

EFFECTS OF NEW ORGANIZATIONAL OWNERSHIP ON EMPLOYEES' JOB INSECURITY AND PSYCHOLOGICAL HEALTH AND WELL-BEING

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Aim:

Mergers and acquisitions have been found to be related to job insecurity, poor psychological well-being and health (Cartwright et al., 2007; Swanson & Power, 2001). The Danish labor market, however, is characterized by having adopted the flexicurity model (Andersen & Svarer, 2007). This model comprises a combination of weak employment protection laws, which means it is relatively easy to lay off staff, and high unemployment benefits. This is supported by an active labor market policy with a focus on job training, information about job openings and the pressure to apply for and accept offered jobs. The question remains whether the links between mergers and acquisitions and poor employee health and well-being can be replicated in a country with the flexicurity system. Another important question is whether there are any differences in job insecurity, psychological health and well-being between those who remain in the organization compared to those who are no longer part of the organization after restructuring. The paper aims to answer these two questions. This study is part of the quantitative analyses in the PSYRES project. This study examines the impact of having a new enterprise owner on employees' job insecurity, psychological health and well-being in a longitudinal survey with a five-year follow-up in a representative sample of the Danish population.

Research questions:

The main research questions of this study were:

- 1) Do employees who have experienced a merger experience higher levels of job insecurity, and poor psychological health and well-being comparing to those employees who have not been affected by a merger five years later?
- 2) Are there any mediators in this relationship? For example, social support and effort-reward imbalance?
- 3) Among those affected by restructuring, is there any difference between those that remain in the organization and those that leave the organization?

Data were derived from the Danish Work Environment Cohort Study which comprised 5,436 respondents at baseline. This sample is representative of the Danish population. Baseline was carried out in 2000 and follow-up in 2005.

Measures:

One question was included that asked respondents to indicate whether their organization had either overtaken or been taken over by another organization (at baseline). A second question was included at a five-year follow-up whether they were still in the same organization. A number of measures on general health, job satisfaction, vitality, mental health, job insecurity, and task autonomy and social support were included both at baseline and follow-up.

Analyses:

Analyses were conducted using odds ratios and ANCOVAs controlling for age, gender, education and baseline levels.

Results:

Results indicate that five years after restructuring there were no significant differences in terms of vitality, mental health, general health, job satisfaction, social support and autonomy. For those who had experienced change there was an increased risk of reported job insecurity (OR = 7.17, $p < .001$). As no links were found between neither working conditions nor psychological health and well-being, mediation was not conducted (Baron & Kenny, 1986).

Also there were no significant differences among those who were still in the organization five years after and those who had left on any of the study variables.

Conclusions:

In this research we were unable to replicate the results of previous research that mergers/acquisitions are associated with job insecurity and poor psychological health and well-being. Those that had experienced a merger/acquisition reported higher job insecurity five years following. No effects were found for any of the working conditions nor for psychological health and well-being. There are two possible explanations for this lack of results. It is possible that five years later, the impact of restructuring is no longer detectable. Previous studies have used shorter follow-ups. Another explanation may be that Denmark has a flexicurity system where changes take place frequently and are seen as part of the job rather than a significant change.

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