

Socially Responsible Restructuring: exploring the role of HR and trade unions



Chris McLachlan
University of
Leeds, UK

Intro / aims

- What ‘is’ Socially Responsible Restructuring (SRR)?
- Paper explores how process *conceived of* and *implemented* by employers and unions – ongoing case study of UK steel plant (‘SteelCo’).
- Some findings...what is ‘new’ about their SRR?; the role of CSR; problems with communication and social dialogue.
- Implications...the label of CSR/SRR; distributive to integrative bargaining; importance of unions ‘owning’ the process.

What 'is' SRR?

- *Can employment restructuring be socially responsible?*
- Restructuring takes many forms – job loss and redundancy
- Focus on ameliorating negative effects for affected individuals – emphasise the *human/social* side of restructuring processes (Leana and Feldman, 1992; Kets de Vries and Balasz, 1999)
- Legal context– TULRCA 1992/2013
- Job loss has proliferated – particularly since 2008 economic crisis (European Restructuring Monitor data)
- Debate in both policy and academic literature considers socially responsible forms – the link with CSR agenda and role of union engagement with CSR (Rydell and Wigbald, 2011; 2012; Rees et al, 2015)

Socially Responsible Restructuring: what might it look like?

*Concern for social and economic harm
caused by restructuring (Millspaugh,
1990; Van Buren, 2000)*

SOCIALLY RESPONSIBLE RESTRUCTURING

CSR ORIENTED PRACTICES ***(extending existing obligations)***

- Extended timeframes
- Enhanced severance packages
- Financial advice
- Alternative redeployment schemes
- Process driven by social/ethical imperatives

EMPLOYABILITY SUPPORT

- Skills and training provision
- Careers counselling
- Assisting job search
- Enterprise start up workshops
- CV writing and interview training

COMMUNICATION STRATEGIES

- Consultation with trade unions
- Engagement with stakeholders
- Clear and effective internal communication
- Social dialogue

Context

- Case study – UK Steel company (“SteelBiz”) based in UK – affected by episodic restructuring since early 1980s, reduced industrial production, high union density, underinvestment
- Context of 2 restructuring events since end of 2011 – circa 1500 job losses
- SteelBiz claimed process as ‘socially responsible’...
- Paucity of explicit studies in UK – most research done in Scandinavian context
- Methodology
 - 34 qualitative interviews (wider data set of 59 interviews) – seeking to explore the perspective of management, HR, unions in conception & implementation of SRR
 - Case study method – extended time on site, attended meetings during restructuring, observed restructuring practices

Conception of SRR

- SRR - ‘new’ vs ‘old’ style of restructuring
- Obvious difference in ideological positions when bargaining (HR cutting jobs, unions preserving jobs) – does it suggest distributive or integrative?
- No ‘hard’ redundancies – nothing new to SteelBiz’s restructuring
- Engaged with unions earlier on – prior to official announcement
 - *‘I think that made a significant difference because firstly it felt like the rationale for everything we were doing had really kind of been through the ringer before we got anywhere near making an announcement about job reductions. We’d been through a process where everyone understood why we were doing what we were doing and that it had been tested and debated on numerous occasions’ (HR manager)*

- CSR understood through maintenance of psychological contract and repaying employee's loyalty/commitment to SteelBiz – incentive for SRR and a 'CSR-orientation' – way to protect brand?
 - *'The piece around CSR and everything, it makes people want to come and work for you, because work is more than coming in and doing the task, getting paid at the end of the month. You've spent so many hours there, you've spent so many years of your life there if you stay loyal to that company there has to be more than that, there has to be more than the contract that says you do this task and I'll pay you that, you know, there is more meaning to it so it's back to the psychological contract isn't it.'* (HR Director)
 - *'So I don't think we instruct people to do it [CSR], we don't explicitly set it as objectives to individuals but I think people understand that it would be something that is good for us. And of course we will use snippets of that to release back to the press, in either the local paper or nationally, you know anything that just tries to bring some positivity to the brand.'* (HR member)
- So who is the process responsible towards?

Implementation of SRR

- Incidence of SRR practices – cross matching, aspiration interviews, engagement with training providers...corroborates literature elsewhere
- HR benefitted from unions tacit, social relation with workforce during redeployment (‘cross match process’) – helping to realise psychological contract?
 - *‘In terms of the cross match piece...yeah the trade unions have a part to play. I couldn’t do the [individual] case management piece with these last 5 or 6 individuals left in the cross match without the help of some of the trade union guys. You know, I couldn’t. The bit where the trade unions do play a decent role is in keeping the remaining workforce, those that are still here, on our side.’*
(HR manager)

- Integrative potential of SRR...? – offers a space for bringing the union role as safeguards to the forefront of the process, contribute towards the ‘social’ responsibility
 - *‘Those out on the shopfloor don’t really deal with management so they become quite frightened when they see someone from HR, so they say what they think we want to hear rather than what they actually need, so we need the unions to come and help us then’ (HR Advisor)*

Further discussion...

- Was what *SteelBiz* considered to be SRR – measured by no hard redundancies rather than effects on individuals.
- Practices not new – rather the formulation and design promoted as SRR, discursive/PR tool? Way to promote union safeguard role to legitimate restructuring amongst workforce
- Tentative insights into CSR ‘orientation’ – psychological contract important to SRR but directed at survivors
- Distributive to integrative bargaining...unions typically reactive/defensive to restructuring – SRR offers a space for integrative potential in restructuring...Mitigating against bad situations?
- Unions may seek to ‘own’ SRR –tempt employers to act socially responsible as is a fashionable banner – unions key to process, innovative ways to deal with management.

THANKS FOR YOUR TIME!

bn08c2m@leeds.ac.uk

[@c_mclachlan89](#)