

Restructuring companies – “risks and adverse effects“

In the modern world of work companies restructure faster and more frequently than previously. In doing so, they carry out measures that are intended to strengthen the company's productivity by reorganising technical and organisation processes, and frequently by changing the company's structural layout as well. Departments are merged or reorganised with the aim of being able to carry out the pending tasks better and/or at less cost. In most cases, they are downsized as well, either through actual dismissals or in a socially acceptable way by means of early retirement, or not extending fixed-term employment contracts. Employees often sense that their work becomes more intensive through restructuring, because the same, or even more and more demanding work, has to be carried out with reduced staff numbers. In this Factsheet we show that restructuring can increase mental strain during work and impair the health of employees.

What is meant by restructuring?

We understand restructuring as the generic term for various change processes that affect all organisational levels; these include different phenomena such as changes of location, moving abroad, outsourcing, insolvencies, mergers, internal reorganisations, but also expanding the business as well.

In the representative BIBB/BAuA Employment Survey 2012, about 20,000 employed persons were interviewed among other things on restructuring. We were interested on the one hand in whether this happened in the organisation, and on the other hand, we asked about the very concrete changes in the workplace and the requirements in the course of restructuring.

How frequently and where does restructuring take place?

Forty-one percent of interviewees stated between 2010 and 2012 significant restructurings or reorganisations took place in their direct working environments.

Restructuring is mostly found in industry and public services; about half of interviewees had experience with restructuring. Employees from larger companies reported on restructuring much more frequently than those from smaller companies, as Fig. 1 shows.

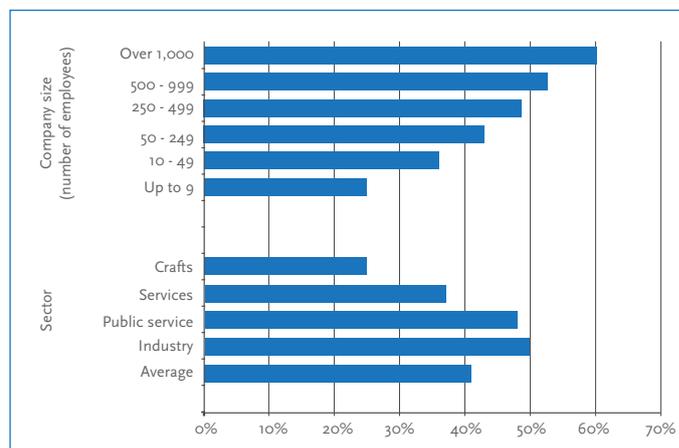


Fig. 1: Frequency of restructuring in dependence on company size and sector

On the question of the type of changes that took place in the whole company, just about one quarter of interviewees reported that parts of the company were relocated or out-sourced (23%). In contrast, only 18% confirmed a merger of their company with another company. Expansion or growth of the company was reported much more frequently than mergers (37% of interviewees stated this).

More stress and health disturbances

Employees in restructured organisations – including those that expand – reported more frequently than other employees that their work had become more stressful. This concerns in particular mental strain.

Employees in companies with substantial changes reported pressure to meet deadlines and perform, confronting new tasks, breakdowns and interruptions, multitasking or working at the limits of their capability more often than employees who had not experienced any restructuring in 2010-2012.

In keeping with these findings, interviewees also reported an increase in pressure of work and stress. While these aspects increased in the last two years among roughly one third of interviewees without experience of restructuring (34%), this was the case with over half of interviewees with experience of restructuring (52%).

A comparable pattern for occupational requirements can be seen: many more interviewees with experience of restructuring reported that their occupational requirements had increased (56% to 40%).

Fig. 2 shows this and other changes in a comparison of employees with and without experience of restructuring in the years 2010-2012. Employees with experience of restructuring also reported that there had been a change of supervisor, they noticed the more frequent use of freelancers, temporary workers or interns, more job cuts, and the provision of new or clearly changed services.

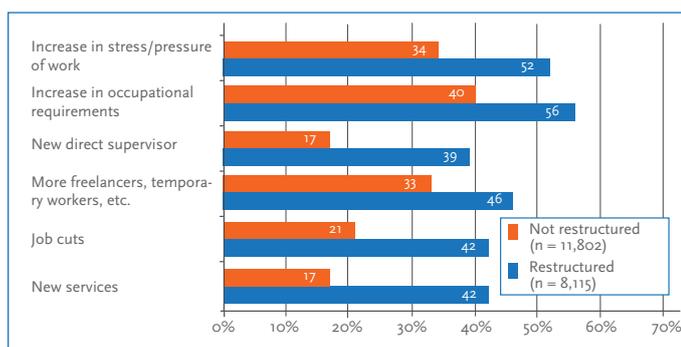


Fig. 2: Comparison of changes in the workplace of organisations with/without restructuring. The questions were on restructuring in the last two years before the survey

The increased requirements, mental strains and the increase in stress were also accompanied by more health problems, as Fig. 3 shows. Particularly significant here were psychosomatic complaints. The more changes in the workplace took place at the same time, the more stress and pressure of work were experienced, and the more health disorders occurred.

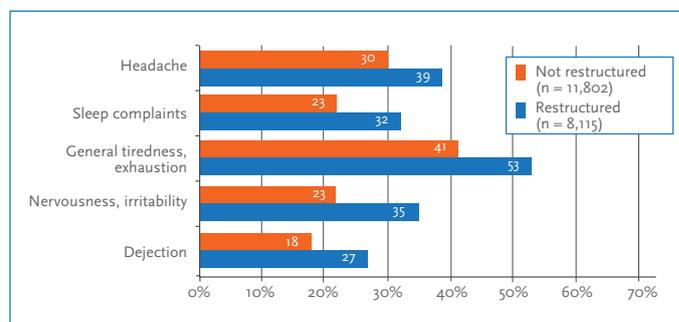


Fig. 3: Comparison of health complaints of employees in organisations with/without restructuring

Structuring through support

The data from the BIBB/BAuA Employment Survey show that in particular stress, pressure at work and occupational requirements increase with restructurings. Employees in reorganised companies reported mental strains much more frequently than those in organisations that were not reorganised. This was also linked to an increase in health disorders.

Avoiding change per se is not an option to moderate or avoid undesired effects, because adapting to new market and competition conditions is essential for the survival of organisations, and thus for the maintenance of jobs. It is more about structuring the processes of restructuring, taking account of the potential effects of changes on the motivation and the health of employees. If these are neglected, this can lead to the failure of the restructuring. The targets that companies actually pursue with the measures, such as improving processes and products, or productivity, are not reached in many cases because the employees' perspectives are neglected.

For this reason, in the interests of employees and companies concepts should be developed for operational practice that above all prepare specific groups of persons – those that drive the restructuring process forward and accompany it – better for their tasks. These groups include middle management and shop stewards as well. The BAuA website provides information on this on a project that refers to the development of company support tools for the above-mentioned key groups (www.baua.de/de/Themen-von-A-Z/Restrukturierung/Projekt.html). You can find information on other activities and publications at (www.baua.de/Restrukturierung).

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