The three Effects of Organizational Change on Mental Health

Data for Germany shows that in 2016 mental health problems have become the second most stated reason for sick leave, after musculoskeletal disorders (DAK 2017). Although there are different factors explaining the dramatic increase of mental health problems (DAK 2013), there are indications that the way in which work is organized nowadays may imply a negative impact on employees’ mental health. Based on the literature on organizational change as well as the Job Demand-Control-Model (Karasek, 1979), we ask how organizational change, workplace autonomy and intellectual demands at the workplace relate to mental health problems. First, in line with Rigotti and Otto (2012), we hypothesize that organizational change threatens the resources available to individual employees leading to a positive direct effect of organizational change on mental stress (H1). In addition, we argue that organizational change largely follows an economic logic and is grounded in firms’ needs for further rationalization. Thus, organizational change brings about higher intellectual demands at the workplace. Therefore, we expect organizational change to be positively related with intellectual demands (H2a), and that higher intellectual demands are positively related with mental stress (H2b). In addition, we argue that new means of control are introduced in the context of organizational change projects. Hence, we expect organizational change to lower workplace autonomy (H3a). Following Karasek (1979), we expect that workplace autonomy is negatively related with mental stress (H3b).

To test our model, we utilize a representative subsample of the Bibb/BAuA dataset (2012) from the German Federal Institute for Occupational Safety and Health containing 14,560 observations. We used Poisson Regression Models and Negative Binomial Count Regression Models within the causalsteps framework proposed by Baron and Kenny (1986), and controlled for various effects incl. industry, social
Our results support our hypotheses. First, in line with Rigotti and Otto (2012), we find that organizational change is associated with an increased level of employees’ mental stress (H1). Beyond that, we find that organizational change is positively associated with intellectual demand (H2a), and negatively related with workplace autonomy (H3a). Thus, organizational change tends to bring about higher intellectual demands for employees, with at the same time lower workplace autonomy. Organizational change therefore means, according to our findings, that employees are confronted with an increased level of work requirements but, at the same time, are also confronted with a lower level of control and workplace autonomy. As the Job Demand-Control-Model predicts (Karasek, 1979), we also show that increased intellectual demands lead to more mental stress (H2b), while a decrease in workplace autonomy leads to an increase in mental stress (H3b). Overall, we argue that organizational change jeopardizes the mental health of employees via three routes: First, directly, second by increasing intellectual demand, and third by decreasing workplace autonomy.