

Challenges from global competition, employer strategies, and psychosocial factors - Danish experience

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The aim of this paper

Common attributes to globalization:

- Increased competition
- Economic growth
- Pressure on working conditions for blue collar workers in manufacturing and mass service

The Danish situation:

- High union density, widespread collective agreements, and good relations between unions and employers
- How does this situation influence employers reaction to globalization and the consequences for the employees?
- Downsizing as the example

Material and methods

Design:

- Results from a large project aimed at the improvement of the psychosocial work environment
- 14 firms participated and were followed 2005-07

Material for this paper:

- Five manufacturing firms with app. 1,000 employees

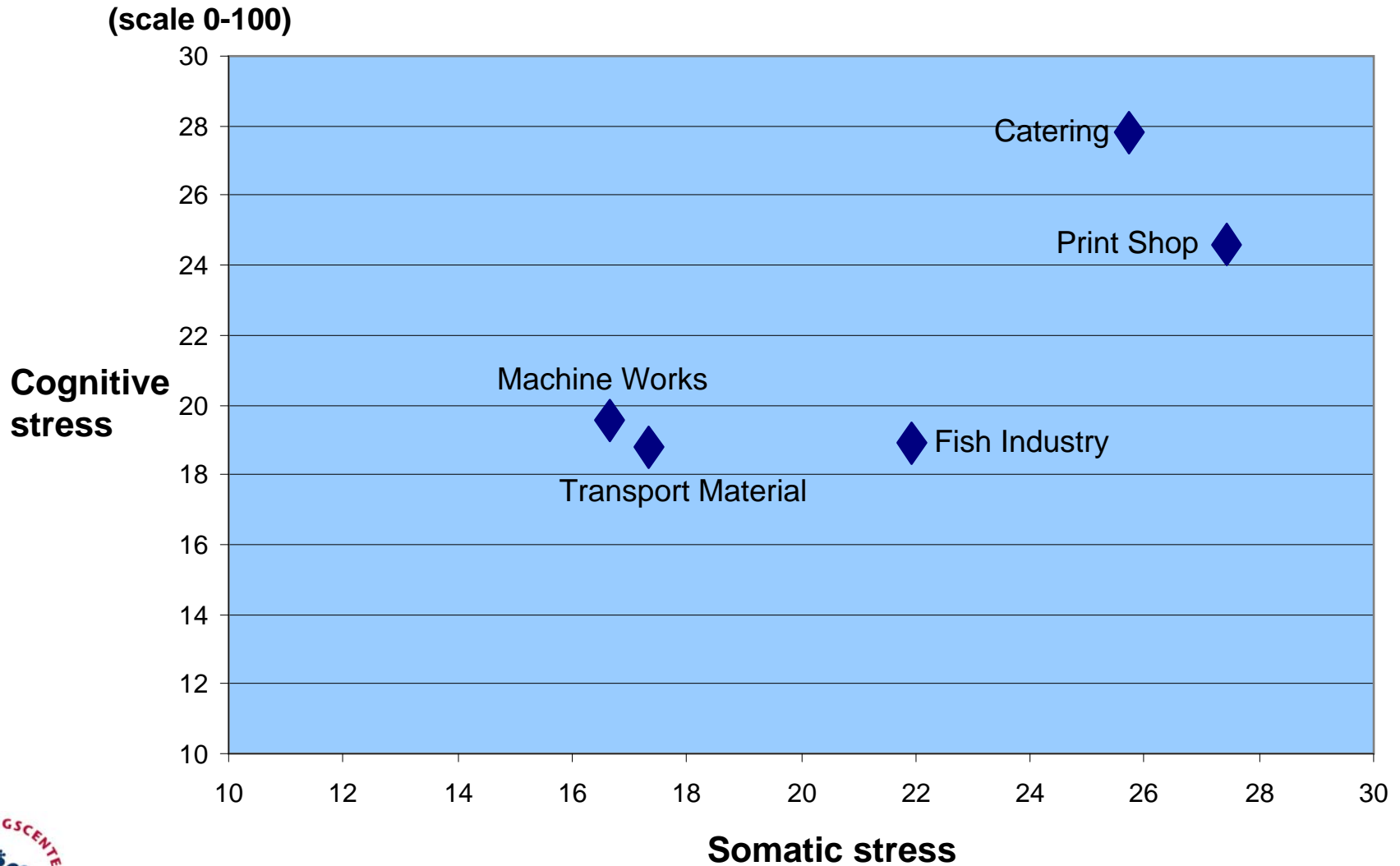
Methods:

- Two measurements with questionnaires and qualitative process studies

The manufacturing firms

	Product	Ownership	Work
Print shop	Weekly magazines	Large Danish corporation	Skilled printers
Catering	Airline catering	Multinational	Unskilled workers
Transport Material	Large transport equipment	Multinational	Skilled metal workers
Fish Industri	Processed fish products	Danish multinational	Unskilled workers
Machine works	Large printing machines	Independent	Skilled metal workers

Health in the manufacturing firms (baseline)



Employment in the firms

	Project start (no. empl.)	Project end (no. empl.)	Change %
Print shop	120	100	-17
Catering	220	120	-45
Transport Material	400	180	-55
Fish Industri	200	0	closed
Machine works	180	210	+17

The expected outcome

- The literature indicates that downsizing create uncertainty about the future, resulting in a deterioration of the psychosocial work environment and mental health

Changes in health after downsizing

	Print Shop (17% dismissals)		Catering (45% dismissals)		Transport Materiel (55% dismissals)	
	After	Change	After	Change	After	Change
General health	70.89	-1.0	79.27	2.9	80.66	0.2
Mental health	75.67	0.3	78.42	8.8***	81.72	0.1
Vitality	59.85	0.2	62.72	7.2**	71.87	0.0
Behavioural stress	22.16	-3.2	20.07	-10.9**	14.58	-0.9
Somatic stress	23.43	-1.1	21.73	3.6	15.55	-0.7
Cognitive stress	24.23	-2.6	17.72	-5.8*	17.29	-1.4

*p<0.05, **p<0.01, ***p<0.001

Questionnaire results, scale values 0-100

Controlled for age, sex and differences between dismissed and retained

The unexpected results

- Print Shop with the lowest level of dismissals:
 - stable psychosocial work environment at a low level
- Catering with a higher rate of dismissals :
 - clear improvements although still lower than Transport
- Transport Material with the highest rate of dismissals:
 - stable psychosocial work environment at a relatively high level
- How can these results be explained?

Firm strategy

	Competitive challenge	Strategy	Result
Print shop	Structural change & increased profit demands	Mergers & new management	Stable market & staff reduction
Catering	A depressed market	Capacity adjustment	Stability at lower level with staff reduction
Transport	Market reduction in new equipment & geographical relocation	Development of services	Increase in service sale & staff reduction

Management – employee relations

	Before project	Project start
Print shop	Ten years of conflict & recent new management	Open conflict
Catering	Ten years of conflict & recent new management	Open conflict
Transport	Traditionally good relations & stable management	Uncertainty

Print Shop

Activities during project:

- a joint project group organized in order to improve the psychosocial work environment
- many meetings with mutual accusations and slating of the other party's proposals
- several wild cat strikes after drop-wise dismissals and during collective bargaining

Results:

- clear distrust between both parties
- continued bad relations

Catering

Activities during project:

- a joint project group organized in order to improve the psycho social work environment
- many meetings with expression of good intentions but without participation of the foreign top manager and with no practical effects
- change of topmanagers midway who invited shopstewards to negotiations about dismissals and use of temporary workers and reacted to employees problems

Result:

- a movement from distrust towards trust
- much improved relations

Transport Material

Activities during project:

- a joint project group organized in order to improve the psycho social work environment
- few meetings because both parties felt that conditions were generally OK
- a joint agreement about the very large staff reductions with emphasis on extensive assistance to the dismissed

Results:

- employees felt confirmed the management was working for the common good and could be trusted
- continued good relations

Changes in social capital indicators

	Print Shop (17% dismissals)		Catering (45% dismissals)		Transport Materiel (55% dismissals)	
	After	Change	After	Change	After	Change
Vertical trust	40.8	-4.3*	52.1	7.9***	64.7	2.9*
Horizontal trust	62.2	-2.3	69.3	1.8	69.0	-0.1
Justice	36.0	-2.9	46.0	4.9*	57.0	2.8*

*p<0.05, **p<0.01, ***p<0.001

Questionnaire results, scale values 0-100,

Controlled for age, sex and differences between dismissed and retained

Conclusion

- The pressure from global competition increases the risk of strategic changes with potential downsizing
- The traditional management strategy is to implement such changes without involvement of employees
- The results from this paper indicate that involvement of the employees in a fair process is possible and has positive consequences:
 - higher trust between management & employees
 - stable or better psychosocial work environment and health

Thank you for your attention

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