

# Downsizing and mental distress

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RESEARCH ARTICLE

# Association of company downsizing with the risk of mental distress among employees in the Norwegian working population

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*Foto by Daniel Torok, Official Presidential Portrait of President Donald J. Trump in his second term, available from the public domain*

# Modes of personnel reduction (downsizing)

- Layoffs
- Reduction in work hours
- Hiring freezes
- Natural attrition
- Incentives to quit or resign

# Prevalence in Europe

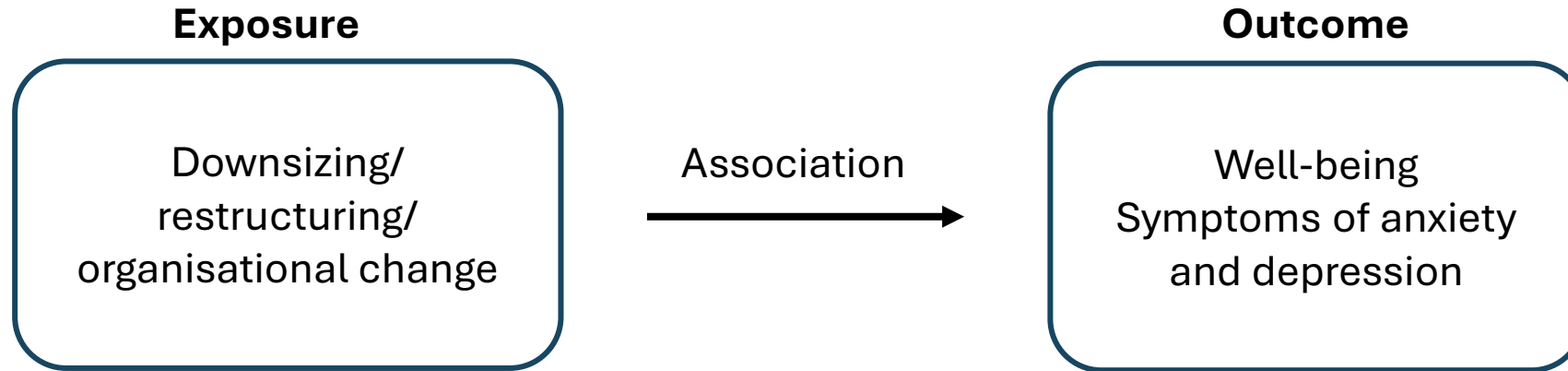
- European working conditions survey 2015 (EU-28)
- 28 % report small/large personnel decrease during past 3 years
  - If restructuring/reorganization, downsizing is more common (46 %)
  - If no restructuring, downsizing is less common (22 %)
- 70 % of those who reported a large personnel decrease also report that the company restructured

Eurofound (2018), ERM report 2018: Impact of restructuring on working conditions, Publications Office of the European Union, Luxembourg.

# Consequences

- Those who lose their job
  - Negative if unemployment (less money, lower status..)
  - Can be positive for others (redundancy/severance package + new and better job)
- Those who keep their job after downsizing (survivors)?

# Previous research



de Jong T et al. The impact of restructuring on employee well-being: a systematic review of longitudinal studies. *Work & Stress*. 2016;30(1):91–114.

Bamberger SG, et al. Impact of organisational change on mental health: a systematic review. *Occup Environ Med*. 2012;69(8):592–8.

Østhus S. Health effects of downsizing survival and job loss in Norway. *Soc Sci Med*. 2012;75(5):946–53.

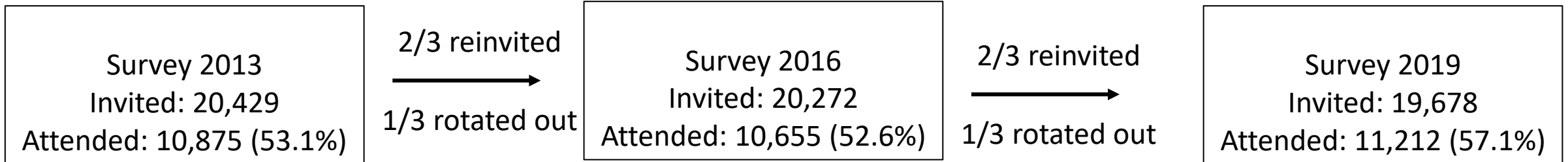
Fløvik L et al. Organizational change and employee mental health... *Scand J Work Environ Health*. . 2019;45(2):134–45.

## **Main research question**

Is downsizing exposure associated with the risk of developing mental distress?

# Data

- Three iterations of a national representative survey (2013-16-19) of the general working population
  - The Survey of Living-Working Conditions



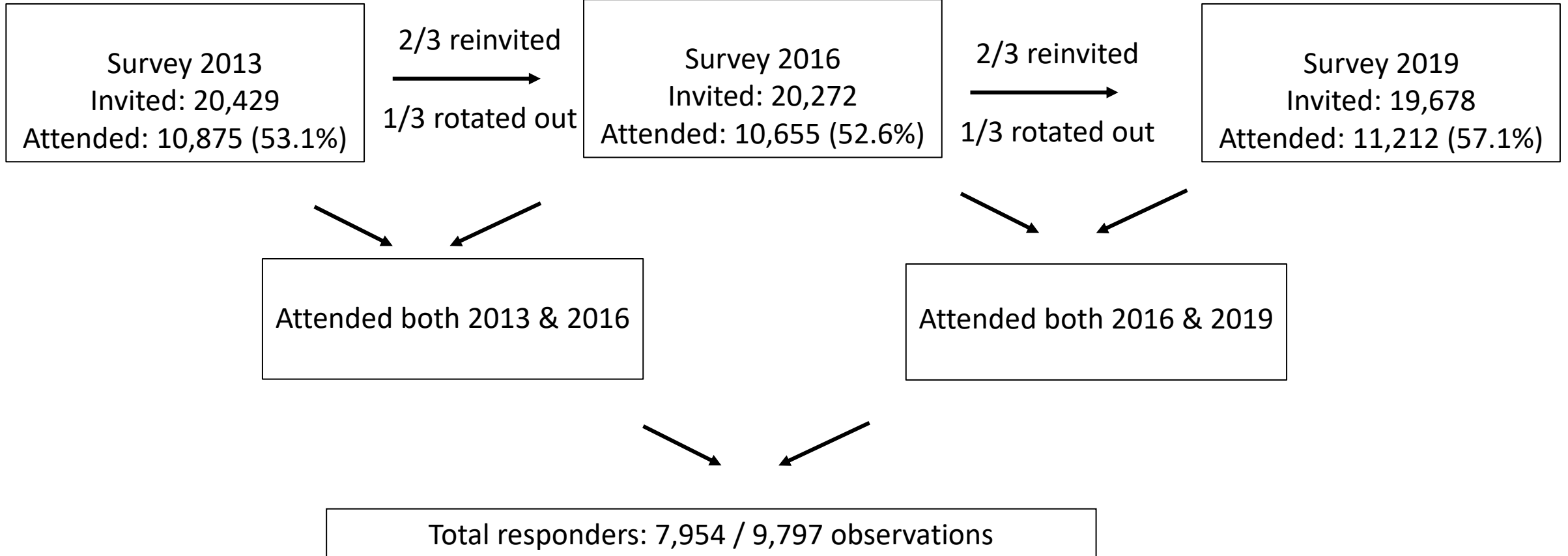
# Downsizing measurement

- During the past three years, has the company where you now work performed downsizing?”
  - “No downsizing”,
  - “Yes, in another department in the company”
  - “Yes, in my own department”

# Measurement of mental distress

- 5 question version of the Hopkins Symptoms Checklist (HSCL)
- During the last 2 weeks, have you experienced these symptoms:
  - Feeling fearful
  - Nervousness or shakiness inside
  - feeling hopeless about the future
  - Feeling blue
  - Worrying too much
- 1=not afflicted; 2=a little; 3=quite; 4=very much
  - Mental distress = mean score per question  $\geq 2$

# Design



# Selection

Total responders: 7,954 / 9,797 observations



Working at baseline and follow-up



Employed by the same company at baseline and follow-up



The company had to have  $\geq 10$  individuals at baseline



Not have mental distress at baseline



Study population: 3,319 / 3,871 observations

# Results

- Is the risk of developing incident mental distress from one survey to the next survey higher among employees that experienced downsizing within this three-year period?

# Follow-up questions to those with downsizing in own department

- In conjunction with the latest downsizing, consider these claims:
  - My wishes and input have been taken into account in the planning and execution of the change'
  - I have had the opportunity to speak with my closest leader about the consequences that the change will have for me
  - I have received the necessary training in relation to new tasks and roles
- Totally disagree = 1; Partly disagree = 2;  
In part yes and in part no = 3; Partly agree = 4; Totally agree = 5
- Mean score per question  $\geq 3$  = sufficient,  $< 3$  = insufficient

# Results

	<b>N</b>	<b>OR (95% CI)</b>
No downsizing	2,571 (108 cases)	1.00
Yes, in another department	516 (25 cases)	1.31 (0.80 – 2.06), p=0.262
Yes, in my own department		
Sufficient information, involvement and training	580 (29 cases)	1.28 (0.81 – 1.96), p=0.276
Insufficient information, involvement and training	149 (24 cases)	5.13 (3.04 – 8.39), p<0.001

# Summary

- Employees exposed to downsizing had a higher risk of mental distress compared to unexposed employees.
- The risk was higher among employees more directly affected by downsizing (own department) and who rated involvement, information, and support as insufficient
- Not a higher risk among employees who rated involvement, information, and support as sufficient.

# Conclusion

- There is a potential for organizations to mitigate the negative effects of downsizing on employee mental health
- Prioritize communication, employee involvement, and adequate support also to those who do not lose their job (if possible)
- Prioritize employees in proximity of downsizing

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