



THOUGHTS ON RISK MANAGEMENT IN TIME OF DOWNSIZINGS & CLOSINGS

Downsizing, mergers, facility closures, reductions and layoffs — these are all too common during this time of economic unrest. Many employees, their families and communities continue to be affected by these organizational change decisions.

In the face of any impending change, affected employees can become anxious, scared, depressed, stressed, even angry. Those who remain in their jobs can suffer “survivor’s anxiety,” depression, stress and fatigue from increased workloads and a new organizational structure.

For the risk manager, safety director and human resources manager, downsizing and closing decisions can be challenging and wrought with the potential for liability and loss. How can companies help reduce their loss exposures during these changes? The following addresses some considerations for human resources, as well as property and premises security.

HUMAN RESOURCES CONSIDERATIONS

People’s sense of self-worth and perceptions of success or failure can be closely linked to their work. Any changes in their work environment can cause strain. This may be compounded if employees also are experiencing other sources of stress, such as from an illness or a personal problem. To the extent possible, the process should be implemented with sensitivity.

- Keep employees informed of planned changes. A “surprise” announcement about a facility closing has the potential to create anger and risk-taking behavior.
- Ensure that a consistent process is used to determine which employees will be affected in a selective downsizing to maintain compliance with employment laws. Seek the advice of legal counsel.
- Provide an “open door” for employees to discuss their concerns with human resources staff or management
- Have an employee assistance program (EAP) available to help employees cope
- Offer employment tools and resources for employees who are being terminated



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- Keep documentation of performance reports to defend against possible lawsuits based on discrimination and wrongful discharge
- Hold and document exit/ termination interviews, if possible. This documentation may be useful in case of a workers' compensation claim. (See Workers' Compensation Claim Considerations section.)
- Request and ensure that all assigned company property is returned
- Be supportive of remaining workers. "Survivors" of organizational change can struggle with the same emotional issues as their ex-coworkers.

WORKPLACE VIOLENCE CONSIDERATIONS

Downsizings and mass layoffs have resulted in reported incidences of violence. In some rare, well publicized cases, employees have held a supervisor or management responsible for the decision and have retaliated with an act of violence. Some considerations for mitigating these incidences include:

- Implement premises security practices, including prohibiting the unauthorized entry of terminated employees
- Educate supervisors and employees on "warning signs" of hostile or potentially violent behavior or situations
- Have an HR/EAP program to offer assistance to troubled employees
- Have a procedure for reporting potentially violent or suspicious behavior or situations. Employees should know how to use the reporting system and how to protect themselves in the event of confrontation. Staff also should know when to call the local police and an emergency care facility.
- Some organizations have crisis management teams, which, in addition to human resources and safety and security, could include in-house legal and your communications/public relations person. If you do not have a communications person, identify one. Legal and communications personnel will work together to make an appropriate response to the media in the event of an actual incident.



SAFETY AND ACCIDENT INVESTIGATION

Safety programs, including award incentive programs and aggressive accident investigations, should continue throughout this time. Accident investigations will become a critical management tool for workers' compensation claim adjudication until, as well as after, the facility is closed.

- Investigate claims that occur following the announcement of a facility closing or a layoff as soon as possible. Pay close attention to any injuries that were reported in the last months of operation.
- Document alleged injuries, including date, time, location, witnesses, nature, circumstances. Also document any follow-up treatment.
- Increase supervision in areas that give rise to more than one unwitnessed, alleged incident and/or injury
- Use video surveillance of employee physical activity as part of a fact finding investigation. Surveillance evidence is generally used to mitigate or negotiate claims, support return to work or bring a case to closure.
- Maintain the OSHA file and any Safety Data Sheets covering hazardous exposures after the facility closure to document that they were on file and to indicate what substances were and were not in the facility