

# RESTRUCTURING AT VATTENFALL: - Translating socially responsible workforce reduction

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## Executive summary

To a large extent state-owned corporations are in the forefront of the development of corporate social responsibility in Sweden. Vattenfall, the Swedish power company that is studied in this research, is representative of a significant subset of these state owned corporations, it was an important contributor in the industrialization of the Swedish economy and therefore also crucial for the development of the Swedish welfare state.

This report sets out to illustrate what social responsibility means in the context of workforce reduction. Drawing upon longitudinal data collected from a Swedish state owned corporation undergoing considerable restructuring since the beginning of the 1990s, it challenges widespread assumptions by revealing how the meaning of social responsibility changed over time. The story of Vattenfall suggests that in the context of workforce reduction social responsibility cannot be theoretically captured by viewing it simply as a narrow set of principles or guidelines to be spread and implemented in organizations. Most critically it indicates the space for translation that local actors have in defining what social responsibility means in their local context.

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**Monitoring Innovative Restructuring in Europe**

## **Restructuring at Vattenfall**

*Translating socially responsible workforce reduction*

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## **1. Introduction**

Socially responsible workforce reduction has become a widely discussed topic among both academics and policy makers, since the early 1990s. The reason for this debate is the extensive restructuring efforts believed to take place due to increasing globalization, deregulation of product markets and pressures for increasing productivity and efficiency, in both the private and the public sector (European Commission, 2004) and as a consequence of the experience of socially irresponsible workforce reduction in several European countries during the 1990s. In particular it is stressed that employers should take responsibility for developing and adopting best practice (European Commission, 1998).

Previous research on workforce reduction is extensive. There is a substantial number of studies covering aspects from organizational consequences of workforce reduction (Appelbaum, Everard & Hung, 1999; Bruton, Keels & Shook, 1996; Cameron, Freeman & Mishra, 1991; Cascio, 2002; Greenhalgh, Lawrence & Sutton, 1988), to the various effects on workers, both the victims (Bennet, et al 1995; Kletzer, 1998; Pugh, et al, 2003) and the survivors (Brockner, et al 2004; Mishra & Spreitzer, 1998). However, there are different views regarding what social responsibility means in the context of workforce reduction. The most common view is that employers should try to avoid workforce reduction as much as possible or at least consider other alternatives before they choose to lay off their workers (Cascio, 2005). For some it simply means to follow the rules as provided by the employment protection legislation, while others have argued that social

responsibility means that corporations voluntarily should do more than what is stipulated by laws or collective agreements (Segal, Sobczak & Triomphe, 2003).

Business ethics writers, on the other hand, view the moral agency of corporations as the basis for social responsibility (Shaw, 2005) focusing primarily on the moral dimension of the concept of business and organizational ethics, and arguing that corporations that take on social responsibility are governed by a corporate culture or institutionalized values and beliefs, which prevent organizational members from dysfunctional behaviour and processes (Shaw, 2005:171).

However, the existing literature seems to have little to say about how such practices are institutionalised and developed in organizations. Representing these practices in terms of a set of guidelines or checklists of effective downsizing strategies (Cameron, Freeman & Mishra, 1991; Cascio & Wynn, 2004), decision rules (Bruton, Keels & Shook, 1996), management principles (Marks & De Meuse, 2005), key lessons for managers (Cascio, 1993) or mistakes to avoid and suggestions of what to do when restructuring (Cascio, 2002), writers of this field claim that these practices manifest themselves in organizations through well planned and implemented processes that secure morally sound and/or ethical behaviour of employers (e.g. Gray, 1990). Among various drawbacks, such as that of being static and simplistic, this conceptualization is also overly objectivistic. Socially responsible workforce reduction is regarded as a stable characteristic or feature, which may be documented and spread to other actors and adopted successfully. In the final analysis, it treats socially responsible workforce reduction as a best practice that can be implemented in all contexts and as if employers are free from institutional or legal constraints, and thus fails to take into account the multiple contingencies that local actors face when shaping their practices locally. While seeking to describe and analyse the effects of workforce reduction practices, they tend to reproduce a stigmatized notion of workforce reduction, which closes down dialogue and collaboration rather than opening it up for discussion.

These shortcomings, it is claimed here, are substantial. Relying upon a version of institutional theory that conceptualizes organizational change as a process of translation (Czarniawska & Sevón, 1996), this paper argues that socially responsible workforce reduction practices are developed in a process of translation. Any attempt to understand what social responsibility means in the context of workforce reduction must take into account the context in which it takes place and how it is translated by local actors. As Sahlin-Andersson (1996) argues, imitating organisations are not passive adopters of concepts and models defined and spread on the macro-level. The ability to maintain and form local practices is not mainly found in the choice between institutions but rather in the editing of models and concepts. New meanings are ascribed to the imitated models so they can be combined with previous working models (Sahlin-Andersson, 1996). This means that socially responsible workforce reduction may be interpreted in different ways by local actors and also that these interpretations may change over time, as new ideas are put into practice. This article offers empirical evidence and support of this claim from a longitudinal case study of the development of workforce reduction programs in a large Swedish power corporation – Vattenfall AB.

This report consists of five sections. It begins by describing the general context of the changes that took place at Vattenfall since the beginning of the 1990s. In the third section the methods of data collection are described. The report then goes on to illustrate how ideas of workforce reduction and social responsibility were translated at Vattenfall. It concludes by discussing the implications of the study for furthering the understanding of social responsibility and workforce reduction and the relationship between them.

## **2. Background: change at Vattenfall**

To a large extent state-owned corporations are in the forefront of the development of corporate social responsibility in Sweden. Vattenfall, the Swedish power

company that is studied in this research, is representative of a significant subset of these state owned corporations, it was an important contributor in the industrialization of the Swedish economy and therefore also crucial for the development of the Swedish welfare state. Founded in the early twentieth century by the Swedish parliament as a public authority department with the mission to develop hydroelectric power in order to support national industries and thereby provide citizens with more comfortable and tolerable life conditions, the development of the country's water resources constituted the basis for the electrification of Sweden. In the early 1990s, the company had an extensive network of operations in the whole country, including nuclear and fossil fuel driven power stations. Its central role as provider of clean and safe electricity to the benefit of society was manifested both nationally and locally. In the communities where the company had its operations it was most often the dominant employer, due to the fact that the operations had to be located in less populated areas. Hydroelectric power stations were set up in the northern provinces where the great rivers were located and nuclear power stations had to be located in comfortable distance from the larger cities and close to sea to provide for cooling water. At these locations, the company was the dominant source of employment and took extensive responsibility for providing community services to citizens. If the company employed men for the management and maintenance of the power stations, their wives were employed in various service operations in the local community, such as schools, postal services and childcare. Thus, any reduction of workers in the company would have perturbations in the whole local community.

With respect to its history as a civil service department, the corporatization in 1992 and the deregulation of the electricity market in 1996 marked a significant turning point in the history of Vattenfall. The company was no longer acting solely on the principle of providing low cost electricity to society, instead it was to act on profit maximising principles and provide services to their clients and customers on a free and competitive electricity market. This was regarded as a challenge by

management, but for many of the around 10 000 employees it was regarded with suspicion. The road towards a free electricity market was regarded by trade unions as marked with great changes and soon cost cutting programs and lay-offs were announced. Management argued that in order to be able to act on a free electricity market the company had to adjust its operations to retain its position as a dominant player in the industry. Operations not regarded as core activities of the company were sold or outsourced and the formal structure of the company was changed in order to facilitate a more efficient management structure and to be able to react more swiftly to market pressures.

Though in many ways representative of many public corporations undergoing deregulation, a certain aspect of Vattenfall's corporatisation appears to have been quite unique. The company was never listed on the stock market. The state retained its position as the sole owner of the corporation. But the owner stated that its operations should be based on profit maximising principles. This ownership constitution and its former role as state monopoly provided the conditions for Vattenfall to act as an example of a socially responsible corporation in its transformation to a competitive electricity producer.

This, it seems, is a somewhat unique constellation not only business-wise but also in terms of wider institutional conditions that characterise the relationship between corporations and the state. This relationship is much too complex to be fully represented here, yet in order to provide the reader with a general sense of the context, it seems fairly plausible to say that the close relationship with the state provides trade unions with a particular role at Vattenfall. Through various powerful channels, such as representation in the board of directors, widely developed contacts with media, both national and local newspapers, and economic and political dependence, trade union influence is both highly institutionalised and evident. Furthermore, at least with regard to Vattenfall's role as provider of low price electricity to the Swedish manufacturing industry, the most important source of Swedish trade union power and influence, has contributed to the trade union

interest in the conditions of the company. Seeking to resist changes that may cause increasing electricity costs, which may jeopardize the competitive advantage of the Swedish industry, even at the price of downplaying other priorities such as environmental concern, the Swedish labour movement, including the social democratic party, has generally been committed to a policy to allow Vattenfall to operate on its own terms.

Indeed, this commitment has been so unreserved that the thought about losing their jobs had never crossed the minds of most employees. Most employees regarded their job at Vattenfall as a safe haven where they could spend the rest of their lives, combining work with an active lifestyle. The context of a state owned monopoly going through an extensive process of restructuring to face the pressures of the market is thus, in many ways, a peculiar social arrangement, which seems suitable for analyzing how ideas of workforce reduction are translated in practice.

This study, in sum, aims at describing the process of restructuring of a large state owned monopoly, since the early 1990s. Even if it would have been desirable to conduct first hand fieldwork through the entire period, it should be noted that the empirical study focuses on the later part of this process. As a way to reconcile this shortcoming, complementary secondary material and interview data from organizational members has been collected to cover for the early period of this process.

### **3. Method**

The data used in this paper is based on a longitudinal case study of workforce reduction practices at Vattenfall. Fieldwork consisted of personal interviews and participant observation of several meetings and transition programs. In total 29 interviews were made during a period of six years, between 1998 and 2006. Interviews were made with HR-managers, directors of restructuring programs,

trade union representatives, administrative personnel, workers going through outplacement activities and counsellors supporting individuals going through outplacement. Interviews were structured around a number of selected topics trying to identify the structure of workforce reduction programs, their effects for workers and the consequences for the organization. Furthermore, secondary data, such as internal reports, policy documents, brochures and newspaper articles were collected.

#### **4. Findings**

The analysis of longitudinal data provided illustrations of the chains of translations through which the idea of workforce reduction was established at Vattenfall. Throughout this chain of translations the meaning of social responsibility changed and served to create meaning and stability for those workers who remained in the organization. The next two subsections will describe and analyse these chains of translations in further detail.

##### ***Workforce reduction as social responsibility***

The translation model suggests that when ideas travel, transgressing the barriers of local time, they first need to be detached or “disembedded” from the context of its origin and re-embedded, and materialized into action (for example Czarniwska & Joerges, 1996). Such processes have indeed been documented by (Lindberg, 2002) using the concept of packaging as a way to describe how translation of ideas into local practice takes place. At Vattenfall, the changing ownership structure and the coming deregulation of the energy market provided managers with an opportunity to describe the company as going through an exceptional period, legitimating exceptional actions, detaching it from its history and previous conduct. The company thus became a site in which new ideas could be adopted. Workforce reduction was one such idea, appropriated into the organizational realm as a way

to detach the company from its history as a civil service department and to establish the company as a modern, competitive and market oriented energy provider. In other words, at Vattenfall it was not the idea that was disembedded from its previous context, it was rather the context that was redefined allowing for new ideas to be imported. Managers described workforce reduction as a necessary and commonly used practice in any company acting in a deregulated market.

The translation of the idea of workforce reduction to local practice took on different shapes in the hands of different actors in the organization. Broadly, these may be grouped into two major categories: the packaging of workforce reduction as a way to take social responsibility and materializing social responsibility into action.

### Packaging

In 1992 management at Vattenfall faced relatively drastic changes of the external conditions of the company. The company was now a government owned enterprise rather than a civil service department. The new ownership structure was described as implying that the company now had to make profits and put more emphasis on cost rationalization and more effective control of operations, a rather fashionable idea common among large companies at the time. There were also political pressures to deregulate the Swedish electricity market, which was described as drastically changing the conditions for the company in the future. To be able to prepare for an adjustment to the coming deregulation of the energy market, which was expected to take place in 1993, management identified the size of the workforce as a major problem. The total workforce of the company was at the time around 10000 workers. It was estimated that a reduction by around 1200 workers was necessary in order to deal with the future conditions in the market. Thus, ideas originating in the private sector, the changing conditions in the organizational environment and the need to downsize the organization by workforce reductions, were imported to the context of Vattenfall. It allowed management to detach the company from its history as a civil service department

and to establish the company as a modern, competitive and market oriented energy provider.

At the time the company had no previous experience of workforce reductions of this scale. 400 workers had been reduced in 1988 and in 1991 another 700 workers were cut off. In both these occasions early retirement schemes were used. There had been a few major workforce reductions when the construction of power stations had been terminated, but the company had never used dismissals as a means of reducing the workforce. The most commonly used method to reduce the number of workers was through freezing hiring activities and “natural” transitions, i.e. retirement or workers moving to other jobs. However, the low personnel turnover of the company implied that it would take 3-4 years to solve this problem by means of freezing all hiring activities, which was the standard procedure when there was a need to reduce the number of workers. Four years was regarded as a too long time period. Furthermore, top-level managers argued that natural adjustment would not yield a possibility to make sure that workforce reduction was related to the needs of the future. Management therefore found no other solution than to deal with the oversized workforce through dismissals, which put management in a new and somewhat unfamiliar situation.

The company had always made profit and this year was no exception. The beneficial economic situation and the fact that the company had been a state monopoly, with all the security that it implied, meant that employees and not least trade union representatives had difficulties accepting workforce reductions. The general self-understanding of organizational members was that Vattenfall was a responsible employer taking good care of its employees. These notions became decisive for how management *packaged* the idea of a workforce reduction program to facilitate acceptance among workers and worker representatives. The economic situation provided conditions to take more responsibility and offer more beneficial conditions than would otherwise be possible.

The CEO emphasized the importance of the workforce reduction to be executed in an efficient and responsible way. This meant that resources would be designated to support those individuals who had to leave the company. The ambition was to, as far as possible, retain the image as a secure and responsible employer, both in the eyes of employees and the public. In October 1992 a project organization was set up. Due to the large scale of the oversize problem and the unusual situation for the company, an expert group was put together. The group reported directly to the board of directors and was given the task to support and direct line management in their reduction practices in the whole organisation in all parts of the country. The expert group was connected to a reference group with representatives of all trade unions present in the company. The purpose of this was to provide an open and continuous dialogue regarding workforce adjustment.

The lack of experience demanded that the first period was devoted to collecting facts and ideas, both internally and externally through contacts with companies regarded as having good experience of workforce reduction, for example SAAB, IBM and Telia. As a result of these contacts and collection of experiences and ideas, a “model” was developed, which was adjusted to what was described as the “spirit and culture of Vattenfall”. A few guiding principles were identified: (1) as few as possible, preferably none, would be dismissed; (2) redundancy would, as far as possible, be solved by voluntary means; (3) workforce reduction would be carried out in close cooperation with trade union representatives. Thus, social responsibility was given a particular meaning, to avoid dismissals and to carry out workforce reduction in close cooperation with trade unions.

The members of the project group translated the guiding principles into a program including a number of activities to support workers who were made redundant. The program contained retirement compensation after agreement to leave the company, compensation for employment outside the company, salary compensation during the dismissal period, replacement within the company, training, support for travel and moving costs, subsidies for starting up own

businesses, early retirement and other mobility stimulating activities. The ambition was to solve the oversize problem without dismissals, i.e. workers were to be replaced within the company or offered early retirement. Efforts were also made to support workers to find a job somewhere else. For example a “ransom” was given to those who could tip a co-worker about a new job outside the company. The program, was given the name REKA – “Resource, Competence and Adjustment”, to a signal a fresh start, an emphasis on competence and that employees were regarded as resources.

In sum, while it was something previously never experienced at Vattenfall the project group translated the idea of workforce reduction into a “model” or “program” to ensure that it would be done in socially responsible way. The model was associated with a number of attractive attributes to avoid negative consequences for workers and to ensure that it would be executed without disturbing the tradition of close cooperation with trade unions. In particular, it was argued that workforce reduction would take place without the hardship of dismissals. Thus, the notion of social responsibility was a way to package workforce reduction to facilitate its acceptance among local actors in the organization. As will be illustrated next, the reception of the model, when it was materialized into action, created various responses among local actors.

### Social responsibility materialized in action

As Czarniawska & Joerges (1996) argues, when ideas land in various localities, they may become materialized into actions. When judged successful they may become institutionalised. They may also generate new ideas. At Vattenfall the idea of workforce reduction was received both as a success and a failure.

The REKA program began with a management conference in October 1992. All 50 top-level managers participated and the project group presented the guidelines and the general idea of the workforce reduction program. The presentation was described as a success. According to the project group the ideas and guidelines

were well received by managers, providing the necessary legitimacy for the continuation of the project. The conference was followed by an extensive information campaign. Project group members travelled to all locations where the company had operations to inform employees, trade unions and local managers about the program. Around 150 meetings were held. At the same time a training program for HR managers, middle line managers and trade union representatives, was set up. Members of the project group regarded it as necessary to prepare those individuals who would be responsible for laying-off workers. The training program contained topics such as “people in crisis” and “the difficult dialogue”. Project managers also produced an information brochure to provide managers with further knowledge about workforce reduction practices, the role of the manager, legal issues and collective agreements.

The translation of the program into redundancies was made by a group of “internal investigators” and “external consultants”. Their task was to analyse each organizational unit to identify where and how many workers could be reduced. The analysis was translated into a report, which was to form the basis for decisions on how to rationalize the organization and the coming negotiations with trade union representatives. However, the internal investigators were not well received by local actors, line managers, employees and trade union representatives. Local managers complained, arguing that the investigators were not well informed about the local conditions of the organization, that it was a “rush job” and that the investigation was not thorough enough. Trade union representatives criticized the investigators for not describing the consequences of the suggested organizational changes and had difficulties accepting that profitable units were to be cut off and be replaced by expensive contractors. According to an internal report most employees understood the reasons for the workforce reduction, but had difficulties accepting them due to the beneficial economic situation of the company. Thus, when the program was materialized into action the idea of workforce reduction was met with resistance among local actors.

However, reactions among the local actors varied between the different units. In units where there had been obvious lack of jobs and a slow down of activities for a long time, the idea to reduce or close down operations was more accepted. In general employees were more receptive in units where operations were to be closed down completely than in units where only some workers had to leave. The notion of workforce reductions being a common practice in many other organizations and not only at Vattenfall also seemed to increase the acceptance among employees and trade union representatives. However, in the power stations in the Northern provinces the whole idea of workforce reduction or changes in the organizational structure was refused. Managers, trade union representatives and workers expressed deep mistrust with top management and a movement to save their jobs was initiated. Thus, despite the emphasis on social responsibility, local actors received the idea of workforce reduction with resistance.

#### Translation through negotiations

When the investigators had concluded their analysis negotiations with trade unions started. This was the normal, institutionalised and legally sanctioned, way of anchoring organizational changes in the company. Negotiations between the employer and trade union representatives were first held at a central level. It was agreed that the company should reduce the workforce by 1200 workers. These numbers were then translated to workplaces through negotiations between local trade union representatives and line managers.

The negotiations were primarily concerned with identifying the units where there was shortage of work and how many workers to reduce at each workplace, making the idea of workforce reduction more tangible. However, when the idea of workforce reduction came closer to the local workplaces resistance became more evident. The negotiations were sometimes difficult and took long time to complete. Trade union representatives described the negotiations as a change from having been more of a "speaking partner relationship" towards a "harder climate". In particular, the uncertainty associated with the negotiation period was difficult to

endure. Also managers experienced difficulties. Taking part in negotiations sometimes meant that they received information about things that they were not allowed pass on to others. There was also mistrust concerning the intentions of managers and trade union representatives sometimes used various tactics to delay the negotiations.

As a result of the local negotiations 1060 workers were identified as redundant, but still no names of individual workers were mentioned. In line with the ambition to reduce the number of workers through voluntary means a number of activities in order to find solutions to these workers were put in place. Thus, the procedure left an open space for workers to voluntarily choose to terminate their employment. In the end of 1993, of the 1060 workers identified as redundant, 918 were dealt with through the REKA program. 142 workers terminated their employment for other reasons. Sixty percent of the participants in the program were taken care of through, what was called voluntary solutions: early retirement, training, replacement or retirement remuneration. Thus, the ambition to reduce the number of workers through voluntary means failed. Not enough workers accepted the voluntary solutions. In order to achieve the goal of reducing the workforce by 1060 workers, 343 workers had to be dismissed, which meant that further negotiations had to be made.

Negotiations regarding who were to be dismissed followed the seniority principle, as prescribed by the employment protection legislation. This means that workers who had longer tenure had greater job security, while workers who recently had entered the workplace would have to leave. The use of this principle provided relatively objective and unquestionable principles, what Sahlin-Andersson (1996) would call editing rules, regarding who would have to leave the workplace, allowing both trade union representatives and managers to avoid the problem to pin point single individuals who did not perform well or did not have the necessary competence. This also meant that the decision of who should leave the organization was detached from the responsibility of the negotiators. Thus, the

idea of social responsible workforce reduction was translated to the local workplace through legally sanctioned rules and practices, providing less ground for resistance. As a consequence the meaning of social responsibility changed. Instead of avoiding dismissals, social responsibility now meant to follow the law. Social responsibility took on a new meaning, to care for those workers who were dismissed in a way to support them in their efforts to find a new job.

### Decoupling

In total 343 workers were dismissed. The question for the project group was then how to organise the support to dismissed workers during the period of dismissal. The project group considered three different solutions: to let workers stay at home, to keep them at the workplace, or set up a “side organisation”, where they could be supported in their efforts to find another job in order to avoid unemployment.

In order to manage workers who were dismissed in an “effective way”, the project group chose to set up, what was called, a “development center” – an externally located side organisation. This was also common practice in other organizations consulted when starting up the workforce reduction program. In total seven development centers were set up in different locations in the country. Experienced managers and administrative personnel with “good reputation” in the organisation were recruited to manage these centers. The centers were also filled with external consultants who would take care of different activities, e.g. training programs and job-search classes. The development center was regarded as a way to show that the company took responsibility for the destiny of former employees, making it a tangible manifestation of its policy of social responsibility. Furthermore, by providing a physical space and a support organisation for dismissed workers, it was argued that line management could focus more intensively on future activities instead of being exposed to the hardship of administrating the redundant workers. It was also regarded as a way to avoid negative reactions among the workers remaining at the workplace. Thus, by setting up development centers the practice of workforce reduction was decoupled from the ongoing

activities of the company. As Meyer & Rowan (1977) suggests, decoupling is a way to avoid integration, inspection and evaluation, and to minimize disputes and conflicts. Thus, the development centers contributed not only to detach the dismissed workers from the organization it also meant that the idea of workforce reduction was held at a comfortable distance from the remaining workers.

### Success or failure?

According to the project manager the development centers were a success and stories of this success were told in local newspapers. Of the 343 workers who were dismissed, 288 were transferred to development centers. During the dismissal period the workers were still employed by the company and the same rules regarding working time, holiday, health insurance, etc were practiced. The ambition was that dismissed workers either would be transferred to a new job before the end of the period of dismissal or that they would be in training programs leading to a new job. Of these 288 workers, 6 percent started new businesses, 24 percent were transferred to a new job and 70 percent were going through training, apprenticeships or temporary jobs. Despite the difficult situation in the labour market, only a few of the dismissed workers were left to unemployment.

Some of the success was attributed to the requirements to be present at the development centers, which provided the dismissed workers with an opportunity to retain social networks, some social pressure to keep on searching for a job and a feeling of belonging. The centers were also regarded as a way to manifest an image of taking the problems related to workforce reduction seriously.

However, internal evaluations of the programs also identified a number of problems related to the centers. First, the efficiency of the development centers to support workers to find a new job was questioned. The fact that salaries were discontinued when the dismissed found a new job was regarded as limiting the incentives for workers to actively engage in job search activities. Furthermore, the double dismissal period, which was a consequence of the collective agreement,

meant that many of the dismissed had as long as one year to find a new job. This was regarded as deactivating, turning the dismissed to passive receivers of income. There were also problems to motivate older workers (over 50 years of age) to look for a new job. Several of these workers regarded themselves as having a “parachute” on their way to retirement. Moreover, the previously mentioned social effects of the development centers also had negative effects. The social pressure to find a job led to stigmatisation of those workers who were late to leave the development centers. Thus, the efficiency of the development centers was questioned.

Second, problems related to the remaining workers and the company in general were identified. The development centers were met with some suspicion and envy among the “surviving” workers. It was argued that, when workers left the workplace it meant the remaining workers had to work harder. At the same time the dismissed workers engaged in personal development instead of “working”, which was sometimes regarded as unfair by the remaining workers. The generous programs and retirement compensation packages also created expectations among the remaining workers to get the same offer in the future, which was regarded as a threatening motivation, productivity and internal job-mobility within the company. Furthermore, the program exacerbated the already unbalanced age composition of the workforce, since 50 percent of the workers going through the program were less than 45 years old, which was regarded as a problem for the future development of the company. Thus, while contributing to solving the short-term problems of the company, the program was regarded as having negative consequences in the long-term.

In sum, the workforce reduction program was materialized in action through a chain of translations. The changing ownership structure of the company and the deregulation of the energy market, allowed managers at Vattenfall to import ideas of actions from other contexts, previously not practiced in the company. A workforce reduction program was developed through importing ideas from other

organizations going through similar situations and packaged in a form adjusted to what was regarded as the norms and values of the organization. In particular management emphasized the importance of retaining an image of being a socially responsible employer by avoiding dismissals and to cooperate with trade unions. The idea was received well by managers, reinforcing the idea of change and challenge of being an “almost” private company, detaching Vattenfall from its history as a civil service department. However, local managers, employees and trade union representatives were not as receptive. When the idea of socially responsible workforce reduction was translated to local levels it was confronted with strong resistance, translating it into a discourse of conflicts between: managers-trade unions, professional groups, victims-survivors, the new and the old and, in particular, the need to preserve jobs in the northern provinces. These translations, however, did not mean that the idea of workforce reduction was blocked, rather that the meaning of social responsibility changed. The local conditions were translated into a number of workers who were to leave the organization through editing rules provided by the employment protection legislation and dismissed workers were transferred to an external side organization as a way to show that the company took good care of their former employees. Thus, when workforce reduction was materialised in action the meaning of social responsibility changed: to follow the law and to set up an organization, which supports workers in their efforts to find new jobs. The development centers were a manifestation of the company’s ambition to take social responsibility. While judged successful for the workers who left the company, the need to dismiss workers was regarded as a failure for the company in general. Grievances were documented in a report to serve as a memory in case further workforce reductions were to come in the future. It is to this future that we now turn.

## ***Socially responsible workforce reduction***

“Ideas into objects, and then into actions, and then into ideas again...”, Czarniawska & Joerges (1996:41) write rhetorically, meaning that the chain of translation does not end by the idea having travelled from one time/space location to another. There may be unintended consequences and ideas may be re-packaged, spurring new ideas to be translated to other objects and actions and eventually become institutionalised. Researchers of restructuring have, indeed, reported that workforce reduction processes do not always end up as intended (Appelbaum, et.al. 1999; Cascio, 1993) and has become an ongoing process rather than a singular action (Lewin, 2002). The Vattenfall case offers evidence that translations play a central role for how workforce reduction practices are institutionalised in the organization. The following two sections illustrate how the idea of workforce reduction was embedded in the organization, re-packaged to new actions, how new ideas were brought in from other organizations and how it was established as a natural condition in the organization.

### **Re-packaging**

The meaning that was attributed to the REKA program was that it created more problems than it solved. In particular it was argued that the use of the seniority principle created an unbalanced age structure and the threat of future dismissals implied that workers did not dare to move to other jobs, neither internally nor externally, since they would “lose their place in the line”, i.e. if they move to another workplace the employment security guaranteed by the seniority principle would be lost. In order to solve the problems of job-mobility and age composition in the aftermath of the first program, in 1995 a number of new programs were initiated.

First, a general early retirement program was put into action. All workers who were 55 years or older and had been employed in the company for at least 20 years

was given an offer of early retirement, retaining 75 percent of their salary until reaching the regular retirement age. The offer could be combined with a successive reduction of working hours, where the worker could choose to work part time during five years. However, managers regarded the program as a failure, since it had several unintended consequences. The level of compensation provided to workers was set too low. Not all workers could afford to accept the offer. Workers who accepted the offer were often well paid and, thus, “since pay is often associated with higher levels of skills, the program contributed to retaining low skilled workers and a loss of highly valued competence”, as one of the HR managers expressed it. Furthermore, workers waiting to leave the company were regarded as causing productivity problems and loss of motivation.

I think this leads to a great productivity loss in the company, because hundreds of people are just waiting. I don't believe in this kind of programs. But we did it anyway and it cost us around 500 million Swedish crowns (€ 50 million) and there is also a history. Our workers expect that there will be a new program again. I think you lose a lot of efficiency in this way.[HR-manager]

The early retirement program was regarded as adding to the expectations of further retirement programs for remaining workers. Thus, the program was regarded as further intensifying the problems of the company.

Second, in order to stimulate mobility within the company Vattenfall set up, what was called, a Competence Centre. The idea was to contribute to internal mobility by providing information about internal vacancies and training programs to support workers to take new jobs within the organization. This was regarded as a way to use the competence resources within the company more effectively. A massive information campaign was initiated, including internal newspapers, seminars, posters and brochures. Furthermore, a database where workers could present themselves, their qualifications and what kind of job they wanted were set up. Moreover, an individual career-planning program, called INDY, was introduced.

Despite these efforts internal mobility did not increase. The campaign was regarded as a failure. Too few people took the initiative to apply for the announced vacancies. The low mobility was explained by negative attitudes towards looking

for a different job. "Instead of actively looking for new jobs they wait until they are asked to move", one of the managers complained. It was taboo to talk about interest in looking for another job and expressions of such interests would be taken as an offence to co-workers at the workplace. An example of this problem was identified in the design of career planning seminars. Seminars were designed to help participants to express and clarify their career plans in the future. But when participants were taken from the same workplace they did not dare, neither to express dissatisfaction with the current work situation nor to discuss their plans and wishes for the future openly in the group. Instead management re-designed the composition of seminars, so that participants were taken from different workplaces. As a result it was easier for participants to discuss and express their plans to change jobs. For managers, this served as an example of how social pressure at the workplace could inhibit job mobility and how it could be avoided by simple means.

### Imitation

In 1997 around 1000 of the company's 9000 workers were estimated to have a "competence profile" not in line with what was needed in the future. At the same time expansion of some business units implied a need to hire around 100 new workers. This produced a problem for managers. It was regarded as unfair to dismiss workers and at the same time hire new workers. It was also regarded as unethical to lay off workers while the company was making profit. Furthermore, it was difficult to claim the legal requisite for dismissal - "shortage of work" - in the company in general, which would be a just cause for dismissal according to labour law. Management therefore looked for ways to solve the problem of the unbalanced composition of the workforce without dismissals.

Ideas of how to do this were brought in through a consultant who had been working at Telia, another state owned company going through extensive restructuring as a consequence of the deregulation of telecommunications monopoly. Already in 1996 Telia had developed what they called a *competence shift*

*program*. The aim of the program was to transfer workers from work tasks and skills of decreasing demand to those of increasing demand. The idea was to reduce the number of workers without using dismissals. Instead Telia would guarantee, re-use and develop the competence of workers for future employment in the company or elsewhere. For this purpose a new Division (Division Personnel Support) was set up in the firm that would employ all workers in the company (23 000) and lend them back to the other divisions. This was a way to identify which workers were not needed any more in the “new” organisation. Workers who were not needed were offered training programs, counselling services and apprenticeship programs, in order to support their recruitment to new jobs within Telia or to find jobs elsewhere. These generous conditions offered to the workers at Telia contributed to setting the norms of what socially responsible workforce reduction meant for other companies in Sweden.

At Vattenfall this idea of proactive workforce adjustment was copied and adjusted to the particular conditions of the company. The idea was to be more proactive in relation to the problem of workforce reduction and try to solve it within the scope of the organisation, avoiding painful workforce reductions in the future.

### Materializing a new program

In the autumn 1997 the CEO decided upon allocating 830 million Swedish kronor (about 70 million euro) to a program called Competence Shift. This program shared the aims and some of the activities of the previous programs, but differed in the sense that it was followed by economic incentives for line managers to recruit workers internally rather than externally. In particular it was regarded as a way for line managers to take responsibility for the restructuring activities of the company.

The aim of the program was to facilitate the transfer of 1000 workers to other jobs within the company or to external jobs or retirement. It was estimated that around 400 workers would be transferred within the company, while around 300 would be willing to find a new job externally. Management were also willing to

offer up to 300 workers early retirement. In order to achieve these aims a number of activities, or what was called, “mechanisms” to support the transfer of workers were initiated. These mechanisms were divided in two categories: activities to stimulate change and targeted development activities.

Change stimulating activities included individual career development activities, focussing on providing employees with better self-understanding and ability to set up personal goals and to take active decisions concerning their future working life. There were also job search training activities, where workers were trained in how to write their own CVs. Furthermore, there were apprenticeship programs, to facilitate easier transfer of workers to new jobs within the company.

Targeted development activities, included for example restart programs, where participants would get full time support to find a new job within 6-12 months. There were also group activities, focussing on developing groups of workers towards areas where there was a need for competence, and individual activities, to stimulate internal recruitment and offer for leave of absence to try new work tasks. Another kind of activities were targeting particular areas of knowledge to stimulate skill development in areas identified as generally needed within the company, such as project management, IT-skills and languages.

These activities had in common that they were intended to support workers motivation to transfer into another job. Efforts were made to minimize any obstacles for mobility, whether financial or administrative. For example if the worker applied for a job with lower wages than previously, the company would put in resources to fill the gap. Furthermore, if the new job required particular skills or training, the employer would provide resources to pay for fees, literature and salaries during the training period. There were also examples of support for the costs of moving homes and travelling, if the employee was willing to take a job in a different city or region.

The competence shift program was described as a success. In year 2000 management declared that 1352 employees had been subject to some form of

activity during the course of the program. 797 workers had been transferred to other jobs within the company, 398 had accepted the offer of early retirement, and 157 had moved to jobs elsewhere. Despite the “good” results of the competence shift program, already in 1998 management started to see indications that there was a need for future reduction of workers. The exceptional reduction in electricity prices, due to the increasing competition in the energy market implied that the company had to reduce its costs and reduce the number of workers. Furthermore, the workforce was still regarded as unbalanced, both in terms of age and competence.

In sum, managers responsible for the program re-packaged the idea of workforce reduction in several different ways, materialized it to new activities and actions, trying to achieve the same goal in different ways, avoiding the negative consequences and at the same time solving the problems caused by the previous programs. However, paradoxically, while the new programs were regarded as successful among organizational members, top-level managers regarded them as insufficient to adjust the workforce to the coming “challenges in the market”. In the autumn 1998 the CEO announced that around 500 workers would have to be dismissed. The next section will analyse the events that followed.

### Institutionalization

For the CEO, reducing the number of workers through straightforward dismissals was now regarded as the only possible way to solve the problems of the company. The previous measures: pension programs, competence centers and competence shift programs were not regarded as sufficient anymore. They were described as too costly, inefficient and ineffective. Neither was the application of, the so-called, last in first out principle, as practiced in REKA program, regarded as a way to solve the problems. Since it meant that the younger workers had to leave first, while the older workers remained, this also, according to management, had the unfortunate consequence that the workers with the needed skills for the future would be lost, while the workers with obsolete skills remained. This, they argued,

would cause problems for the long run stability of the company. While previously regarded as a way to solve problems, the law was now regarded as a straightjacket. Efforts to avoid using the last in first out principle were initiated. Managers wanted to apply other criteria for dismissals than required by law.

Moreover, the need to reduce the number of workers was no longer related to a particular workplace or business unit. Instead there was a need for smaller adjustments of the composition of the workforce at several workplaces at the same time. To organise workforce reduction programs under such conditions meant that negotiations would be highly complicated. Negotiations, which most often took long time, would have to be repeated at several workplaces, as one of the representatives of Vattenfall expressed it:

“As experience shows there is one thing that is important in all these projects. To a large extent it is dependent on having the positive attitude and co-operation of trade unions. If you would have to negotiate with trade unions at every workplace and have some form of governing boards on all these locations, that would be very difficult since trade unions would demand equal treatment and that would be very difficult to manage.”(Interview Vattenfall, 1999)

The character of the workforce adjustment problem as identified by management provided incentives for employer representatives to establish a good relationship with trade unions. In order to do this an idea, again taken from Telia, which was called “The Telia Redeployment Concept” was adopted. In line with this concept efforts were made to rationalise the negotiation process. Instead of having a rather long negotiation processes, followed by a notice and a dismissal period, the sequence was rationalised into two phases: a short negotiation phase and a longer period of training/development before transferring the worker into a new job.

However, trade unions reactions were harsh. Central trade unions, which were taking part in negotiations, protested against the new HR policy of the company. Trade union representatives voiced their critique to media, stating that “Vattenfall abandons its previous responsible and successful HR policy”. Management was also criticized for not adequately informing trade union representatives. In October 1998 trade union representatives announced that they left their positions in the board of directors in protest against the company’s plans to reduce the workforce

by another 1000 workers. All agreements of co-operation with the employer were terminated.

*“As it is now, there is no point remaining in the different boards and collaborative bodies of Vattenfall. We don’t get any sympathy for our views and then we might as well stand outside the board of directors.”*[Chairman of Vattenfall trade union representative in a newspaper interview, 981021)

To go back into the board of directors the trade unions demanded that Vattenfall would accept serious discussions of their alternative plan to level out the workforce reductions on a period of five years rather than within the coming year, as suggested by management. The opposition against the management of Vattenfall was particularly strong in the northern part of Sweden. Trade union representatives argued that the planned workforce reductions would be a “deathblow” against the small villages along the rivers, where power stations were the only source of employment.

Negotiations were initiated and the result of negotiations concluded that dismissals or other drastic actions would be inappropriate, and that it would have negative consequences for both employees and the employer. In November 1998 the social partners came to an agreement that the redundancy would be taken care of without dismissals. The agreement included a two-year guarantee time (until 31st of December year 2000), during which enforced dismissals would not be used as an instrument to deal with oversize problems. As a result workers who were redundant in the fall 1998 could count on staying at Vattenfall for another three years, i.e. including notification period during 2001. Thus, the idea of workforce reduction was blocked.

However, management insisted upon providing opportunities for employees to leave voluntarily. This idea of voluntary dismissal came from Swedebank, where voluntary dismissal was used in an extensive program in 1998. 1373 employees volunteered to leave the organisation, while 200 workers were hired. The outcome of the program was regarded as successful and the bank was presented in media as

a responsible employer.<sup>1</sup> Management at Vattenfall were inspired by this new idea and met several times with representatives of Swedebank in order to find out more about how they set up the program.

The idea was that if workers would choose to leave their employment voluntarily they would be offered the same benefits as those who were made redundant. This arrangement made it possible to circumvent the last in first out principle of the employment protection legislation. Another advantage was that the problem of targeting the “right” individuals would be solved, since offers could be designed in such a way that workers in the target population would find it beneficial to accept the offer. This was made possible by the employers’ willingness to provide generous conditions for training and development for workers who wanted to leave the organization voluntarily. By making dismissal an individual choice, management argued, the experience of uncertainty among workers created by the large-scale reduction programs would be minimal. Instead of regarding leaving the organisation as a failure it was suggested that it would be regarded as an opportunity, an advantage or as a challenge.

In 1999 the new workforce reduction program – Steget (the Step) – was put to force at Vattenfall. The program included activities to care for workers who were both identified as redundant and those who agreed to leave the company voluntarily. The aim was to do the utmost to facilitate the ambition to be a responsible employer in the eyes of the public. Workers who left the company were to be ambassadors of the Vattenfall HR policy.

“We have a vision with this program. We have said that participants, after having gone through the program, should be ambassadors and good examples of the effects of the Vattenfall HR policy. What we really mean with this is that at the moment Vattenfall needs to lay off workers and reduce the workforce, but it does not take long

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<sup>1</sup> However, this new approach did not stand without criticism, neither internally nor externally. Representatives of the bank estimated that of the 1373 workers leaving the organisation 5 % were employees that they rather wanted to stay. Furthermore, it was argued that, however well informed, the choice to leave the organisation was not always voluntary. In some workplaces it was reported that branch managers gave hints to some workers and not others that they should carefully consider the offer. However, in general the program was highly appreciated among workers and the image of Swedebank as a generous and socially responsible employer was spread in the public domain.

time until we need to hire people again. You have to know, when you come to Vattenfall, that this is a company that takes good care of its employees, even in a situation when things like this happens, partly to care for the individual, partly to care for the company and also to have a good PR for the company. This also affects the sales figures of Vattenfall. If you know that the company is responsible you are more willing to get in to a customer relationship as a private person. If you know that a company is treating their workforce badly, then you choose another electricity supplier instead. We have said that the aim is to carry out our activities in such a way that Vattenfall can implement its rationalization and restructuring program, knowing that the redundant workers are treated in a responsible and functional way.”[Program manager, 991207]

In January 2001 almost 75 percent of the 250 redundant workers had found a solution. Most of them found another job outside the company. Severance payments were used in exceptional cases. Management also refused to provide early retirement programs. The remaining workers were dismissed.

In 2003 the model developed in the Step program was transformed into a permanent support unit at Vattenfall. This was a change in relation to previous practice. Instead of setting up one program limited in time, management regarded the methods as a “toolbox” to be used whenever there was a need to reduce the number of workers in the organization. The reason for this permanence of the support unit was that restructuring was regarded as a continuous problem. The “tool box” was armed with individual career programs, routines for severance payment and readymade agreements with outplacement consultants, applicable to different situations, for different workers and for different business units. There was also a permanent reference group, with representatives of trade unions and HR-management, continuously monitoring the workforce reduction practices in the company. Thus, the practice of workforce reduction was translated into a formal structure to handle negotiations between social partners in a less dramatic way. As one program manager expressed it:

“The whole process is based upon the fact that there is trust between the employer, trade unions and the employees. Restructuring has become a natural part of the company. There was a time when it was difficult to even talk about it, there was a lot of hush hush around it, but now it has become a natural part, since it does not necessarily mean that you are dismissed, rather a way to start something new, either within the company or outside. So it is much less dramatic. Of course there is always a certain amount of drama in such occasions. It may be that we, who are working with this in practice, may perceive it as less dramatic since we get immune to it over time.

But every time we have negotiations it is a tragedy for those involved.”[Program manager, 2005)

In sum, workforce reduction was not only translated into several actions, but seemed to be embedded as a part of the everyday practice of the organization. For management, workforce reduction was no longer talked about as a way to take social responsibility. It was regarded as a natural condition. Thus, the chain of translation that began in the beginning of the 1990s materialized into actions had fifteen years later turned into what Jepperson (1991) calls an institution, an organized, established, procedure. But, maybe, it only waits to be translated again?

## **6. Conclusions and implications**

This report set out to illustrate what social responsibility means in the context of workforce reduction. Drawing upon longitudinal data collected from a Swedish state owned corporation undergoing considerable restructuring since the beginning of the 1990s, it challenges widespread assumptions by revealing how the meaning of social responsibility changed over time. The story of Vattenfall suggests that in the context of workforce reduction social responsibility cannot be theoretically captured by viewing it simply as a narrow set of principles or guidelines to be spread and implemented in organizations. Most critically it indicates the space for translation that local actors have in defining what social responsibility means in their local context.

More specifically, the analysis of longitudinal data illustrates the different meanings attributed to social responsibility in this specific context. In the first workforce reduction program, REKA, social responsibility was given the meaning to avoid dismissals as far as possible, to co-operate and inform trade union representatives and to set up a project organization that would monitor and manage the process of change. However, when the program was materialised into action the meaning of social responsibility changed. Dismissals could not be avoided. Social responsibility was then translated as following the legal

requirements, to select workers to be dismissed on the basis of seniority and to provide support to the dismissed workers. This version of social responsibility was manifested in a side organization, which meant that workforce reduction practices were decoupled from the ongoing activities of the organization. While judged successful for the workers who left the company, the dismissals were regarded as a failure of the company's ambitions to take social responsibility.

Second, when new activities were initiated to reconcile the negative effects of the previous program a new version of social responsibility appeared. Now it meant to care for the continuation of the company and its ability to compete in the market. Workforce reduction would be facilitated by internal mobility or early retirement. These efforts were later described as a failure due to the negative attitudes towards mobility among organizational members. New ideas of how to stimulate an internal flow of workers in the company were imported from another company, implying another change in the meaning of social responsibility. Dismissals were to be avoided and the employer offered workers generous conditions if they agreed upon moving to another job inside or outside the company. These efforts were regarded as a success by management, but further redundancies were announced. In the tough negotiations between trade unions and employer representatives that followed, a new idea, voluntary dismissals, was introduced, implying that the selection rules as stipulated by labour law could be circumvented. Now social responsibility took on a new meaning, involving the individual workers in the process, but also that the employer offered more generous severance payments and dismissal periods than required by the legislation. Finally, the locally negotiated rules and regulations regarding workforce reduction was formalized into a permanent support unit, allowing workforce reduction to take place continuously in the organization without the initiation of large scale programs. Thus, the process unfolding during a period of more than ten years was characterized by ambiguities, contingencies and conflicts.

In particular, the meaning of social responsibility changed as new workforce reduction programs were introduced.

The finding that at Vattenfall the meaning of social responsibility changed over time problematises previous studies of social responsibility. Most critically the conviction of business ethics writers, such as Shaw (2005) who argue that in order for corporations to behave morally, they need clearly stated ethical standards that are equitable and enforced in the organization. Studies of responsible workforce reduction practices also emphasise the importance of honest and fair communication with major stakeholders or employees (Cascio, 2002; 2004; Marks & De Meuse, 2005; Mishra, Spreitzer & Mishra, 1998) to overcome any friction or resistance that may occur when companies announce lay offs. The problem with such assumptions is not only that it assumes a managerial prerogative, it is also based upon the idea of social responsibility as having a fixed meaning, to be diffused and implemented in the organization. Such assumptions must be tackled with the possibility that the meaning of social responsibility may change when it is materialized into action. This element of translation, in short, must be taken into consideration and with it the realization that actors are continually translating it rather than following some abstract guidelines or principles to be implemented in practice. Thus, acknowledging the process of translation preserves the instability of the concept of social responsibility. Perhaps social responsibility in itself requires a certain degree of reflexivity: to listen, to negotiate and to allow new meanings to arise, i.e. to translate.

Social responsibility, it was further argued, took on these meanings as part of a process of translation in which the idea of workforce reduction was institutionalized in the organization. Since it is reasonable to assume that unintended consequences would characterize any process of change (Czarniawska & Joerges, 1996) and that social responsibility may have different meanings in different contexts, the uniqueness of this case lies in how the meaning of social responsibility changed over time. Since the idea of workforce reduction is

associated with highly negative consequences not only for workers, but also the general image of the company, employers have a particular interest in presenting themselves and their actions in a favourable light. When the ideas of workforce reduction was materialized in action, negative consequences were revealed and efforts were made to buffer the negative effects through new actions and activities, continuously re-packaged as socially responsible. The idea of social responsibility served to create meaning and stability for those workers who remained in the organization, but the meaning that was attached to it changed over time. Thus, social responsibility may be regarded as a way of packaging a highly controversial idea in order to make it more acceptable to local actors.

It should, nevertheless, be noted that at Vattenfall the translation of social responsibility was made in a particular way. It was shown that in their efforts to reduce the number of workers, management engaged in negotiations with trade unions. Employer representatives emphasized the importance of collaborating with trade unions, the right of trade unions to voice their concern and to integrate trade unions in decision-making bodies. This may of course be regarded simply as adhering to legal requirements. According to the Swedish codetermination act the employer is required to inform the trade unions about all major changes in the firm. However, the negotiations were an important part of the translation of the idea of workforce reduction in the organization. The repeated programs of workforce reduction had made employees, trade union representatives and also managers more sympathetic to organizational change, at least it made it less dramatic. Previously it had been difficult to talk about changes at all. Workforce reduction had been somewhat of a taboo. They began to perceive organizational change and workforce reduction as a natural part of the company. However, even if the result was negative and problematic for those workers who were made redundant, workforce reduction was regarded as legitimate since it was a result of negotiations. In other words, the workforce reductions were provided with a sense

of legitimacy for its conformation to established practices not necessarily because of the claims of social responsibility.

The translation of workforce reduction did seem however, to take place under certain conditions. As claimed, within Vattenfall the reduction of workers was conditioned upon the transformation of the organization from a state authority to a state owned company operating on a competitive and deregulated electricity market, which made it legitimate to introduce new ideas into the organization. As members of Vattenfall paradoxically claimed, their history as a state owned company made it necessary to act in a socially responsible way, while at the same time the transformation of the electricity market made it necessary to change the operations and reduce the number of workers. This exchange implied that, at least within Vattenfall, the workforce reduction programs became a confirmation of the fact that Vattenfall had been transformed into a “real” company, acting in a competitive market. Thus, the reference to master ideas (Czarniawska & Joerges, 1996), such as competition and deregulation, made it possible to introduce new ideas and activities to be institutionalised in the organization.

This finding illustrates the advantage of regarding social responsibility as being translated by, rather than implemented and enforced upon, local actors. One of the cornerstones of this perspective is to focus on the process of translation itself and not the inherent properties of ideas and their match to particular organizational problems. As Czarniawska & Joerges, (1996) point out, the perceived attributes of an idea, the perceived characteristics of a problem and the match between them are all created, negotiated or imposed during the collective translation process. This, they argue, is central to understand how fashionable ideas may become institutionalized. Thus, it is more relevant to regard social responsibility as a result of a process, rather than as a concept to be diffused and implemented. To some degree, the findings reported here are consistent with this thesis: it was not the inherent goodness of the workforce reduction practices that contributed to its institutionalization, it was how the idea was translated that made it acceptable to

organizational members. As shown, the perception of workforce reduction as being a natural part of the company derived meaning from the fact that it was translated through the existing practice of negotiations. As Czarniawska & Joerges, (1996:39) notes, local actions conforming to existing institutions gain in what is the gain of institutions: the economy of effort, stability, order and control, the source of identity for individuals and groups. Thus, it seems that the translation of one idea can contribute to the institutionalization of another. This also has other implications. Namely, it implies that when studying processes of translation ideas may not be regarded in isolation. Consideration has to be taken to the multiplicity of ideas in organizational contexts and how processes of translation mutually reinforce each other. Furthermore, processes of translation should not be regarded as limited in time. As this study shows, the translation of social responsibility was a process that unfolded over a period of at least 10 years. This suggests that more longitudinal research should be adopted in order to capture such processes. This paper has been an effort to open up a debate regarding these issues. The future will tell how this approach to the understanding of socially responsible workforce reduction practices is translated.

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