

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

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Introduction

The social and economic impact of employment restructuring and redundancy on individuals has attracted debate and discussion in both the academic and European policy literatures (Leana and Feldman, 1992; Kets de Vries and Balazs, 1997; MIRE, 2006; Stuart et al., 2007).

The development of socially responsible forms of restructuring has been proposed as a way in which organisations can help ameliorate the social and economic impact on those affected (Bergstrom and Diedrich, 2011; Forde et al., 2009; Rydell and Wigbald, 2011; Rydell and Wigbald, 2012). Despite this rising interest, research has not fully addressed the ways in which organisations understand what it means to be socially responsible during restructuring.

At a practical level the process is considered as the implementation of a range of disparate practices, such as: promoting employability; skills investment; career counselling services; financial advice; designing attractive severance and retirement packages; voluntary redundancy; organising alternative redeployment schemes; and enterprise start-up workshops.

In order to understand what it means to be socially responsible during restructuring, it is important to consider how such processes are designed and implemented. Many contextual factors are influential. The nature of the industry, the economic imperatives for the restructuring, the social needs of the workforce and the industrial relations climate all play a role in determining the extent of a socially responsible restructuring process.

This paper considers two restructuring events through an ongoing case study of SteelCo, a steel company based in the UK, who described their restructuring process as ‘socially responsible’. The steel industry has been a notable context in which to study restructuring, given the often large scale, episodic restructuring of the industry and contraction of the workforce since the 1980s (Blair, 1997; Rhodes and Wright, 1998; Stroud and Fairbrother, 2012). The aims of the paper are twofold. Firstly, to explore how key actors designing the process *conceived of* what it meant to be socially responsible during restructuring. The ideological differences between HR and the trade unions at SteelCo is the main focus here, as it is these actors who hold the primary responsibility for the conception (and implementation) of the process. The importance of the unions’ role in contributing to socially responsible restructuring is also assessed. Furthermore, following Rydell and Wigbald (2011; 2012), the use of a CSR orientation in restructuring is also considered, as the maintenance of the psychological contract between employers and employees represented an incentive for SteelCo to conduct socially responsible restructuring. This is relevant, given recent debates in the academic literature that have attempted to link CSR with restructuring. Secondly, the paper examines the *implementation* of the process. The way in which the unions’ normative, social commitment to protecting employment influenced the design and implementation of the process is addressed. Notably the engagement between unions and HR in implementation represented the integrative potential that socially responsible restructuring offered SteelCo. Thus, a move to a new bargaining arrangement characterised by integrative bargaining as opposed to distributive bargaining was observed (Walton and McKersie, 1965). Implications for union responses to restructuring are also addressed, most notably in seeking to ‘co-own’ the socially responsible restructuring process (Bruggeman, 2008). Additionally, there is a paucity of studies that have considered socially responsible restructuring explicitly,

and this research offers a much needed contribution to the literature. This paper contributes to an understanding of socially responsible restructuring by exploring how in a UK steel plant, management and trade unions *conceived of* and *implemented* a socially responsible restructuring process.

The following section reviews the extant literature in order to understand the development of restructuring towards more socially responsible forms, before analysing the role of HR and unions in the process. Empirical findings are then presented, based on the two key aims of *conception* and *implementation*. The paper ends with further analysis and conclusion.

Understanding restructuring

Restructuring activity has proliferated in recent years. The European Restructuring Monitor (ERM) demonstrates the scale of the phenomenon, with data showing that between July 2003 and July 2013 alone there were 1,836,118 planned job reductions across the 27 EU states plus Norway. Within these, 1,428,247 occurred between July 2008 and July 2013 since the 2008 global economic crisis (ERM, 2013). Much of this restructuring activity reflects ‘increasing globalisation, the deregulation of product markets and the pressure for increasing productivity and efficiency’ (Bergstrom, 2007:385).

Cameron (1994:192) describes restructuring as ‘a set of activities, undertaken on the part of the management of an organization and designed to improve organizational efficiency, productivity and/or competitiveness.’ The practice of employment restructuring, in the most basic sense, ‘refers to planned changes in organizational structure that affect[s] the use of

people' (Cascio, 2012). Although, then, restructuring is typically part of a managerial agenda, the changes induced by restructuring are largely related to changing the way employees are utilised and managed by their organisations. The practice of restructuring does, however, take many forms and is conducted for many reasons. The practice of restructuring can involve changes to organisational structures (for example, hierarchical to decentralised); plant/branch closures; employment downsizing; diversifying business operations towards new product or service markets; increase in subcontracting; mergers and acquisitions; and other internal structural changes (Edwards, 2004). The purpose of restructuring activity is often a cost-cutting measure, or as a way to adjust workforce competencies in order to better suits the demands of the organisation (Cascio, 2012). Indeed, a simple economic rationale for conducting restructuring holds that future costs are easier to predict than future revenues. Although not always associated with restructuring, a common consequence of restructuring activity is redundancy: the displacement of individuals from their jobs. Such displacement is a key concern in this paper, as arguably the economic objectives of restructuring - efficiency, productivity, competitiveness - can mask the more social and human dimension. Interest in socially responsible restructuring has developed out of this concern for the social impact of restructuring (Millspaugh, 1990; Van Buren, 2000)

Towards socially responsible restructuring?

In offering a definition of socially responsible restructuring, Forde et al (2009:7) suggest it 'involves an anticipatory or forward-looking approach to restructuring, and ongoing social dialogue and negotiation over the effects of restructuring.' A generally accepted conceptualisation, however, remains elusive in that the literature has inadequately explicitly addressed the notion of socially responsible restructuring. There has been, however,

recognition of its importance through the European Commission stating that a level of socio-economic responsibility during restructuring processes must be upheld, with the EU having ‘a central role to play in anticipating restructuring, developing policies to minimize the social costs of restructuring, and promoting the search for alternative sources and jobs and income’ (Stuart et al, 2007:21; European Commission, 2011). Examples of socially responsible restructuring practices from International Labour Office (ILO) documentation (Auer, 2001; Rogovsky et al., 2005) include: promoting employability; skills investment; counselling services; designing attractive severance and retirement packages; voluntary redundancy; organising alternative redeployment schemes; and enterprise start-up workshops.

The consequential social effects restructuring can have on those affected are well documented (Leana and Feldman, 1992; Kets de Vries and Balazs, 1997). Leana and Feldman (1992) highlighted the hardship experienced by individuals during restructuring processes by tracking individual reactions and coping mechanisms of job loss through an examination of types of corporate intervention and community responses impacting on individuals. Their work demonstrates the profound negative effects on individuals, with issues such as poor health, emotional and psychological distress, feelings of helplessness in future labour market activity and the financial hardship that reduces standards of living. Gardiner et al (2009) describe the experience of redundancy as a ‘critical life event’ that has a direct social impact on individuals by affecting their personal lives, subsequent career development and employability. Further, work by Dobbins et al (2014:517) into workers’ experience of redundancy in the North Wales metal sector notes that restructuring leads to ‘a multitude of insecure people, living in bits-and-pieces, in and out of short term jobs, without a narrative of upward occupational advancement.’ As a result, such research proposes that restructuring

practices should include social support measures within the process so as to ameliorate these consequential social effects (Dobbins et al., 2014; Pacquard, 2008; Forde et al., 2009)

The significance of the effects of restructuring for individuals presents a case for organisations to address the social dimension of the process. Experiences of individuals losing their job in the steel industry has also been captured by MacKenzie et al (2006) and Stuart and Perrett (2006) where it was observed that despite job loss, individuals continued to view themselves as ‘steelworkers’ and that navigating life post-redundancy involved considerable adjustments to their personal lives. This work also highlights the connection between personal identity and occupational identity, suggesting that restructuring processes cause individuals to renegotiate vital aspects of their character and personality. Addressing the ways in which individuals are able to move on from restructuring, often redundancy, is therefore an important factor when discussing socially responsible restructuring. Further, this line of research (Gardiner et al., 2009; MacKenzie et al., 2006; Stuart and Perrett, 2004) suggests there is a case for organisations to encourage employees to take a proactive interest in their lives post-redundancy. Nevertheless, the impact of restructuring and redundancy highlight the importance of aid and support to individuals on a social level. Therefore, exploring how restructuring processes are designed in order to provide such support is a crucial component in the development of socially responsible restructuring.

CSR and Socially Responsible Restructuring

In the context of restructuring, there has been research that has sought to align the notion and practice of social responsibility with an organisation’s approach to CSR (Ahlstrand, 2010;

Bergstrom and Diedrich, 2011; Rydell and Wigbald, 2011; Rydell and Wigbald, 2012; Bonvin, 2007). In particular, Rydell and Wigbald's (2011, 2012) research into plant closure in the Swedish automobile industry considered the presence of a CSR 'orientation'. This referred to the implementation of long advance notice periods and offering employment support to affected individuals in order to achieve 'flexicurity'. Although this is a useful development in understanding what socially responsible restructuring might be, there is a lack of a broader consideration of how different – or unfavourable – economic or industrial relations climates might cause problems for a CSR approach. As demonstrated by Bonvin (2007) in the Swiss metalworking sector, effective CSR practices within restructuring can heavily depend on economic fluctuations and that the trust and goodwill of managers require support from regulatory and legal provisions that might compel employers to take action. Rydell and Wigbald's (2011, 2012) research does, however, address a key underlying issue related to socially responsible restructuring: why would organisations adopt such an approach? The authors believe this lies in a concept they term 'Strategic CSR in restructuring'; such as the strategies of numerical flexibility, stakeholder coordination and flexicurity. Relatedly, for restructuring to utilise CSR, practices must involve what Rydell and Wigbald (2011, 2012) term a 'CSR-orientation'. A CSR-orientation augments restructuring practices so that they are conducted with social responsibility in mind. The next section builds on this by considering the role of HR and trade unions within the development of a socially responsible approach towards restructuring.

The role of HR and trade unions

Although extant literature related to socially responsibility restructuring outlines discrete practices and actions aimed at ameliorating the effects for those affected, little is known

about how employers understand and enact restructuring in a socially responsible way. That is, how do employers *conceive of* and *implement* a socially responsible restructuring process.

Local level actors play an important, often representative role during a period of restructuring. As it is typically given responsibility for the design and implementation of these processes, the HR function is considered a representative of an employer's intention to restructure. This paper, therefore, uses HR as a key actor through which socially responsible restructuring can be further understood. How well equipped, though, is HR to achieve a socially responsible restructuring process? HR has been considered to be inadequate in delivering on its social and ethical responsibilities. Such responsibilities relate to recognition and respect for basic human rights, the adoption of institutional frameworks to improve the quality of work and, relatedly, actions being taken to address the effects and changes caused by global outsourcing and restructuring (Fuentes-García et al., 2008). These responsibilities have placed HR within academic debates around the implementation of CSR, with an explicit acknowledgement to the significance of the effects of restructuring.

However, a tension between HR and CSR remains in that concerns related to HR's social and ethical responsibilities are often superseded by the strategic goal of 'adding value' to the organisation. De Gama et al (2012) highlight three ways in which this tension is manifest within the HR function; through *distancing*, *depersonalisation* and *disassembling*. In a restructuring context, HR is able to put distance between itself and affected individuals through minimalistic levels of legal compliance (*distancing*), which, in turn, means it is able to discard any interpersonal connection with the process (*depersonalisation*). Further, a process of deconstruction of the individual is present within HR practice as restructuring processes seek to remove jobs no longer required, thus reducing individuals to the specific

competencies required by the business (*disassembling*). This *distancing, depersonalisation and disassembling* occurs during restructuring as HR reduces individuals to a list of functional traits and competencies as opposed to the consideration of the broader social and personal effects on the 'whole person' (Fuentes-García et al., 2008; de Gama et al., 2012). Social and personal interests are, essentially, stripped away during the process in the name of following strategic corporate edict. The extent to which HR is compelled to exercise any social or ethical agency within the constraints of an organisation's imperatives is arguably lacking. Whilst de Gama et al's (2012) research is not generalisable, their description of how HR can be detached from the social and human side to restructuring is useful in understanding the limitations in HR acting in social and ethical ways. What is evident from the socially responsible restructuring literature, though, is that this strategic-cum-economistic role of HR is not unchallenged. Trade unions play an important role in helping to deliver on the normative, social commitment towards affected individuals. That is, unions, to a greater or lesser extent, have influence over both the social and economic aspects of the employment relations of restructuring (Danford et al., 2002; Pulignano and Stewart, 2013). This is particularly relevant in the UK steel industry, characterised by its high union density and since the 1980s large, episodic restructuring. Research as to how these two actors – HR and trade unions – contribute towards socially responsible restructuring is limited.

The legal requirement in the United Kingdom for employers to consult with trade unions – or related employee associations – means there is always some degree of engagement between the two during a restructuring process. This engagement involves the establishment of a bargaining arrangement as to the outcomes of the restructuring process. The engagement and bargaining process during restructuring is, therefore, an important aspect in understanding how it is conceptualised and implemented. Following Walton and

McKersie (1965), the engagement between employers and unions during a restructuring exercise may typically be described as a distributive bargaining arrangement; there is an inherent conflict between the employer's desire to cut jobs and the unions' desire to preserve jobs. That is, employers decide to restructure because of particular economic, technical or organisational reasons, with unions responding to the employer's decision by trying to secure the best allocation of resources for their members after this decision has been made. For example, Danford et al (2002) note that union responses to restructuring in the British manufacturing industry have been based on a reactive and defensive strategy. Union strategies have been more concerned with accepting restructuring and working with management as a means of survival. Arguably, however, in this new context of socially responsible restructuring the engagement between employers and unions has 'integrative potential'. This would necessitate restructuring as a process characterised more by an integrative bargaining arrangement between employers and unions that is not inherently conflictual. So, whilst engagement and bargaining over outcomes is nothing new in the restructuring process, socially responsible restructuring offers a space for employers to integrate their mutual interests in order to improve the outcomes for both actors, and subsequently for the affected individuals that unions represent. As Bruggeman (2008) suggests, although unions may participate in developing restructuring processes and initiatives – perhaps, socially responsible ones – the process too often becomes 'owned' by organisations and the union role becomes hidden, or unrecognised.

Research Methodology

The present research is part of an ongoing case study into the restructuring practices and processes of a steel plant based in the North of England, named SteelCo here for anonymity.

It encompasses two recent bouts of restructuring, named PA and PTP. PA involved 1200 job losses and sought £130million in cost savings through directly reducing headcount within SteelCo. The main driver around PTP, however, was a saving of £20million as SteelCo delegated the responsibility for making the savings to separate departments, meaning the departments could make savings in ways other than simply job losses. Despite this, 500 job losses were expected in order to achieve the £20m of savings. Both restructuring events were in response to reduced demand in steel across the European region and also due to lower cost competition from Chinese and Indian firms.

Due to the large contraction of the workforce and episodic restructuring in the steel industry since the 1980s, the industry has received much attention due to the social consequences of restructuring for individuals and local communities. The SteelCo site employed approximately 20,000 workers in the mid-1980s with approximately 4,000 in 2014. Given this, SteelCo has had substantial experience in managing restructuring and as a result has become increasingly aware of the need to conduct restructuring in a socially responsible way. The steel industry has been notably innovative in this area (Forde et al., 2009). SteelCo itself declared its recent bouts of restructuring to have been conducted in a socially responsible way. It is because of this that SteelCo is used here as a case study to better understand socially responsible restructuring. What was it that made SteelCo describe their restructuring process in such a way? In order to answer this question, this paper explores how socially responsible restructuring was both *conceived of* and *implemented* by SteelCo in both PA and PTP.

Case study research design allows researchers to address issues that exist in real-life settings and provides insights into particular issues and contexts (Hamel et al., 1993; Stake,

2008). Due to extended time at the SteelCo site along with personal contact with the actors involved in the restructuring process, the case study is an appropriate design for researching socially responsible restructuring. Further, the research sought 'ecological validity' as it is concerned with the natural contexts that are specific to how restructuring is conducted (Gill and Johnson, 2002). This was achieved by attending SteelCo committee meetings between unions and HR, observing the provision of training and support and informal conversations with the actors involved, and allowed the case study approach to be substantiated to create a more comprehensive picture of the socially responsible restructuring process. Despite only being concerned with a single case the research sought to achieve analytical generalisability, as it is more concerned with qualitative notions of describing, explaining and understanding socially responsible restructuring as opposed to detailing statistical frequencies and incidences of specific practices.

Data collection primarily included 23 semi-structured qualitative interviews with key actors at SteelCo involved in the restructuring from senior management, local trade unions and the HR department. Interviews lasted from 45 minutes to 2 hours and were transcribed and analysed in order to identify themes related to the conception and implementation of socially responsible restructuring. Data has been collected since 2013, towards the end of the initial PA restructuring process. Field notes collected from participant observation along with company documentation (SteelCo's bi-weekly internal newspaper, restructuring policy and process information, joint management-union newsflashes) also helped to supplement and validate the case study.

Conception

Firstly, the research explored the ways in which SteelCo conceived of what it meant to be socially responsible during restructuring. That is, how the restructuring was designed and conceptualised. Whilst the two phases of restructuring (PA and PTP) had different initial drivers, they were conducted under similar economic and commercial climates. A key similarity in approach was a strong emphasis on socially responsible restructuring as being a ‘new’ style of restructuring for SteelCo. This ‘new’ style of restructuring was claimed by both HR and trade unions participants to be distinct from the ‘old way’ that typically followed a quick, cheap, mechanistic process primarily concerned with managing individuals out of the business. In this old view individuals were explicitly viewed as assets with a price tag above their head; a fixed cost that if removed would provide a direct reduction to SteelCo’s overall controlled costs (Cascio, 2012). The new conception of restructuring, it was claimed, sought a greater consideration and responsibility for the impact this ‘cost control’ had on the lives of those affected.

The PA restructuring was framed as part of a broader commercial plan – or ‘strategic review’ – that assessed the plant’s future viability so SteelCo could focus on maximising market opportunities, manage investment and workforce flexibility. As a result, 1200 jobs would be lost. SteelCo engaged with local trade union officials to openly discuss the plan and generate an acceptance between the parties of the economic difficulties facing SteelCo prior to the official announcement to the press. Furthermore, SteelCo assured the unions that PA extended beyond simply job losses and was about shaping the future of the business. Thus, the job reductions were underpinned by a commercial plan involving future investment in training and skills for the workforce, creating functional flexibility between operations and allowing the business to focus on profit-making products. The unions committed to working with SteelCo due to these longer term goals. By obtaining the unions ‘buy-in’ to the

commercial plan the restructuring would run smoother, especially when it came to announcing the job reductions. The practice of SteelCo engaging with its unions during restructuring was no different to traditional bargaining arrangements between employers and unions. This engagement, however, was declared to be a key feature in conducting a socially responsible restructuring process. That the engagement between SteelCo and unions came prior to the legal consultation period meant that the unions understood the extent of SteelCo's economic difficulties, with one HR participant describing it as 'everyone singing from the same hymn sheet' at the point of the announcement. The unions would then at least – it was hoped – be equipped with the relevant information to address their members' concerns once the announcement was made. In that discussions took place prior to the actual announcement, this represents a slight enhancement on the traditional bargaining arrangement despite the fact that engagement between SteelCo and its unions has always been a routine part of restructuring processes. The importance of the union role in the process was, nonetheless, lauded as key to a socially responsible approach by both SteelCo and the unions.

'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)

Despite acceptance of the commercial plan, there remained an inherent and ideological conflict between both SteelCo and its unions regarding the restructuring.

That is, SteelCo aimed to cut jobs whereas the unions' traditional position was (is) to preserve jobs. The union participants stated that they could not accept to cutting jobs yet remained open to working with SteelCo to ensure the commercial plan was delivered adequately.

'We never just flat out agree to losing jobs, but will try and work with the company to protect the members.' (Senior trade union official)

The HR team were also concerned with delivering the restructuring process in a set timeframe to control costs within a defined financial year, despite the commitment to an extension to the required 90 day consultation period. A critical juncture, however, in both the PA and PTP processes – and historically – that aimed to reconcile the respective concerns was the decision not to allow for any 'hard redundancies', which again was not necessarily a new approach by SteelCo and its unions. This decision was in tune with an historical union tradition that no one was (is) to leave the business unless they wanted to do so. No hard redundancies means no compulsory redundancies. The unions' position was a key influence in how the restructuring processes at SteelCo were implemented by HR, particularly in developing the 'cross match' process discussed below. There remained a contention for HR, however, because no hard redundancies raised concerns about 'brain drain', as allowing anyone to go voluntarily may leave the business with insufficient skills and competencies. Despite these concerns, SteelCo honoured the union position and adapted the implementation of the process in order to accommodate no hard redundancies; again highlighting the value that SteelCo placed on bargaining with and accommodating the unions' demands.

Another dimension that influenced SteelCo's conception of a socially responsible process were the use of explicit CSR-related principles. As noted by HR and senior managers, CSR was reflected in general statements related to SteelCo 'avoiding bad things' and 'doing what is right'. In practical terms, examples highlighted SteelCo's role in local community-based activities and corporate philanthropy, with CSR viewed as something that benefits the appearance of SteelCo and in return generates a positive reputation and 'good press' for the organisation. It was difficult, though, for HR and senior management participants to conceptualise how CSR principles may operate in a restructuring context, as job loss is inevitably portrayed negatively within the local community and media. This is connected to the way in which both mainstream and specifically SteelCo's CSR discourse was dominated by notions of charitable and reputational benefits that bring both instrumental and symbolic value to the organisation. Further, this relates to how SteelCo's conception of socially responsible restructuring did not represent anything substantively different from the way restructuring has always been conducted. The declaration of the process to be 'socially responsible' perhaps sought to attribute some positivity to their brand despite the negative perceptions associated with a restructuring process.

'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)

Despite this lack of reflection as to how CSR may influence restructuring processes, CSR was considered a useful device in which to understand and maintain aspects of the psychological contract between employers and employees.

'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)

Conducting the process in a socially responsible manner was considered a way in which to maintain a favourable psychological contract with the workforce, in particular those who remained in the organisation; i.e. 'survivors' (Brockner, 1988; Devine et al., 2003). Survivors, following the SteelCo's HR rhetoric, would take solace in that if they were to be affected by future restructuring they could rely on SteelCo to treat them fairly, equitably and in a socially responsible fashion. The reason that the maintenance of the psychological contract was considered important in the restructuring process was because SteelCo hoped it would ensure that employees remained loyal and committed and avoid negative work attitudes beyond the process. This adds some empirical substance to the work of Van Buren (2000), which highlights that the extent to which restructuring is socially responsible is also determined by the level of bindingness of the

psychological contract between employers and employees. The CSR-orientation as termed by Rydell and Wigbald (2011, 2012) is further elaborated on here, in that an awareness of the psychological contract arguably demonstrates some tentative steps towards understanding the use of a CSR-orientation during restructuring. SteelCo recognised that the restructuring has an effect on individuals, and this was hoped to be managed through conducting socially responsible restructuring that would then contribute to a positive psychological contract. SteelCo viewed the maintenance of a positive psychological contract as part of their CSR commitment to employees. Whilst the notion of a CSR-orientation is embryonic, discovering ways in which restructuring practices are augmented using CSR is important in understanding the incremental development of the socially responsible restructuring concept. That SteelCo sought to uphold a positive psychological contract as part of their CSR-related commitment to individuals during restructuring highlights one way in which the SteelCo's process may be conceived as socially responsible.

Implementation

The next finding follows on from how socially responsible restructuring was conceived to a discussion of how it was implemented. The main part of the process that was influenced by the conception came in the decision to follow no hard redundancies, and involved the development of 'cross-matching'. The cross match process was developed by HR in order to accommodate both the ideological tradition of the unions and the maintenance of skills and competencies amongst the workforce. A cross match committee – including a HR member for each business function and local union

officials – was created to review jobs that were ‘at risk’ in the restructuring and also the individuals nominating themselves for voluntary redundancy. Through matching individuals to jobs made vacant, volunteers were connected with individuals in jobs that were at risk and thus compulsory (hard) redundancies were avoided.

The HR team also held ‘aspiration interviews’ with all employees prior to the cross match process in order to ‘check’ employees’ understanding of the restructuring situation, whether they were open to voluntary redundancy and where they would like to work were they to stay with SteelCo. The aspiration interviews were claimed by HR and unions to turn the perceived negativity associated with restructuring and job loss into a positive for individuals. It did this by opening up a discussion about life beyond SteelCo, encouraging individuals to reflect on the potential impact of the restructuring on their careers and personal lives. This is pertinent, particularly in a steel industry context where the majority of the workforce has been employed by SteelCo for 30-35 years in some cases – or since they had left school – and had never before had to consider life outside of SteelCo. By HR engaging with individuals through the aspiration interviews, SteelCo hoped to demonstrate a greater social concern for how the restructuring may affect their lives.

Whilst the cross match process was not new to SteelCo, the way in which it was positioned as integral to the process highlights its importance in this new style – as opposed to the afore mentioned old style – that is focused on promoting the notion of a socially responsible approach to restructuring. As there were no involuntarily redundancies yet continued employment was arranged for those that wished to remain in

the organisation, both SteelCo and the unions were able to uphold their views of responsibility to affected individuals.

'[The cross match process] means everything to the trade unions, as we're facilitating the fact that people are moving into other roles and they're not made hard redundant, it's absolutely key to any social restructuring process' (Trade union official)

HR benefited from implementing the cross match in both restructuring processes in two ways. Firstly, it allowed HR to record individuals' skills for the roles made vacant by volunteers and to organise training for those wishing to stay and move into the vacant roles. This helped to address HR's 'brain drain' concern. Secondly, the unions' social networks and tacit knowledge of the workforce meant that there was a greater understanding of each individual's particular situation that extended beyond the formal channels of the organisation. HR utilised the unions' informal, personal relationships with employees (members) during the cross match process. Issues such as individuals' skills levels but also the personal, medical, domestic and financial well-being of individuals were taken into consideration and discussed by the cross match committee in each job placement during the process. The unions were central in such discussions. This approach highlighted a responsibility in handling each case in a personal way that would not, arguably, have been achieved were it not for the role of the unions throughout the process.

'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)

'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)

So, whilst an inherent conflict between SteelCo and the unions may appear in the respective attitudes towards restructuring – SteelCo cutting jobs, unions preserving jobs – this process can be interpreted as more than a simple distributive bargaining arrangement. By displaying a commitment to socially responsible restructuring, SteelCo and the unions were able to realise, what Walton and McKersie (1965) describe as, integrative potential. Rather than simply engaging with unions because of certain legal or normative requirements, the process was augmented in a socially responsible fashion because of the role and influence of the unions in contributing to the social dimension of the restructuring process.

Furthermore, both the PA and PTP processes reflected what the extant literature considers to be socially responsible restructuring practices. Practices such as engaging

with stakeholders – Job Centre plus, local councillors, skills and training bodies, government officials – provision of CV writing and interview training and conducting the process over an extended timeframe were all evident. The PA restructuring was constantly framed against the broader commercial plan – discussed earlier – and was used to help employees understand how the process was ‘shaping’ SteelCo’s future. This was maintained through SteelCo’s bi-weekly internal newspaper and a weekly e-mail bulletin that was sent jointly by the plant’s director and chair of the multi-union committee to provide updates on not only the restructuring but also how the commercial plan was developing. Having the bulletin come jointly from management and the unions demonstrated a consistency of message for employees and for SteelCo to be open, honest and transparent about the state of the business. This strategy was also used throughout the PTP process. Forde et al’s (2009) definition of socially responsible restructuring suggests the importance of social dialogue.

The implementation of communication strategies proved problematic, however, in practice. Members of both HR and unions claimed there were challenges in translating the economic difficulties that SteelCo were facing into a direct social reality for the workforce. Company documentation – such as e-mail bulletins, Power Point presentations – outlining the announcement and related information were dominated by economic measurements and profit levels, rather than any information about how SteelCo might seek to support the individuals potentially affected by the restructuring.

Yeah, people can take it that way or just that it's [restructuring] too negative. I think, you have to get the message across to people without... I suppose without it seeming threatening. (HR manager)

Focusing primarily on business and economic imperatives as opposed to a dialogue around the effects on individuals' lives and careers meant that a fuller and more personalised consideration of such effects was not being communicated. Efforts were made by HR to introduce face to face team briefings where team leaders and local departmental managers presented information in a more contextualised fashion in order to outline what the restructuring meant for individuals in that department or business area. These types of communication, along with the newspaper and e-mail bulletins, sought to balance the positive with the negative – as with the aspiration interviews – to not always show the 'doom and gloom' of business life. Particularly so in a restructuring context, as HR expressed a concern for not frightening individuals about the future as it was viewed as being potentially detrimental to maintaining operations within SteelCo during and beyond the restructuring. As one HR manager stated:

'If you scare the pants off people and they think we're doomed, it becomes a self-fulfilling prophecy, so that's what happens...because people's minds get turned, quality goes down, production failures, you get health and safety issues, people getting injured and you're in a downward spiral. And you don't want that so you got to keep the positivity side going, otherwise it becomes a nasty place to work.'
(HR manager)

The communication around both phases of restructuring thus proved problematic. As the above quote implies, HR was reluctant to fully engage with the social dynamics of the restructuring for fears that it would have an adverse effect on operations. Dialogue was therefore dominated by the economic imperatives of the restructuring, rather than actions to support affected individuals. Indeed, HR and senior managers were keen to emphasise the importance of maintaining sustainable levels of finance, with one manager noting that SteelCo is ‘not just in it for the social side of things’. By exploring the way in which the restructuring processes were implemented, there was a disparity in the way it was initially conceptualised between HR and unions. Whilst SteelCo sought to do what was ‘right’ for the affected individuals, the process was inevitably dominated by the consequences for SteelCo. The implementation of a socially responsible restructuring process was measured, by SteelCo and the unions, as one that does not make anyone compulsory redundant. Therefore, a more nuanced consideration of how the PA and PTP restructurings affected the personal and social lives of individuals was not central to the process. A challenge remains for SteelCo in anticipating and addressing the effects on the personal and social development of workforce through an ongoing social dialogue (Forde et al., 2009).

Discussion and conclusion

This paper explored how SteelCo’s management, HR team and trade unions *conceived of* and *implemented* what they considered to be a socially responsible restructuring process. Whilst engagement between HR and unions and the subsequent practices are – and have been historically – an essential feature to restructuring negotiations in SteelCo, by engaging prior to the legally defined consultation period SteelCo involved the unions in the process from a much earlier stage. Furthermore, HR had to not only engage the unions but necessarily utilise

their tacit, social knowledge of the workforce so that SteelCo could seek to address the effects on individuals. Arguably this could be interpreted as simply a pragmatic approach by SteelCo. Although the presence of unions in the process was not new, the way in which SteelCo promoted the union involvement sought to legitimate the self-defined nature of the socially responsible approach to restructuring. Given unions seek to protect the social and economic interests of the workforce (members), SteelCo sought to ensure the process would run smoothly by having such an actor 'on their side' despite the specific restructuring practices not representing anything new as such.

As regards the first aim exploring how socially responsible restructuring was conceived of, the ideological differences between HR and unions framed the way in which the restructuring processes were designed. HR's concerns related to cost reduction, skills requirements and timeframe were shaped by the unions' policy of no hard redundancies that lead to the cross match process. Again, this is not necessarily a new feature of restructuring at SteelCo. That the process was now, however, deemed to be a socially responsible one highlights the importance of the unions in delivering such a process. Whilst it may not have – historically – been labelled as socially responsible restructuring, SteelCo now utilised the unions' role in order to promote their socially responsible approach to restructuring. Given the episodic nature of restructuring in both the steel industry and contemporary business life in general, being able to ascribe some symbolic value to the restructuring process allowed SteelCo to demonstrate their commitment to treating affected individuals fairly and equitably; even in an ostensibly negative restructuring context.

Following this, the rationale of both processes highlighted tentative steps towards understanding how CSR may influence restructuring. Arguably, by labelling the process as socially responsible, SteelCo were operating within mainstream notions of CSR. SteelCo sought to manage its reputation and used socially responsible restructuring as a discursive mechanism by which to highlight its commitment to favourable employment relations, albeit in a restructuring context. There was difficulty for HR and unions, though, in realising how CSR relates to restructuring, as CSR was generally described as being an externally focused practice (Forde et al., 2009). The discussion from HR participants of the psychological contract, however, represented an incentive for SteelCo to conduct the process in a socially responsible way. This paper builds on work by Rydell and Wigbald (2011, 2012) and Bergstrom (2011) that highlights the use of a CSR within restructuring processes, and in particular the work by Van Buren (2000) on the bindingness of the psychological contract. Understanding how restructuring practices may be augmented through CSR principles is a relatively underdeveloped idea in the academic literature. Therefore, this paper contributes to our understanding of the link between CSR and restructuring by suggesting that such processes can be shaped by employers' understanding of and commitment to the psychological contract. In the case of SteelCo, the maintenance of a positive psychological contract sought to demonstrate to the future workforce ('survivors') that individuals are – and will be – treated fairly and equitably during restructuring in an attempt to mitigate negative work related attitudes post-restructure.

Given that the second aim explored the way in which socially responsible restructuring was implemented, the research highlighted that in terms of incidence of practices, SteelCo reflected existing research findings through practices such as social support measures (aspiration interviews, employability training provision), enhanced

redundancy packages, alternative redeployment (cross match process) and communication (internal newspaper and joint management-union e-mails). The implementation of a social dialogue between SteelCo and the unions and the affected individuals highlighted that there was difficulty in translating the poor economic climate into a personal social reality, as the restructuring was largely framed on SteelCo's economic terms rather than impact on individuals. Whilst this maintained a consistency of message around the need to restructure, both HR and unions raised concerns about reconciling the poor economic climate with the social needs of the workforce. Therefore, whilst developing a social dialogue around the effects of restructuring (Papadakis, 2010; Forde et al., 2009) is considered important to socially responsible restructuring, this paper highlights that in this case it was problematic as the communicative strategies at SteelCo proved inadequate in explicitly addressing how affected individuals' careers and lives would be impacted. From a managerial perspective, however, this paper demonstrates that SteelCo and the unions measured the degree of social responsibility by no one being made compulsory redundant and by placing individuals into new jobs through the cross match process. That people still had a job by the end of the process was the main priority. Given the extent of restructuring in the steel industry since the 1980s, the threat of restructuring is constant for SteelCo. Yet despite this, the effects on individuals' career and lives was not accorded a deeper, personal responsibility by SteelCo. Rather, social responsibility was determined by the incidence of no hard redundancies. So, whilst SteelCo have practices in place to respond to restructuring, a broader, continuous dialogue about its effects so as to better anticipate and manage the effects for individuals remains a challenge.

A further contribution of this paper emanates from an exploration of how the traditional bargaining arrangement between SteelCo and unions is different in this 'new'

context of socially responsible restructuring. The process highlights the integrative potential of restructuring in addressing the effects on individuals (Walton and McKersie, 1965). Whilst there was an initial inherent conflict between SteelCo and unions – the former cutting jobs, the latter preserving them – the socially responsible restructuring process managed to bring a workable solution between the interests of both actors to a seemingly distributive bargaining arrangement. Such was the case, in both restructuring processes both actors, in essence, maintained their ideological differences. SteelCo still cut and restructured jobs and unions preserved employment for their members but through the means of voluntary redundancy and the cross match process. Whilst the unions would prefer not to have let anyone leave, by bargaining with SteelCo they were able to at least secure employment for those who wished to stay. SteelCo, were they to have pursued compulsory redundancies, might have managed to meet their concerns with cost reduction, skills levels and timeframes more on their terms.

Despite the unions playing a key role in the design of the process, the process was ultimately ‘owned’ by management as HR’s effort was recognised with an internal CEO award. This aligns with Bruggeman’s (2008) proposition that such processes are typically owned by management, with the unions’ role often hidden or not fully recognised. Indeed, the unions might have sought to take ownership of the restructuring process by promoting their contribution in making it socially responsible. Socially responsible restructuring represents an opportunity for unions to develop a specific, normative response to restructuring policy by highlighting the integrative potential they bring to both the conception and implementation of such processes. This paper does not seek to identify what these responses may be specifically, but rather highlights the crucial role unions play in offering a normative, socially sensitive balance to the strategic imperatives of HR during restructuring. That the unions have a tacit – often informal – social knowledge of the workforce advances

the prospects of restructuring being conducted in a socially responsible way. Although in the case studied the process was essentially measured by the absence of compulsory redundancies, the unions still acted responsibly in placing affected individuals into roles that were suited to not only their skill levels but also to their personal and social situations.

The engagement between HR and unions in the SteelCo case highlights the roles each plays in conceiving and implementing a socially responsible restructuring process. Whilst further research (particularly into non-unionised firms) is necessary for a fuller understanding of socially responsible restructuring the process offers an opportunity for trade unions to ‘co-own’ the process. This is particularly important in a business context where restructuring is now a central part of business life and will continue to have consequential effects on individuals. This case study represents an exercise in exploring how organisations understand their responsibility towards ameliorating the effects of restructuring on individuals. Ultimately, though, the efficacy and value of socially responsible restructuring will be judged on the outcomes for those individuals affected by the process.

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