, pp. 803–829.
- Bakker, A. B., van Veldhoven, M. and Xanthopoulou, D. (2010), 'Beyond the demand-control model', *Journal of Personnel Psychology*, Vol. 9, No. 1, pp. 3–16.
- Bamberger, S. G., Vinding, A. L., Larsen, A., Nielsen, P., Fonager, K., Nielsen, R. N. et al (2012), 'Impact of organisational change on mental health: A systematic review', *Occupational & Environmental Medicine*, Vol. 69, No. 8, pp. 592–598.
- Baruch, Y. and Hind, P. (1999), 'Perpetual motion in organizations: Effective management and the impact of the new psychological contracts on "Survivor Syndrome"', *European Journal of Work and Organizational Psychology*, Vol. 8, No. 2, pp. 295–306.
- Bergström, O. (2014), *Monitoring learning and innovation in European restructuring*, Synthesis report, IRENE policy paper No. 14, web page, accessed 15 October 2018.
- Bergström, O. and Arman, R. (2017), 'Increasing commitment after downsizing: The role of involvement and voluntary redundancies', *Journal of Change Management*, Vol. 17, No. 4, pp. 297–320.
- Bergström, O., Broughton, A. and Triomphe, C. E. (2010), *27 national seminars on anticipating and managing restructuring - ARENAS*, ITCILO/European Commission, Brussels.
- Bhatti, Y., Gørtz, M. and Holm Pedersen, L. (2015), 'The causal effect of profound organizational change when job insecurity is low: A quasi-experiment analyzing municipal mergers', *Journal of Public Administration Research and Theory*, Vol. 25, No. 4, pp. 1185–1220.
- Bosma, H., Peter, R., Siegrist, J. and Marmot, M. (1998), 'Two alternative job stress models and the risk of coronary heart disease', *American Journal of Public Health*, Vol. 88, No. 1, pp. 68–74.
- Bourbonnais, R., Brisson, C., Vézina, M., Masse, B. and Blanchette, C. (2005), 'Psychosocial work environment and certified sick leave among nurses during organizational changes and downsizing', *Relations Industrielles/Industrial Relations*, Vol. 60, No. 3, pp. 483–509.
- Brockner, J. (1988), 'The effect of work layoffs on survivors: Research, theory, and practice', *Research in Organizational Behaviour*, Vol. 10, pp. 213–255.
- Brockner, J. and Greenberg, J. (1990), 'The impact of layoffs on survivors: An organizational justice perspective', in Carroll, J. S. (ed.), *Applied social psychology and organizational settings*, Erlbaum, Hillsdale, USA.
- Brockner, J., Davy, J. and Carter, C. (1985), 'Layoffs, self-esteem, and survivor guilt: Motivational, affective and attitudinal consequences', *Organizational Behavior and Human Decision Processes*, Vol. 36, No. 2, pp. 229–244.
- Brockner, J., Greenberg, J., Brockner, A., Bortz, J., Davey, J. and Carter, C. (1986), 'Layoffs, equity theory, and work performance: Further evidence of the impact of survivor guilt', *Academy of Management Journal*, Vol. 29, No. 2, pp. 373–384.
- Brockner, J., Grover, S., Reed, T., DeWitt, R. and O'Malley, M. (1987), 'Survivors' reactions to layoffs: We get by with a little help for our friends', *Administrative Science Quarterly*, Vol. 32, No. 4, pp. 526–541.
- Broughton, A. (2009), *Guidelines – Socially-sensitive labour force restructuring in south eastern Europe*, International Labour Office, Budapest.

- Cameron, K. S. (1994), 'Strategies for successful organizational downsizing', *Human Resource Management*, Vol. 33, No. 2, pp. 189–211.
- Cameron, K. S., Freeman, S. J. and Mishra, A. K. (1993), 'Downsizing and redesigning organizations', in Huber, G.P. and Glick, W.H. (eds.), *Organizational change and redesign: Ideas and insights for improving performance*, Oxford University Press, New York, pp. 19–65.
- Campbell-Jamison, F., Worral, L. and Cooper, C. (2001), 'Downsizing in Britain and its effects on survivors and their organizations', *Anxiety, Stress, & Coping*, Vol. 14, No. 1, pp. 35–58.
- Cascio, W. F. (1993), 'Downsizing: what do we know? What have we learned?', *The Academy of Management Executive*, Vol. 7, No. 1, pp. 95–104.
- Cascio, W. F. (2005), 'Strategies for responsible restructuring', *The Academy of Management Executive*, Vol. 19, No. 4, pp. 39–50.
- CEMR (Council of European Municipalities and Regions) and EPSU (European Federation of Public Service Unions) (2012a), *CEMR-EPSU joint response to the European Commission's Green Paper COM (2012) 7 final Restructuring and anticipation of change: what lessons from recent experience?*, web page, accessed 15 October 2018.
- CEMR and EPSU (2012b), *Framework of action for local and regional government*, web page, accessed 15 October 2018.
- CEMR and EPSU (2016), *Toward CEMR-EPSU framework for well-being at work for local and regional governments*, web page, accessed 15 October 2018.
- Clay-Warner, J., Hegtvedt, K. A. and Roman, P. (2005), 'Procedural justice, distributive justice: How experiences with downsizing condition their impact on organizational commitment', *Social Psychology Quarterly*, Vol. 68, No. 1, pp. 89–102.
- Cooper, C. L., Dewe, P. J. and O'Driscoll, M. P. (2001), *Organizational stress: A review and critique of theory, research, and applications*, Sage Publications, Thousand Oaks, United States of America.
- Datta, D. K., Guthrie, J. P., Basuil, D. and Pandey, A. (2010), 'Causes and effects of employee downsizing: A review and synthesis', *Journal of Management*, Vol. 36, pp. 281–348.
- De Jong, T., Wiezer, N., de Weerd, M., Nielsen, K., Mattila-Holappa, P. and Mockało, Z. (2016), 'The impact of restructuring on employee well-being: A systematic review of longitudinal studies', *Work & Stress*, Vol. 30, No. 1, pp. 91–114.
- De Lange, A. H., Taris, T. W., Kompier, M. A., Houtman, I. L. and Bongers, P. M. (2003), 'The very best of the millennium: Longitudinal research and the demand-control-(support) model', *Journal of Occupational Health Psychology*, Vol. 8, No. 4, pp. 282–305.
- Demerouti, E., Bakker, A. B., Nachreiner, F. and Schaufeli, W. B. (2001), 'The job demands-resources model of burnout', *Journal of Applied Psychology*, Vol. 86, No. 3, pp. 499–512.
- De Meuse, K., Bergmann, T., Vanderheiden, P. A. and Roraff, C. (2004), 'New evidence regarding organizational downsizing and a firm's financial performance: A long-term analysis', *Journal of Management Issues*, Vol. 16, No. 2, pp. 155–177.
- Doherty, N. and Horsted, J. (1995), 'Helping survivors to stay on board', *People Management*, Vol. 1, No. 1, pp. 26–31.
- Dolan, S., Belout, A. and Balkin, D. B. (2000), 'Downsizing without downgrading: Learning how firms manage their survivors', *International Journal of Manpower*, Vol. 21, No. 1, pp. 34–47.
- Dragano, N., Verde, P. E. and Siegrist, J. (2005), 'Organisational downsizing and work stress: Testing synergistic health effects in employed men and women', *Journal of Epidemiology and Community Health*, Vol. 59, No. 8, pp. 694–699.
- EFFAT (European Federation of Food, Agriculture and Tourism Trade Unions) (2016), *Enhancing Effat's role in European Works Councils and transnational companies – Practical guidelines for EWC coordinators and trade union officers*, Brussels.
- Einarsen, S., Hoel, H., Zapf, D. and Cooper, C. (eds.) (2010), *Bullying and harassment in the workplace: Developments in theory, research, and practice*, CRC Press, Boca Raton, United States of America.
- ETUC (European Trade Union Confederation) (2007), *Toolkit restructuring – Key findings from the ETUC project 'Strengthening the role of worker representation bodies and trade union organisations within the framework of restructuring operations'*, European Trade Union Confederation, Brussels.
- Eurofound (2008), *Employment security and employability: A contribution to the flexicurity debate*, Publications Office of the European Union, Luxembourg.
- Eurofound (2009a), *ERM case studies: Good practice in company restructuring*, Publications Office of the European Union, Luxembourg.
- Eurofound (2009b), *Working conditions in the European Union: Working time and work intensity*, Publications Office of the European Union, Luxembourg.
- Eurofound (2009c), *Working conditions in the European Union: Work organisation*, Publications Office of the European Union, Luxembourg.

- Eurofound (2011), *ERM Report 2011: Public instruments to support restructuring in Europe*, Publications Office of the European Union, Luxembourg.
- Eurofound (2012), *ERM Report 2012 – After restructuring: Labour markets, working conditions and life satisfaction*, Publications Office of the European Union, Luxembourg.
- Eurofound (2013), *Restructuring in SMEs in Europe*, Publications Office of the European Union, Luxembourg.
- Eurofound (2015), *ERM Annual Report 2014 – Restructuring in the public sector*, Publications Office of the European Union, Luxembourg.
- Eurofound (2016a), *ERM Annual Report 2016 – Globalisation slowdown? Recent evidence of offshoring and reshoring in Europe*, Publications Office of the European Union, Luxembourg.
- Eurofound (2016b), *Sixth European Working Conditions Survey – Overview report*, Publications Office of the European Union, Luxembourg.
- Eurofound (2017), *Representativeness of the European social partner organisations: Postal and courier activities sector*, Dublin.
- European Commission (1998), *Managing Change: High level group on economic and social implications of industrial change*, Publications Office of the European Union, Luxembourg.
- European Commission (2009), *Toolkits for restructuring based on the innovative actions of European Social Fund Article 6 projects*, DG Employment, Social Affairs and Equal Opportunities, Brussels.
- European Commission (2012), *Green Paper: Restructuring and anticipation of change: what lessons from recent experience?*, COM(2012)7 final, Brussels.
- European Commission (2013), *EU Quality Framework for anticipation of change and restructuring*, COM(2013)882 final, Brussels.
- European Commission (2014), *Evaluation of policy and practice to promote mental health in the workplace in Europe*, Publications Office of the European Union, Luxembourg.
- European Commission (2016a), *Commission staff working document: Regulatory Fitness and Performance Programme REFIT and the 10 Priorities of the Commission*, SWD(2016)400 final, Brussels.
- European Commission (2016b), *Commission staff working document: Impact assessment*, SWD(2016)357 final, Strasbourg.
- European Commission (2016c), *Proposal for a Directive on preventive restructuring frameworks, second chance and measures to increase the efficiency of restructuring, insolvency and discharge procedures and amending Directive 2012/30/EU*, COM(2016)723, Strasbourg.
- European Commission (2017a), *Safer and healthier work for all: Modernisation of the EU occupational safety and health legislation and policy*, COM(2017)12 final, Brussels.
- European Commission (2017b), *Health and safety at work is everybody's business: A practical guidance for employers*, SWD(2017)9 final, Brussels.
- European Commission (2018), *Report on the implementation by Member States of Directive 2009/38/EC on the establishment of a European Works Council or a procedure in Community-scale undertakings and Community-scale groups of undertakings for the purposes of informing and consulting employees (Recast)*, COM(2018)292 final, Brussels.
- European Parliament (2007), *Impact and assessment of EU Directives in the field of 'Information & Consultation'*, European Parliament Committee on Employment and Social Affairs, IP/A/EMPL/ST/2006-07, Brussels.
- European Parliament (2012), *European added value of an EU measure on information and consultation of workers, anticipation and management of restructuring processes*, European Added Value Assessment (EAVA), European Parliament, Brussels.
- European Parliament (2013), *Motion for a European Parliament resolution on information and consultation of workers, anticipation and management of restructuring*, 2012/2061(INL), Brussels.
- Ferrie, J. E., Shipley, M. J., Marmot, M. G., Stansfeld, S. and Smith, G. D. (1995), 'Health effects of anticipation of job change and non-employment: Longitudinal data from the Whitehall II study', *British Medical Journal*, Vol. 311, No. 7015, pp. 1264–1269.
- Freese, C. (2007), *Organizational change and the dynamics of psychological contracts. A longitudinal study*, Ridderprint, Ridderkerk, The Netherlands.
- Frone, M. R. (2008), 'Are work stressors related to employee substance use? The importance of temporal context assessments of alcohol and illicit drug use', *Journal of Applied Psychology*, Vol. 93, No. 1, pp. 199–206.
- Gandolfi, F. (2006), 'An exploratory study of the downsizing process', *International Journal of Management and Enterprise Development (IJMED)*, Vol. 3, No. 1, pp. 466–481.
- Gandolfi, F. and Hansson, M. (2015), 'A global perspective on the non-financial consequences of downsizing', *Revista de Management Comparat/Review of International Comparative Management*, Vol. 16, No. 2, pp. 185–204.

- Green, F. (2001), 'It's been a hard day's night: The concentration and intensification of work in late twentieth-century Britain', *British Journal of Industrial Relations*, Vol. 39, pp. 53–80.
- Greenberg, J. (1990), 'Organizational justice: Yesterday, today and tomorrow', *Journal of Management*, Vol. 16, No. 2, pp. 399–432.
- Greubel, J. and Kecklund, G. (2011), 'The impact of organizational changes on work stress, sleep, recovery and health', *Industrial Health*, Vol. 49, No. 3, pp. 353–464.
- Guest, D. (2004a), 'The psychology of the employment relationship: An analysis based on the psychological contract', *Applied Psychology*, Vol. 53, pp. 541–555.
- Guest, D. (2004b), 'Flexible employment contracts, the psychological contract and employee outcomes: An analysis and review of the evidence', *International Journal of Management Reviews*, Vol. 5/6, No. 1, pp. 1–19.
- Guiniven, J. E. (2001), 'The lessons of survivor literature in communicating decisions to downsize', *Journal of Business and Technical Communication*, Vol. 15, No. 1, pp. 53–71.
- Hofstede, G. J. (2001), *Culture's consequences: Comparing values, behaviors, institutions, and organisations across nations*, Sage, Thousand Oaks, California, United States of America.
- Hofstede G. J. (2009), 'Country comparison', retrieved on 27 October 2017 from <https://www.hofstede-insights.com/product/compare-countries/>
- Karasek, R. A. (1979), 'Job demands, job decision latitude, and mental strain: Implications for job redesign', *Administrative Science Quarterly*, Vol. 24, No. 2, pp. 285–308.
- Karasek, R. A. and Theorell, T. (1990), *Healthy work: Stress, productivity, and the reconstruction of working life*, Basic Books, New York.
- Kieselbach, T. and Jeske, D. (2008), *Health impact of enterprise restructuring: Innovative approaches in organizations*, University of Bremen, Germany.
- Kieselbach, T., Armgarth, E., Bagnara, S., Elo, A. L., Jefferys, S., Joling, C. et al., Kuhn, K., Nielsen, K., Popma, J., Rogovsky, N., Sahler, B., Thomson, G., Triomphe, C.E. and Widerszal-Bazyl, M. (2009), *Health in restructuring. Innovative approaches and policy recommendations*, Rainer Hampp Verlag, Munich.
- Kivimäki, M., Vahtera, J., Pentti, J. and Ferrie, J. E. (2000), 'Factors underlying the effect of organisational downsizing on health of employees: Longitudinal cohort study', *British Medical Journal (BMJ)*, Vol. 320, pp. 971–975.
- Kivimäki, M., Vahtera, J., Pentti, J., Thomson, L., Griffiths, A. and Cox, T. (2001a), 'Downsizing, changes in work, and self-rated health of employees: A 7-year 3-wave panel study', *Anxiety, Stress, and Coping*, Vol. 14, pp. 59–73.
- Kivimäki, M., Vahtera, J., Ferrie, J. E., Hemingway, H. and Pentti, J. (2001b), 'Organisational downsizing and musculoskeletal problems in employees: A prospective study', *Occupational & Environmental Medicine*, Vol. 58, No. 12, pp. 811–817.
- Kivimäki, M., Vahtera, J., Elovainio, M., Pentti, J. and Virtanen, M. (2003), 'Human costs of organizational downsizing: Comparing health trends between leavers and stayers', *American Journal of Community Psychology*, Vol. 32, No. 1–2, pp. 57–67.
- Kivimäki, M., Honkonen, T., Wahlbeck, K., Elovainio, M., Pentti, J., Klaukka, T. et al (2007), 'Organisational downsizing and increased use of psychotropic drugs among employees who remain in employment', *Journal of Epidemiology and Community Health*, Vol. 61, No. 2, pp. 154–158.
- Lim, V. K. G. (1996), 'Job insecurity and its outcomes: Moderating effects of work-based and nonwork-based social support', *Human Relations*, Vol. 49, No. 2, pp. 171–194.
- López Bohle, S. A., Chambel, M. J. and Diaz-Valdes Iriarte, A. (2018), 'Job insecurity, procedural justice and downsizing survivor affects', *International Journal of Human Resource Management*.
- Luthans, B. M. and Sommer, S. M. (1999), 'The impact of downsizing on workplace attitudes: Differing reactions of managers and staff in a health care organization', *Group and Organization Management*, Vol. 24, pp. 46–70.
- MIRE (Monitoring Innovative Restructuring in Europe) (n.d.), *Summary and recommendations*, web page, available at <http://www.mire-restructuring.eu/docs/recommendation%20EN.pdf>, accessed 15 October 2018.
- Moore, S., Grunberg, L. and Greenberg, E. (2004), 'Repeated downsizing contact: The effects of similar and dissimilar layoff experiences on work and well-being outcomes', *Journal of Occupational Health Psychology*, Vol. 9, No. 3, pp. 247–257.
- Morrison, E. W. and Robinson, S. L. (1997), 'When employees feel betrayed: A model of how psychological contract violation develops', *The Academy of Management Review*, Vol. 22, No. 1, pp. 226–256.
- Muñoz-Bullón, F. and Sánchez-Bueno, J. M. (2011), 'Does downsizing improve organizational performance? An analysis of Spanish manufacturing firms', *The International Journal of Human Resource Management*, Vol. 22, No. 14, pp. 2924–2945.

- Nauta, A. (2008), 'Inzetten op employability: Naar een nieuw psychologisch contract', *Zeggenschap/Tijdschrift over Arbeidsverhoudingen*, Vol. 19, No. 1, pp. 32–33.
- Nelson, A., Cooper, C. L. and Jackson, P. R. (1995), 'Uncertainty amidst change: The impact of privatization on employee job satisfaction and well-being', *Journal of Occupational and Organizational Psychology*, Vol. 68, pp. 57–71.
- Niederland W. G. (1981), 'The survivor syndrome: Further observations and dimensions', *Journal of the American Psychoanalytic Association*, Vol. 29, No. 2, pp. 413–425.
- Nielsen, K. and Randall, R. (2013), 'Opening the black box: Presenting a model for evaluating organizational-level occupational health interventions', *European Journal of Work and Organizational Psychology*, Vol. 22, No. 5, pp. 601–617.
- Nielsen, K. and Miraglia, M. (2017), 'What works for whom in which circumstances? On the need to move beyond the "what works?" question in organizational intervention research', *Human Relations*, Vol. 70, No. 1, pp. 40–62.
- Noer, D. M. (1993), *Healing the wounds: Overcoming the trauma of layoffs and revitalizing downsized organisations*, Jossey-Bass, San Francisco.
- Pahkin, K., Mattila-Holappa, P., Nielsen, K., Wiezer, N., Widerszal-Bazyl, M., de Jong, T. et al (2011), *Steps towards sound change: Initiatives ensuring employee well-being during restructuring*, Central Institute for Labour Protection, National Research Institute, Warsaw.
- Paterson, J. M. and Cary, J. (2002), 'Organizational justice, change anxiety, and acceptance of downsizing: Preliminary tests of an AET-based model', *Motivation and Emotion*, Vol. 26, No. 1, pp. 83–103.
- Peter, R. and Siegrist, J. (1999), 'Chronic psychosocial stress at work and cardiovascular disease: The role of effort–reward imbalance', *International Journal of Law and Psychiatry*, Vol. 22, No. 5–6, pp. 441–449.
- Pollard, T. M. (2001), 'Changes in mental well-being, blood pressure and total cholesterol levels during workplace reorganization: The impact of uncertainty', *Work & Stress*, Vol. 15, No. 1, pp. 14–28.
- Probst, T. M. (2005), 'Countering the negative effects of job insecurity through participative decision making: Lessons from the demand-control model', *Journal of Occupational Health Psychology*, Vol. 10, No. 4, pp. 320–329.
- Quinlan, M. and Bohle, P. (2009), 'Overstretched and unreciprocated commitment: Reviewing research on the occupational health and safety effects of downsizing and job insecurity', *International Journal of Health Services*, Vol. 39, No. 1, pp. 1–44.
- Reynolds Fisher, S. and White, M. A. (2000), 'Downsizing in a learning organization: Are there hidden costs?', *The Academy of Management Review*, Vol. 25, No. 1, pp. 244–251.
- Rigotti, T. and Mohr, G. (2005), 'German flexibility: Loosening the reins without losing control', in De Cuyper, N., Isaksson, K. and De Witte, H. (eds.), *Employment contracts and well-being among European workers*, Routledge, London, pp. 75–102.
- Rogovsky, N., Ozoux, P., Esser, D., Marpe, T. and Broughton, A. (2005), *Restructuring for corporate success: A socially sensitive approach*, International Labour Office, Geneva.
- Rothman K. J. (1986), *Modern epidemiology*, Little, Brown & Co., Boston.
- Rousseau, D. M. (1995), *Psychological contracts in organizations: Understanding written and unwritten agreements*, Sage, Thousand Oaks, United States of America.
- Sahdev, K. (2003), 'Survivors' reactions to downsizing: The importance of contextual factors', *Human Resource Management Journal*, Vol. 13, No. 4, pp. 56–74.
- Schiro, J. B. and Baker, R. L. (2009), 'Downsizing and organisational change survivors and victims: Mental health issues', *International Journal of Applied Management and Technology*, Vol. 7, No. 1, pp. 91–121.
- Schweiger, D. M., Ivancevich, J. M. and Power, F. R. (1987), 'Executive actions for managing human resources before and after acquisition', *The Academy of Management Executive*, Vol. 1, No. 2, pp. 127–138.
- Schweiger, D. M. and DeNisi, A. S. (1991), 'Communication with employees following a merger: A longitudinal field experiment', *The Academy of Management Journal*, Vol. 34, No. 1, pp. 110–135.
- Siegrist, J. (1996), 'Adverse health effects of high-effort/low-reward conditions', *Journal of Occupational Health Psychology*, Vol. 1, No. 1, pp. 27–41.
- Siegrist, J., Starke, D., Chandola, T., Godin, I., Marmot, M., Niedhammer, I. and Peter, R. (2004), 'The measurement of effort-reward imbalance at work: European comparisons', *Social Science & Medicine*, Vol. 58, No. 8, pp. 1483–1499.
- Siegrist, J. (2012), *Effort-reward imbalance at work: Theory, measurement and evidence*, University of Düsseldorf.
- Sosik, J. J. and Godshalk, V. M. (2000), 'Leadership styles, mentoring functions received, and job-related stress: A conceptual model and preliminary study', *Journal of Organizational Behaviour*, Vol. 21, pp. 365–390.

- Stein, H. F. (1997), 'Death imagery and the experience of organizational downsizing. Or; is your name on Schindler's list?' *Administration & Society*, Vol. 29, pp. 222–247.
- Sverke, M., Hellgren, J., Näswall, K., Göransson, S. and Öhrming, J. (2008), 'Employee participation in organizational change: Investigating the effects of proactive vs. reactive implementation of downsizing in Swedish hospitals', *Zeitschrift für Personalforschung*, Vol. 2, No. 22, pp. 111–129.
- Tarren, D., Potter, H. and Moore, S. (2008), *Restructuring in the electricity industry: A toolkit for socially responsible restructuring with a best practice guide*, Working Lives Research Institute, London.
- Tomer, J. F. (2001), 'Understanding high-performance work systems: The joint contribution of economics and human resource management', *Journal of Socio-Economics*, Vol. 30, No. 1, pp. 63–73.
- Tsutsumi, A. and Kawakami, N. (2004), 'A review of empirical studies on the model of effort–reward imbalance at work: Reducing occupational stress by implementing a new theory', *Social Science & Medicine*, Vol. 59, No. 11, pp. 2335–2359.
- UNICE (Union of Industrial and Employers' Confederations of Europe), UEAPME (European Association of Craft, Small and Medium-Sized Enterprises), CEEP (European Centre of Employers and Enterprises) and ETUC (2003), *Orientations for reference in managing change and its social consequences*, web page, accessed 15 October 2018.
- Vahtera, J., Kivimäki, M., Pentti, J., Linna, A., Virtanen, M., Virtanen, P. et al (2004), 'Organisational downsizing, sickness absence and mortality: 10-town prospective cohort study', *British Medical Journal*, Vol. 328, pp. 555–557.
- van Vegchel, N., de Jonge, J., Bosma, H. and Schaufeli, W. (2005), 'Reviewing the effort-reward imbalance model: Drawing up the balance of 45 empirical studies', *Social Science & Medicine*, Vol. 60, No. 5, pp. 1117–1131.
- Vinten, G. and Lane, D. A. (2002), 'Counselling remaining employees in redundancy situations', *Career Development International*, Vol. 7, No. 7, pp. 430–437.
- Westgaard, R. H. and Winkel, J. (2011), 'Occupational musculoskeletal and mental health: Significance of rationalization and opportunities to create sustainable production systems - A systematic review', *Applied Ergonomics*, Vol. 42, No. 2, pp. 261–296.
- Widerszal-Bazyl, M. and Mockało, Z. (2015), 'Do all types of restructuring threaten employees' well-being? An exploratory study', *International Journal of Occupational Medicine and Environmental Health*, Vol. 28, No. 4, pp. 689–706.
- Wiezer, N., Nielsen, K., Pakkin, K., Widerszal-Bazyl, M., de Jong, T., Mattial-Holappa, P. et al (2011), *Exploring the link between restructuring and employee well-being*, Central Institute for Labour Protection, National Research Institute, Warsaw.
- Worrall, L. (1997), *The quality of working life: 1997 survey of managers' experiences*, Institute of Management, London.
- Zhao, H., Wayne, S. J., Glibkowski, B. C. and Bravo, J. (2007), 'The impact of psychological contract breach on work-related outcomes: A meta-analysis', *Personnel Psychology*, Vol. 60, No. 3, pp. 647–680.

Annexes

Annex 1: ERM restructuring events database, 2017

In 2017, there were a total of 1,545 cases recorded in the ERM. The number of business expansion cases was nearly double the number of job losses, continuing the same positive trend as observed in the 2016 ERM report (Eurofound, 2016a). The 2017 ERM cases break down as follows:

- 549 cases of job loss only
- 931 cases of job gain only
- 22 cases of job gain and job loss in the same restructuring
- 43 cases of transnational restructuring, involving either job loss or job gain

By sector

During 2017, the ERM recorded the majority of cases of announced job creation in most sectors. The sectors that recorded more job losses than job creation were: financial services, mining and quarrying, utilities, education and other service activities. Job reductions in financial services involved some of the big banks engaging in restructuring activities which will reduce their workforce by more than 1,000 units over the coming years: Monte dei Paschi di Siena (4,350), Intesa Sanpaolo (4,000), BNP Paribas (3,710) and Deutsche Bank (1,000).

The information and communication sector recorded a big increase, with many business expansion cases in France (39), Poland (33), Romania (30) and Ireland (24). In France, companies specialised in consultancy on programming and computer activities are hiring people to support digitisation requests from their clients. Poland, in particular the areas around Wrocław and Łódź, have seen foreign companies investing in service and R&D centres for computer programming activities. Dublin confirmed its role as one of the EU tech hubs with several ICT job creation announcements (creation of 5,175 jobs announced in Ireland).

The retail sector, in addition to the EU-wide wave of recruitments by Amazon (see below under 'Job creation – biggest cases'), saw the highest number of business expansion cases in the UK (26), Poland (22) and France (18). In the UK, supermarket chains – particularly Aldi

(4,000) and Tesco (1,600) – accounted for the biggest share of jobs created. As well as expansion, Aldi also announced plans to raise its wage levels for staff, making it the highest-paying UK supermarket, with a rate of GBP8.53 (EUR9.53)²⁰ per hour (GBP9.75 (EUR10.90) for staff in London), which is higher than the statutory minimum wage, but also higher than the voluntary 2017 Living Wage Foundation's rate of GBP8.45 (EUR9.60) and GBP9.75 for London (EUR11.08). In Poland, retail chains such as Zalando, H&M, Leroy Merlin and Decathlon opened new stores and were therefore looking for staff.

Manufacturing continues to be the sector that accounts for the majority of announced job reductions – and job creations – in the ERM restructuring events database. This is a consequence of the case size eligibility thresholds for inclusion in the database. Large average establishment size means that manufacturers are over-represented, accounting for just over half of all cases. The share of manufacturing in total restructuring job loss and job creation has, however, tended to decline over time, in line with the shrinking share of manufacturing in aggregate employment. In 2017, the sector accounted for 34.5% of announced job losses compared with 33% in 2016. The share of job gains in manufacturing also slightly increased from 31% to 31.8%. In both cases, this was a decline from a 41% share in the first years of operation of the database (2002–2007). Public administration accounted for a very small share (1.7%) of job losses.

Job reductions – biggest cases

The highest number of job losses recorded in the ERM during 2017 is the Air Berlin case. The company went bankrupt in August 2017 and this event affected 8,600 workers. Nearly half of them were re-employed in the sector within three months of the announcement date (October 2017). In the transport sector also Alitalia (Società Aerea Italiana) announced a job reduction (2,037 jobs), which was subject to the outcome of negotiations with the unions, and the French railways (SNCF) announced 2,081 net job cuts, which are mainly due to natural attrition. In this case, the job losses are counterbalanced by a new hiring plan, which envisages 5,000 new job positions in particular for customer contact and infrastructure.

20 All GBP-EUR conversions as at 17 August 2018.

Table A1: Top five cases of announced job losses recorded in ERM, 2017

Announcement date	Company	Job losses	Country	NACE category	Type of restructuring
15/08/2017	Air Berlin	8,600	Germany	Air transport	Bankruptcy
05/07/2017	Monte dei Paschi di Siena	4,350	Italy	Financial service activities, except insurance and pension funding	Internal restructuring
12/07/2017	Intesa Sanpaolo	4,000	Italy	Financial service activities, except insurance and pension funding	Merger/acquisition
10/01/2017	Infrabel	3,774	Belgium	Warehousing and support activities for transportation	Internal restructuring
20/03/2017	BNP Paribas	3,710	France	Financial service activities, except insurance and pension funding	Internal restructuring

Source: ERM, 2017

The utilities sector also saw a decline in the workforce, with job loss announcements related to the decrease in energy prices. Among the biggest cases, EDF is going to cut 1,700 positions in France while PreussenElektra and E.ON (part of the same group) will cut 1,000 jobs each in Germany, resulting in part from the intention to decommission existing nuclear power plants.

The downward employment trend in the postal services sector, due to the decline in demand linked to digitalisation and the need to reorganise the workforce, which led to a decrease of 14% in employment in the postal and courier activities sector between 2008 and 2014, continued with three large restructurings during 2017 in Denmark (1,000 jobs cut), Portugal (800 jobs cut) and the UK (427 jobs cut). For details of the challenges faced by this sector, see Eurofound (2017).

Job creation – biggest cases

Siemens Germany, with 9,000 jobs announced, is the biggest business expansion case recorded in 2017. In parallel to the new recruiting wave, the electronics and electrical engineering company is also going to cut 2,680 positions across various departments. Negotiations with the trade unions should ensure that redundancies are not compulsory. The company has

been undergoing various restructuring exercises to increase its competitiveness, especially in products related to Industry 4.0.

Amazon was the second-biggest case: 5,000 jobs created in the UK, but if the EU aggregate of this company is considered, a total of 17,574 jobs were announced in 12 separate cases. The online retailer mainly recruited for warehousing and logistic services but also hired 1,300 people for its R&D centre in Bucharest and 100 white-collar workers for its headquarters. Despite the job creation announcements, the company faced a number of labour protests across its Italian and German sites in relation to pay and working conditions.

SNCF, mentioned in the paragraph on job losses, is also the third-biggest case of job creation (5,000). The fourth case is Subway, with 4,500 new recruitments announced between 2017 and 2020. The expansion is being driven by increasing customer demand as the outlet consolidates its position as the largest high street fast-food chain in the UK. After the opening of the stores that it has announced, Subway will have nearly twice as many shops as its nearest rival, Greggs. Costa Carnival, a worldwide cruise line group, is also going to hire 4,500 workers, to be based in Italy. The group is the largest operator in the cruise sector in the country and is about

Table A2: Top five cases of announced job gains reported in ERM, 2017

Announcement date	Company	Job gains	Country	NACE category
11/05/2017	Siemens	9,000	Germany	Manufacture of electrical equipment
20/02/2017	Amazon	5,000	United Kingdom	Retail trade, except motor vehicles and motorcycles
13/12/2017	SNCF	5,000	France	Land transport and transport via pipelines
04/07/2017	Subway	4,600	United Kingdom	Food and beverage service activities
30/05/2017	Costa Carnival	4,500	Italy	Water transport

Source: ERM, 2017

to extend its fleet by 10 vessels over the next five years. New workers will be gradually recruited as new ships are built and enter service. They will be shared between Costa Carnival and one of its largest subsidiaries, Costa Crociere, which itself implemented a large recruitment campaign in 2014. Most jobs will be in hotel and restaurant occupations but will include also other profiles, such as deck and engine staff and shore personnel.

Annex 2: EWCS 2015 variables used in analysis

Restructuring

‘During the last three years has there been a restructuring or reorganisation at the workplace that has substantially affected your work?’ (Y/N)

Downsizing

‘During the last three years has the number of employees at your workplace increased, stayed the same or increased?’ (‘Increased a lot / a little / no change / Decreased a little / a lot’).

Recoding of variables (where ordinal or Likert-scaled) and construction of composite variables.

Nature of work

High work intensity: those answering around half of the time or more to both the tight deadlines and high-speed work questions. Cronbach’s alpha: 0.77.

High work autonomy: respondents who answered the following three questions positively – able to choose pace, method, order of work. Cronbach’s alpha: 0.77.

Health risks

Adverse social behaviour exposure: 1 = those answering yes to any one or more of seven questions (verbal abuse, bullying/harassment, unwanted sexual attention, threats, humiliating behaviour, physical violence, sexual harassment). Cronbach’s alpha: 0.71.

Stress: 1 = those answering ‘all of the time’ or ‘most of the time’ to statement question ‘You experience stress in your work’.

Health outcomes

Absence due to work-related health problems:

1 = those indicating absence from work over previous 12 months due to ‘accidents at work’ or ‘health problems caused or made worse by your work’.

More than three health symptoms indicated:

1 = positive answer to at least three of the following individual health problems over previous 12 months: hearing problems, skin problems, backache, muscular pain in upper limbs, muscular pain in lower limbs, headaches/eyestrain, injury(ies), anxiety, overall fatigue, other health problem (spontaneous), sleeping problems or ‘feeling exhausted at end of working day’ always or most of the time.

General outcomes

Satisfied with working conditions: 1 = those answering ‘satisfied’ or ‘very satisfied’.

Job security: 1 = those answering ‘disagree’ or ‘strongly disagree’ to statement ‘I might lose my job in the next six months’.

Mental well-being: 1 = those with above median scores on the WHO-5 well-being index.

Work organisation/management

Leadership: 1 = strongly agree or tend to agree to statement questions, ‘Your immediate boss ...’ ‘respects you as a person’, ‘gives you praise and recognition when you do a good job’, ‘is successful in getting people to work together’, ‘is helpful in getting the job done’, ‘provides useful feedback on your work’ and ‘encourages and supports your development’. Cronbach’s alpha: 0.84.

Perceived fair treatment: 1 = above median on composite indicator combining ‘You are treated fairly at your workplace’ (‘always’ or ‘most of the time’), ‘Conflicts are resolved in a fair way’, (‘Strongly agree’ or ‘Tend to agree’), ‘The work is distributed fairly’ (‘Strongly agree’ or ‘Tend to agree’). Cronbach’s alpha: 0.75.

Social support: 1 = able to rely on help of colleagues and manager ‘all’ or ‘most of the time’. Cronbach’s alpha: 0.70.

Annex 3: Multivariate analysis findings

Given the requirements of the logit model, each of the outcome variables are dichotomised where the source variable has more than two answer categories. Covariates include country (28 country dummies), age (three categories, 15-29, 30-49, 50+), sex, establishment size (three categories - <10, 10-249 and >=250), education level (three categories), sector (10 categories NACE 1-digit) and supervisory responsibilities (yes or no).

Outcomes of the logits are in the form of odds ratios (OR) comparing the odds of those respondents who have reported workplace employment shifts (in four different categories, that is 'increased a lot', 'increased a little', 'decreased a little', 'decreased a lot') with those respondents who have reported no change in workplace employment levels. Odds ratios are provided for a wide range of work- and health-related outcomes. As an example, the reported OR for high work intensity (1.616) indicates the change in odds of a respondent reporting high work intensity based on whether he/she has reported workplace employment 'decreased a lot' compared to those indicating no change in workplace employment (the reference category), controlling for sex, age, country, establishment size and sector, supervisory status and educational attainment level. An $OR > 1$ indicates a greater likelihood of reporting high work intensity for those reporting downsizing while an $OR < 1$ indicates a lower likelihood.

Odds are related to, but not the same as, probabilities and as a result their significance is not necessarily intuitively easy to grasp. The relationship is expressed as follows: $Odds = p/(1-p)$. In other words, the odds of something happening are the same as the probability of it happening divided by the probability of it not happening. Furthermore, odds ratios are not the same as odds; they involve an additional stage of calculation. As odds ratios are the basis of the presentation of most of the results in this analysis, a practical example will

help to clarify the relationship between ORs and changes in probabilities. Let's assume the models generate an odds ratio of 1.5 for restructuring in a logit where work intensity is the dependent variable and using the controls indicated above (the actual OR is not too dissimilar, 1.616, but OR of 1.5 is used for ease of presentation). This means that the odds of reporting high work intensity are 50% higher for those in restructured workplaces. In terms of probabilities, an OR of 1.5 is the outcome of the following calculation:

$$\frac{P(\text{high work intensity} \mid \text{restructuring})}{P(\text{not high work intensity} \mid \text{restructuring})}$$

/

$$\frac{P(\text{high work intensity} \mid \text{no restructuring})}{P(\text{not high work intensity} \mid \text{no restructuring})}$$

As a simple illustration, inputting the following values would generate an OR of 1.5:

$$\frac{0.6}{0.4}$$

/

$$\frac{0.5}{0.5}$$

In this case, an OR of 1.5 corresponds to an increase in probability of reporting high work intensity from 0.5 to 0.6, that is 20%, based on the comparison of restructured versus non-restructured employees or 10 percentage points. OR greater than 1 signifies a higher likelihood of falling into the positive category of the dependent variable (high work intensity in this case); OR less than 1 signifies a lower likelihood.

For simplicity of presentation, the tables in the text present odds ratios and significance levels only for independent variables of specific interest (whether or not restructuring was reported) and omit the odds ratios for other covariates. A sample full output with OR and other model parameters is included in Table A3. The dependent variable is work intensity (1 = reporting working to tight deadlines and at high speed 'around half of the time' or more; otherwise = 0). The remaining outputs are available on request.

Table A3: Sample full logit output (dependent variable: work intensity (1=yes, 0=no), coefficients expressed as odds ratios)

Dependent variable: Work intensity (1= working to tight deadlines and at high speed at least half of the time)	
1.employchange	1.293**
2.employchange	1.264***
3.employchange	1
4.employchange	1.189***
5.employchange	1.616***
EDUCATION LEVEL: Primary. Ref: Second level completed	1.091
Third level	1.016
OCCUPATION, white collar low skill. Ref: white collar high	1.03
Blue collar high skill	1.538***
Blue collar low skill	1.344***
Armed forces	1.083
AGE, 35-49 yrs. Ref: <35 yrs	0.886*
50+ yrs	0.709***
SEX. Male=1, Female=0	0.902**
Supervises. Yes=1. No=0	1.272***
ESTABSIZE, SME, 10-249. Ref: <10	1.236***
Large, 250+	1.336***
SECTOR, Agriculture. Ref: Industry	0.481***
Construction	0.981
Retail and hospitality	0.949
Transport	0.804**
Financial services	0.915
Public administration	0.583***
Education	0.435***
Health	0.859*
Other services	0.786***
COUNTRY, Bulgaria. Ref: Belgium	0.494***
Czech Republic	0.648***
Denmark	1.340**
Germany	1.091
Estonia	0.587***
Greece	1.979***
Spain	1.808***
France	0.937
Ireland	1.106
Italy	1.071
Cyprus	3.467***
Latvia	0.362***
Lithuania	1.028
Luxembourg	1.003
Hungary	1.870***
Malta	1.340*

COUNTRY, Bulgaria. Ref: Belgium	0.494***
Netherlands	0.788*
Austria	1.07
Poland	0.776*
Portugal	0.998
Romania	2.999***
Slovenia	1.104
Slovakia	0.816
Finland	1.033
Sweden	1.601***
United Kingdom	1.026
Croatia	0.966
N	19,784
pseudo R-sq	0.058
Exponentiated coefficients * p<0.05, ** p<0.01, *** p<0.001	