

Restructurings, working conditions and health

Restructurings amid the crisis have hit private sector workers hard. And retrenchments mean that even civil servants are not immune. The wave of restructurings is taking its toll on the health of both redundant and retained workers. The ripples are spreading beyond the workplace to affect society as a whole, as the already rising rate of suicides in Greece shows.

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Locked gates. A scene repeated in recent months across areas already hard hit by unemployment. ArcelorMittal factory in Flémalle (Liège, Belgium).
Image: © Martine Zunini



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Not a week goes by without press reports of a major restructuring. In or out of crisis, the business community seems to be at war – losing positions, falling back, sacrificing forces. Economists offer a varied typology of restructurings. They are "defensive" when business viability is threatened by bankruptcy. They are "strategic" when no crisis situation is offered as an excuse. Here, it is often about a group reorganizing its field of operations to maximize profits. But the reasons are not always purely economic. A restructuring may also be designed to change the power differential between workers and management. An analysis of Fiat in Italy during the 1980s by sociologist Gabriele Polo highlighted how the restructurings started with a reorganization of work designed chiefly to reverse the favourable balance of power that workers had achieved through the struggles of the previous decade. In May 2005, the multinational Wal-Mart decided to shut down its store in Jonquière, Quebec, whose workers had had the temerity to form a union.

Now become common and excused away as an economic Hobson's choice, restructurings are above all a muscle-flexing exercise reflecting the dominance of the capital owners over labour. Lifetimes of work, a wealth of wide-ranging experience and knowledge possessed by workforces can be written off at a stroke. But they also increasingly reflect how short-term financial gains win out over long-term industrial or commercial plans. Today's restructurings are not steered by those driven, innovative entrepreneurs described by the early 20th century economist Joseph Schumpeter. Today's lionised managers are more job-killers-in-chief switching easily from the steel industry to a Department of Education before moving on to an insurance group. Their archetype can be seen in Michael Moore's documentary *Roger and Me* about the closure of General Motors' carmaking plants in Flint, Michigan.

Large numbers of workers feel threatened

The European Working Conditions Survey shows that large numbers of workers have had a very recent experience of restructuring. In 2010, 31% of European workers replied "yes" to the question: "Has substantial restructuring or reorganization been carried out in your current workplace in the last three years?" No statistically significant differences were found between industry and services, or between men and women.

The highest-skilled non-manual staff had more commonly experienced a restructuring within the three years up to the survey (nearly 40%) than manual workers (around 25%). But manual workers' jobs are much more at risk - 22% of low-skilled manual workers compared to 11% of the highest-skilled non-manual staff thought they might lose their job within the next six months.

Manual workers are also harder hit by losing their job. 32% of European workers answered "yes" to the question: "If you were to lose or quit your current job, would it be easy for you to find a job of similar salary?" For the highest-skilled white collar staff, the percentage nudges

40%. For blue collar workers of all skill levels, the percentage is below 30%.

In Germany, the prospects of finding similar pay conditions are particularly poor: fewer than 20% of manual workers answered "yes". In Norway, average performance is better, but the gap between categories is striking. 57% of all workers thought they would be able to find a similarly paid-job – but that is about 40% of low-skilled manual workers as against 60% of higher-skilled non-manual staff. In the UK, the risk of taking a pay cut is higher for skilled manual workers (only 33% thought they could find a similarly paid-job). This may reflect the already low pay of lower-skilled workers which could not really go any lower.

"Sacrifices"...

The most obvious health impact of restructurings is on the workers who are let go – or to put it another way, "sacrificed". The damaging effect unemployment has on health is well-established. Loss of purchasing power has a range of material consequences. But there is also the effect of feeling worthless, desolation, loss of social relationships, loss of self-esteem and the lower regard of others. The destructuring of (work and private) time can have devastating effects if unemployment becomes long-term.

For women, this tends to mean longer spent in home-making. These factors are often compounded by what is called a "selection effect". Those already in poor health are often the first casualties of restructurings. In some cases, this is a deliberate policy: sickness absences in previous years, a disability, etc. may be selection factors. In other cases, it is the result of job shedding criteria with a greater readiness to sacrifice older workers, the lowest-skilled or what are regarded as non-core activities.

Finding a new job is an obstacle course run as an individual trial because the previous work community has gone and there is scant scope for rebuilding a collective identity based on unemployment. Joblessness is defined at once by a lack and as a temporary situation. Public policies on the unemployed

ThyssenKrupp: profit minus safety equals seven dead workers

A Turin court gave its verdict on 16 April 2011 in the ThyssenKrupp case, where a steel plant fire in December 2007 resulted in the deaths of seven workers. The criminal investigation would find that the German steelmaker had decided to skimp on safety in its Italian factory which was for the axe.

The chief executive of ThyssenKrupp Group's Italian branch, Harald Espenhahn, was handed a sixteen and a half year jail term, while five other top bosses at the Turin plant received stiff prison sentences of between ten and thirteen and a half years. The group will also have to pay victims' families 3 million euros compensation and shell out big payments to local authorities and victim defence organizations.

The fateful events happened in the night of 6 to 7 December 2007, when fire broke out in line five of the German company's Turin steelworks. It is a heat treatment shop where rolled steel parts are heated at high temperatures and then cooled in an oil bath. The fire was caused by oil leaking from a pipe. When the fire broke out that night, the shift crew made a failed attempt to douse the flames using extinguishers and water. The liquid hydrogen coming into contact with the cooling oil caused a flashback which engulfed the workers. Fire-fighters would battle until half-past six in the morning to control the blaze. Seven workers, some with 95% burns, were rushed to intensive care units in different Turin hospitals. The first died during the night, the other six in the following weeks. Only one of the workers on shift that night survived. Antonio Bocuzzi had worked for 13 years at the plant, and his testimony would be crucial to the investigation.

The evidence collected from workers and fire-fighters was the first damning indictment of company management – empty fire extinguishers, out-of-order telephones, non-regulation fire-fighting equipment. There was not even a factory first response fire team. This, despite a fire four years previously that fortunately had left no fatalities. Even so, several workers had been injured and it took

several days to bring the fire under control. Work organization is also implicated – some of the victims had worked twelve hours straight in a dangerous and tiring job.

The next day saw two diametrically opposed reactions. The metalworkers unions called a general strike that rocked Turin, while ThyssenKrupp blamed the workers, accusing them of negligence. Within days it did a U-turn on its groundless finger-pointing and claimed that the fire was caused by an unfortunate concatenation of circumstances. Throughout the investigation, management's tone was hostile and arrogant. It accused the judges of political bias. An anonymous internal memo seized on 12 January 2007 contained evidence of management's agenda of using legal means to gag Antonio Bocuzzi. It accused the workers of "media heroics" and included a list of "unfriendly" names. These included a Turin court judge who had ruled against company management after the previous fire and... the then Italian Minister of Labour and Turin local, Cesare Damiano, considered as too pro-worker. In July 2007, the company announced the imminent closure of the plant. An agreement was negotiated with compensation and redeployment for some of the workers. The Italian metalworkers unions condemned the strong-arming of workers during the closure process to drop any legal claims over the fire if they wanted to keep their benefits.

The trial revealed serious safety failings. One worker gave evidence that production was never stopped when a safety problem was detected. It had to be worked on in difficult conditions while production continued. Scrutiny of the documents seized revealed that responsibility did not stop with local plant management. The Turin factory's days were numbered in the ThyssenKrupp group's restructuring. Fire safety was systematically neglected because the plant's life was rapidly approaching its end. So blatant was management's neglect that its insurers had increased its fire policy excess from 30 to 100 million euros because the factory lacked automatic fire protection systems like those fitted at another of the German steelmaker's Italian plants.

All of which explains the stiff sentences imposed by the Italian court. The conviction of the CEO shows how far the group's general investment policy and restructurings played a decisive role in the deaths of the Turin seven.

give first preference to individual approaches, which are guilt-creating. The unemployed are increasingly less often accessing a range of health services (dental care, medical care for minor illnesses, etc.) than the rest of the population. Lack of money is partly to blame, but so too is the loss of self-worth that pushes staying healthy down the priority list.

... and "survivors"

Restructurings also affect the working conditions and health of "survivors", i.e., workers who have kept their jobs despite a restructuring.

The most immediate consequence is an intensification of work, where production has to be kept up or increased with fewer workers. There is evidence that work intensification undermines the quality of work and can lead to extreme stress. An identity tied to work based on skills and the ability to do one's job well falls foul of the new work organization which prevents quality work from being done. The 2007 Dutch working conditions survey found an emotional inability to cope among employees of companies in the throes of restructuring, including where no redundancies were made or jobs threatened. According to the survey, support of other workers ceases to act as a protective factor against burnout in these companies. But two things do play a protective role: workers' skill discretion and a climate of innovation.

Restructurings undermine confidence in justice at work. Finnish studies have shown that perceived unfair treatment has adverse health impacts. A British study of central government civil servants found that sleep disturbance correlated highly with feelings of injustice at work.

A community impact

Beyond the impact on the workers immediately affected - whether redundant or retained - restructurings can have an area-wide impact through a chain reaction, as has been seen during recessions.

A chain reaction is in some ways akin to an avalanche. The fall in male life expectancy at birth observed in Russia between 1988 and 2005 is virtually unknown in the history of public health since reliable records began. Between 1988 and 1994, life expectancy dropped sharply from 65 to 58 years. It improved

between 1994 and 1997, only to decline again from 1998 until 2002. Between 2003 and 2010, it rose but never returned to the 1987 level, which is expected to happen in 2011.

The trend for women has been less drastic, but the sequence is much the same: a fall in life expectancy between 1988 and 1993, followed by a recovery, then a relapse and the signs of an upturn starting in 2004, finally returning to and bettering the 1988 level in 2009. Generally, the only explanation for such a situation is major disasters like wars, uncontrolled epidemics or famine and its length is unprecedented. In the case of Russia, the explanation is the combined effects of an all-embracing crisis that brought drastic economic restructuring, a deteriorating health system and public services, and a significant widening of social inequalities.

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15% between 2007 and 2009. Public hospital budgets have been cut by 40%. Under austerity policies, 26 000 jobs are set to go in the public health sector by 2015, including 9,100 doctors. At the same time, hospitals are facing a sharp rise in admissions, with 24% more patients between 2009 and 2010. Suicides rose by 17% between 2007 and 2009,

and the rate is accelerating: a 40% rise in the first half of 2011 compared with the same period in 2010. Alcohol consumption is receding, but all other indicators – like homicide and heroin use – are flashing red.

Using the law

One way of fighting back against restructurings is to use what the law has to offer. EU social law provides only limited help. The directives on collective redundancies and business transfers were drawn up in the 1970s. The odd tweak aside, they have gone substantially unchanged. Both directives provide for information and consultation procedures that come into play only when company management's decision is all-but a done deal. At best, their time frame enables redundancy plans accompanying the proposed measures to be improved. The number of job losses and practical arrangements for job cuts can be negotiated. Policy decisions on investment, innovation, link-ups and subcontracting cannot easily be challenged at this stage. An unequal balance of available information is another problem. The directives do not allow workers' representatives to have their own experts and guarantee them access only to limited company information.

Making use of the health at work provisions can give added leverage to the action of workers' reps. What happened with Areva in France is a recent case in point. This nuclear industry company was forced by a court decision of 5 July 2011 to cancel the outsourcing of one of its La Hague site services. Management had wanted to contract the electricity



The airline industry has gone through several years of business failures and mergers shedding tens of thousands of jobs on the way. Berlin's Tempelhof airport, finally closed in 2008.
Image: © Martine Zunini

Interview

"Short-term workers are most at risk and get least support"

Claude-Emmanuel Triomphe runs the Travail, Emploi, Europe, Société (Astrees) voluntary organization and the metiseurope.eu website. He was involved in writing the Hires European report on the impact of restructuring on workers' health, and disseminated it in the Member States.

What main health problems does the report point to?

Claude-Emmanuel Triomphe – All the evidence looked at in the Hires project suggests that restructuring – meaning major shake-ups in the structure of private and public companies – has big health impacts. These are mainly psychosocial-type problems like depression, loss of self esteem, absenteeism, mood swings, and so on, but also heart ailments and a rise in work accidents, especially among young people, women and older workers.

Why would restructuring increase the work accident rate?

Job cuts add at least a temporary extra workload to some of those left. Then there are staff replacement issues: changing jobs and tasks, which means establishing new routines. What I would call preventive routines are not really materializing. Also, permanent staff may be replaced by temporary staff who may be less well-trained – and may even be less able – but nevertheless have to be immediately operational.

Did you find any categories of workers more at risk of health problems after a restructuring?

Definitely. Workers made redundant but not offered alternative employment, and among them, low- and unskilled workers suffer more than the others.

Short-term workers (fixed-term, agency staff, casual and irregular workers, etc.) are not only at highest risk but also get least support of all the workers hit by restructuring. The big redundancy mitigation and support plans set up by companies exclude these workers in a number of countries. In fact, there is a sort of consensus on both sides for them to be first out so as to save permanent workers' jobs.

Middle managers are a third risk group. They have plenty of skills but are the "meat in the sandwich" as it were: they take all the flak from employees for giving out the bad news and carrying out the changes, plus pressure from their bosses who have tasked them with implementing the restructuring measures.

Are some kinds of restructuring harder for workers to deal with? I'm thinking of things like restructuring that leads to the firm shutting down...

In this particular case, the report certainly shows that the consequences are far-reaching and go beyond the worker as such to cause problems in the family, or even in social relationships and friendships. And there are also serious health consequences in the years following closure as was shown by a large-scale Swedish study which found excess mortality among the population of people affected by a plant closure compared to the population of the rest of the workforce unaffected by closures.

The report challenges the idea that restructurings always result in improved productivity.

That's right – the report cites economists' research to the effect that the benefits of restructuring are anything but automatic. A number of studies, for example, claim that one in two mergers fail to deliver the stated aims. We simply repeated this kind of finding to show that a real problem exists with evaluating restructuring processes. The literature contains hardly any economic or social evaluations of these processes.

The report's recommendations include measures meant to result in a "successful restructuring". It mentions "producing a feeling of ownership of the restructuring among employees". Nowhere does it question whether the restructuring is needed...

Your question doesn't surprise me, and you aren't the first to ask it. But the report doesn't completely duck the issue of whether restructuring is justified. Our recommendations talk about employee "buy-in", and stress communication with workers. This is important and we don't see it as at all cosmetic. On the other hand, you are right to say that the point of restructuring is not questioned. This is for one main reason: there was a consensus in the expert group that some restructurings are inevitable today in particular because of globalization, the disappearance of certain activities and the advent of new technologies. However, the fact that some restructurings are inevitable does not mean they all are. We were unable to find a consensus within the group on this to come up with a particular recommendation. With no consensus on this issue, we preferred not to address it and accept this as a weakness of the report, but one that does not invalidate all the work done for it.

Interview by Denis Grégoire, Editor

distribution service to an outside firm, which would have had a critical role to play in the event of a breakdown (managing the distribution of water, steam and breathable air) as well as key environmental protection activities (collection and treatment of high-risk wastewater). It was a purely financial choice, aimed at cutting the cost of what was already a properly-provided service. The workers' reps on the Works Council and Health and Safety Committee had objected to the plan. The court's decision to cancel the subcontracting of this activity was based on two findings: the ill-health caused to the workers affected through increased anxiety and stress levels and sleep disorders; and the increased industrial risk worsened by the loss of collective expertise and cooperative analysis of activities.

Successful fightbacks

The toll taken by restructurings is undeniable. On the plus side, they are rarely submitted to without a fight. Workers have banded together to face an apparently lost cause, as at the watchmaker Lip in France in the 1970's. Dozens of "recovered" companies destined for the axe a decade ago are still being run collectively by the workers in Argentina. The Tower Colliery coalmine in Wales had an exceptionally long run. It was shut down in 1994, occupied by the miners, taken over and worked continuously by them until early 2008.

These experiences evidence the link between workplace democracy and active political participation. As French economist Thomas Coutrot puts it "democracy cannot be renewed unless individuals are empowered in their daily work: people must be able to influence basic decisions about production, working and pay conditions, employment, labour relations, and so on". These experiences are a marker for what could be a different organization of production: creating linkages between workplace democracy and economic planning so as to take the trauma out of reorganizations. ●

Further reading

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