

Preserving Organizational Health in an Economic Downturn

Presentation by Graham Lowe, Ph.D.

New Economics of Workplace Health and Well-Being

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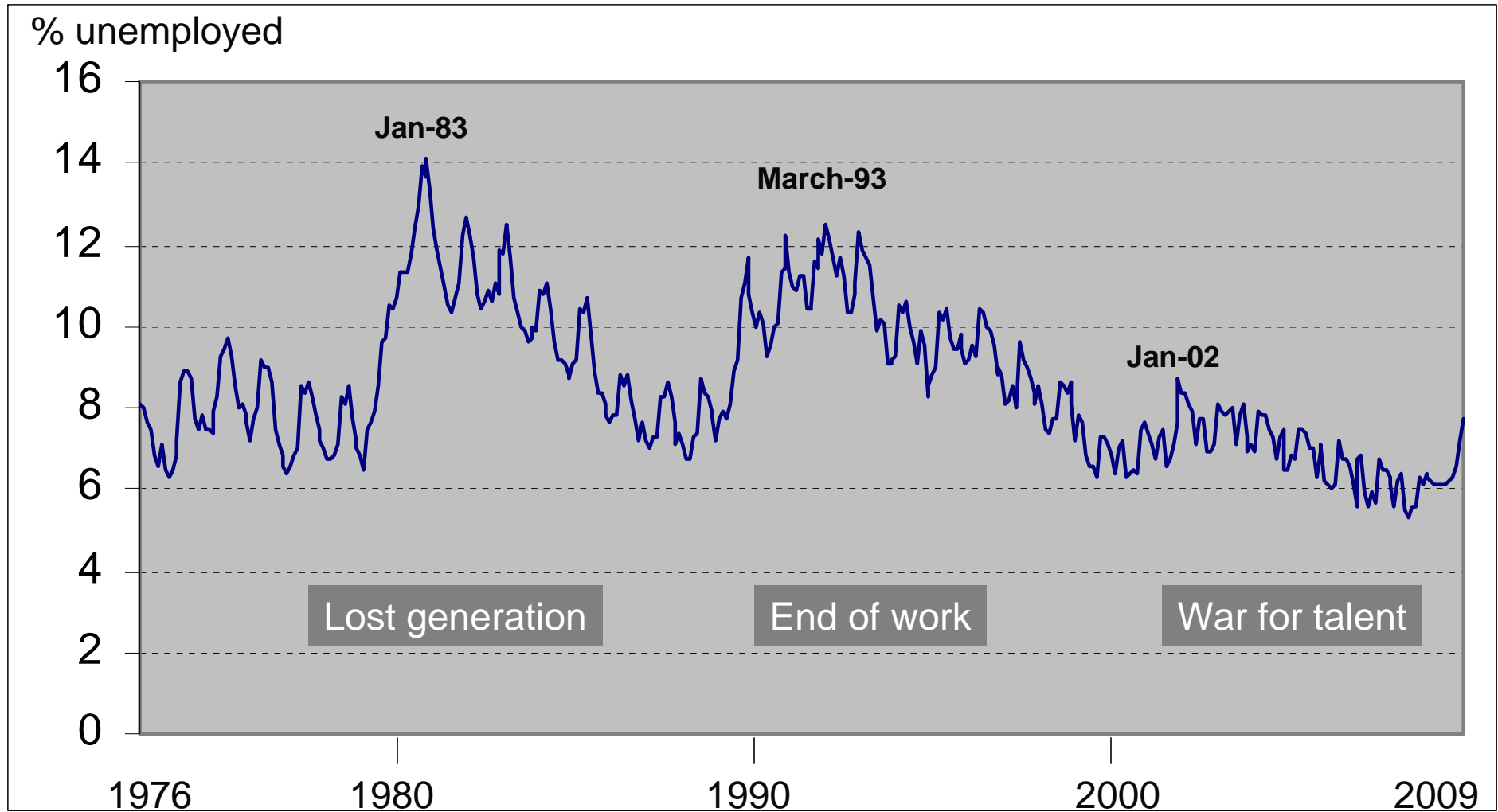
Key messages

1. Preserve gains
2. Follow core values
3. Engage employees
4. Build capabilities

The need for realistic optimism

Dilbert cartoon – company economists
with dire predictions of financial collapse.

Canadians' job anxieties, 1976-2009



Workplace health gains

- WHP enhances mental well-being, reduces absenteeism, and improves work performance
- ROI from targeting chronic conditions and high risk employees
- Increasing focus on design, implementation, and evaluation for best outcomes
- Understanding the role of work organization and culture

Describing healthy organizations

Adaptable

Agile

Capable

Resilient

Sustainable

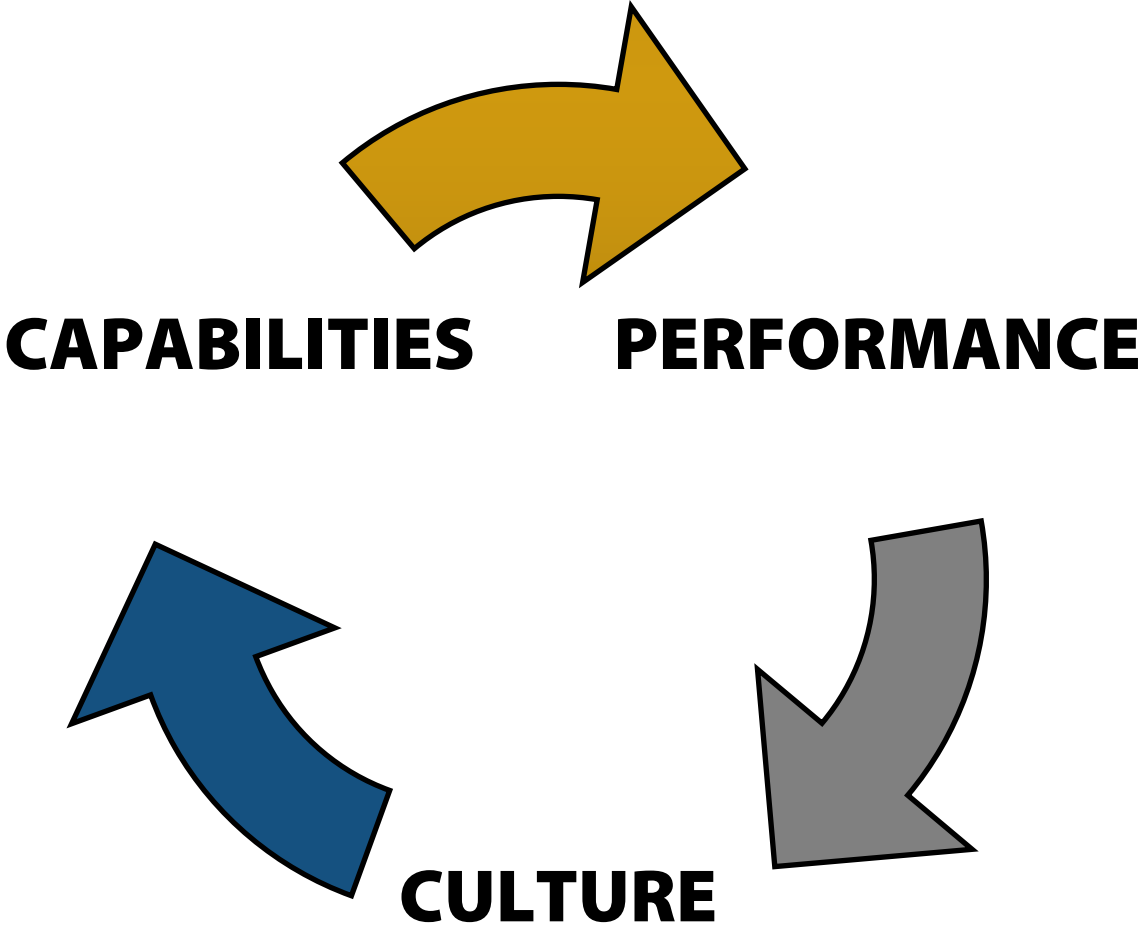
Thriving

Vibrant



**A positive
perspective on
individuals &
organizations**

21st-century business strategy



Healthy organization value chain

What's at risk



The logic of a healthy organization

Leadership

Vibrant workplaces:

- Mutual trust and respect
- Job autonomy
- Skill use and development
- Challenging and interesting work
- Adequate job resources
- Decision input
- Open communication
- Supportive supervisors
- Recognition and fair rewards
- Safe and health-promoting environment

Inspired employees:

- ✓ Healthy
- ✓ Collaborative
- ✓ Skilled
- ✓ Adaptable

Organizational Success:

- ✓ Performance
- ✓ Quality of work life
- ✓ Sustainability
- ✓ Community benefits

Culture

180° shift in HR thinking and practice

1990's

- ✓ **Employees are costs**
- ✓ **Downsizing**
- ✓ **Restructuring**
- ✓ **Contingent workforce**
- ✓ **Low trust and loyalty**

2000's

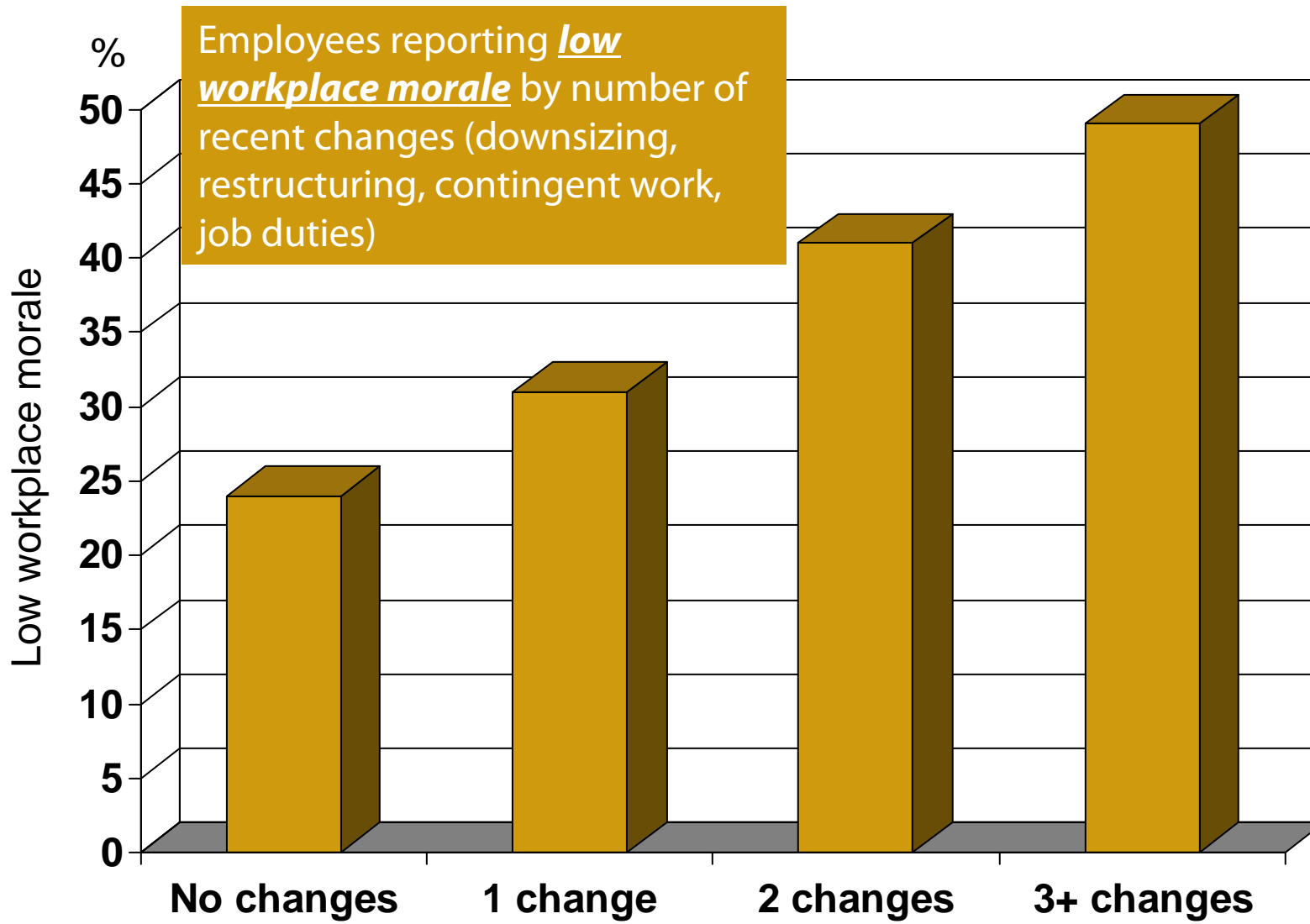
- ✓ **Employees are assets**
- ✓ **People & performance**
- ✓ **Engagement**
- ✓ **Rebuild trust and loyalty**
- ✓ **Promote wellness**

Assessing employment relationships

- 4 dimensions: trust, commitment, communication, influence
- A psychological contract
- Strong relationships = adaptability and resilience
- Change process affects strength of relationships
- Trust and commitment are fragile
 - ⇒ Job security has a big impact

Source: G. Lowe & G. Schellenberg, *What's a Good Job: The Importance of Employment Relationships*. Canadian Policy Research Networks, 2001. www.cprn.org

Impact of change on morale



Source:
*What's a
Good Job.*

Health impacts of downsizing on survivors

- Downsizing can increase stress
- Results from workload, job insecurity, and no say
- Workers who survived major downsizing had:
 - ⇒ Poorer self-rated health up to 4 years later
 - ⇒ Increased musculoskeletal symptoms
 - ⇒ Increased sick leave

Source: M. Kivimäki et. al., (2000) "Factors underlying the effect of organisational downsizing on health of employees: longitudinal cohort study." British Medical Journal 320:971-975.

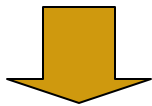
Poorly executed downsizing or restructuring reduces organizational capabilities:

- Learning
- Tacit knowledge
- Social capital (relationships)
- Collaboration
- Innovation

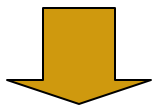
Preserving capabilities by avoiding “survivor syndrome”

Good

Trust & justice



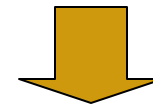
Constructive responses



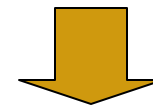
Non-threatening

Better

Empowerment & work redesign



Active responses



Increased capacity to cope

Adapted from A. Mishra and G. Spreitzer, (1998) “Explaining how survivors respond to downsizing.” *Academy of Management Review* 23 (3): 567-588.

Healthy restructuring tips

1. Be guided by corporate values
2. Communicate openly and honestly
3. Be clear about goals
4. Support each other
5. Treat everyone with dignity and respect
6. Improve work processes and systems
7. Involve employees in process
8. Assess impacts on stakeholders
9. Evaluate, learn, adjust
10. Downsize as a last resort

Adapted from: Wayne Cascio, *Responsible Restructuring*. Berrett-Koehler, 2002.

Healthy change provides opportunities for employees to...

- Actively create a better work environment
- Take ownership for improvements
- Link personal and organizational goals
- Show mutual caring and support

Reposition and re-engage

- Opportunity to reposition business strategy
- Long-range workforce planning central to this
- Understand employees' needs and concerns
- Engage employees in rethinking strategy
- Empower employees to find solutions

EXAMPLE: Trico Homes, Calgary

Assessing your organization's health

- ✓ What are the gains you need to preserve?
- ✓ Have decisions been guided by core values?
- ✓ Are employees engaged in finding solutions?
- ✓ How are you building future capabilities?

For more information and resources:

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