

### Overview

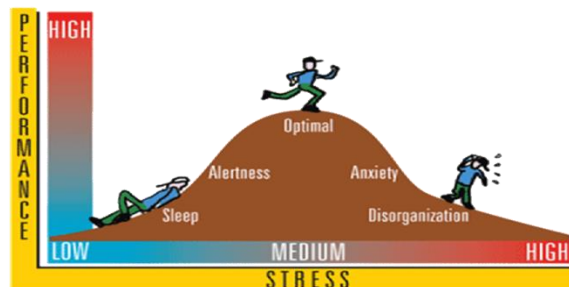
Workplace stress is making us sick and, in the process, killing productivity in the workplace. This stress leads to illness and potentially fatal consequences for not just the people involved, but also the organization itself. Although the information I'm going to share is predominantly North American, similar numbers and situations are reported in Australia, New Zealand, Malaysia, India, the UK and other countries.

In North America, there are approximately 1.1 million workers on stress-related sick leave *every business day of the year* (up 17% since 2008) costing their organizations in numerous ways. Estimates of the overall cost to North American business range from \$150 - \$300 billion and the impact to the economy is in the trillions.

Stress lowers the body's immune system which limits its ability to fight off common illnesses that result in short-term absenteeism. Psychological issues such as depression and anxiety and panic attacks are also being reported. Not surprisingly, more than half of workers surveyed state that job-related stress is having a negative impact on their productivity.

In Canada, a recent study shows that stress is causing workers to seek professional care for physical, mental and emotional ailments which is having a dramatic effect on the cost to governments and organizations' employee assistance plans of providing medical services.

Another by-product of stress is fatigue and attention deficit that contributes to productivity decline and a higher risk of accidents. There's also the potential of employees turning to drugs (prescription or illegal), alcohol and gambling as a way to forget the stress at work. Lastly, there's the impact on the worker's personal life.



The following Key Performance Indicators (KPI) should be a wake-up call for executive management, human resource professionals, unions, the Board of Directors and Shareholders of organizations, because each KPI represents non-value-added cost, time and effort.

Stress, caused by workplace environmental issues (too much work, harassment, bullying, etc.) accounts for approximately:

- 20 to 25% of absenteeism which leads to lower productivity and, potentially, missed deadlines and customer service targets
- 40% of staff turnover causing the loss of knowledge capital and a downturn in moral
- 55 percent of employee assistance programs which causes costs for these programs to become more expensive
- 30 percent of short- and long-term disability which causes the loss of the knowledge capital of the employee for that period, higher overheads, etc.
- 10 percent of drug plan costs which pushes company overhead and government costs higher

- 60 percent of total workplace accidents. This number is higher when we consider the accidents that take place while employees are travelling to and from the workplace, are fatigued or distracted by stress which results in vehicular or pedestrian accidents

### What can be done?

#### RECOGNIZE THE THREAT



To effectively deal with this issue, executive management needs to take the situation as seriously as they would a continuing quality issue that threatened market share because, workplace stress will directly or indirectly threaten an organization's performance. Moreover, the potential for workplace stress to turn into workplace harassment is very high which, in turn, can escalate to physical violence, litigation and criminal charges against employees, management personnel and the organization itself.

#### IMPLEMENT A CONTINUOUS IMPROVEMENT PLAN

When faced with quality issues, organizations deploy the use of continuous improvement methodologies to make adjustments and effectively deal with the sources of quality failure. Each one of these methodologies requires:

- The establishment of KPI
  - Absenteeism; Turnover Rate; Employee Assistance Program usage; Disability Claims; and, Workplace Related Accidents
- An established baseline measurement for each KPI
- Root cause analysis of the factors that create workplace stress
  - In this situation, the creation of an Employee Value Index (EVI) would be an excellent start
- Action plans created and executed to reduce workplace stress factors
- Continuous measurement of the KPI to ensure that the factors are being effectively addressed
  - Using the same EVI to measure the movement on the baseline KPI would be a logical methodology. However, as issues are dealt with, other KPI may surface which then would need to be quantified and measured in the survey.



Just as we would in any continuous improvement project a select team of employees and external resources needs to be identified, provided with a mandate and the authority to investigate, recommend and enable action. This team would need an executive sponsor and that person would have a mandate from all of the executive team to get the workplace stress levels to an acceptable and manageable level. The entire team, executive and members, would require some education regarding change management and root cause analysis in order to have a reasonable chance of success.

The team that takes on the challenge of reducing stress in the workplace must realize that stress is often the result of an accumulation of small issues or unresolved events. The more difficult part of the challenge will be realizing that:

- There will likely need to be a change in the culture of the organization
- There will need to be an unwavering level of support for change from the executive management (investment of time and cash, their direct participation in change, etc.)
- There will not likely be one cure-all action that will alleviate workplace stress entirely (and you really don't want to as some level of stress is actually good)
- It's going to take time, the effective use of resources and patience to achieve the goals

### REMOVE ROADBLOCKS TO SUCCESS



One of the fundamental roadblocks to reducing workplace stress is one of the causes of stress itself: Fear. Fear of being singled out. Fear of reprisal. Fear of feeling foolish. Fear of the loss of privacy. Therefore, one of the primary goals of workplace stress reduction is to alleviate, if not eliminate, the Fear factors in the workplace and this is where technology can be used in a complimentary and effective manner to the human interaction that is necessary in these projects.

Earlier, I mentioned the use of an EVI to validate and benchmark the KPI. An effective technology tool for conducting an EVI is the use of an internet-based survey service. The employees can take the survey anonymously and at a time when they feel safe whether that's at work or from their home.

Another technology that has become affordable for small business is Automated Business Process Management Automation software. When this software is implemented properly, it provides employees the ability to safely report issues regarding stress, harassment, health and safety and other concerns. The application traps the information and automatically notifies appropriate management members of issues and guides them through the proper resolution of each type of issue in a timely manner and keeps a complete audit trail of each situation submitted. This reduces risk factors to the employee, management and the organization as a whole.

The largest roadblock to success may be an employee's attitude and management's commitment to make necessary change. In a few situations that this writer has witnessed, there were one or two 'bad apples' in the organization that were the root causes of significant stress with fellow employees. The reduction of productivity for those employees working with, or reporting to, these stress-inducing people is typically in the range of 25% to 40%. These people will be contributing to employee turnover, absenteeism, etc. When this situation comes to light, management must have a commitment to make necessary change. In some cases, this only requires some remedial coaching with the stress-inducing employee. However, if the employee is not going to change, management must be prepared to move that employee out of the position where they are inflicting harm and that may mean terminating the employee's relationship with the organization.



### **SUMMATION**

There are many competitive issues facing organizations today. Some of those competitive issues would require significant amounts of monetary investment to overcome. Reducing workplace stress does not require huge investments in terms of direct investment of cash, but does require a large emotional investment in terms of executive management's commitment to change.

The cost of workplace stress to any organization is often buried in several different factors of which I have only documented the most significant. For your organization the costs, root causes and remedies may be somewhat different. However, by taking positive steps towards reducing causes of stress in the workplace the return-on-investment for the employer will not only be reflected on the bottom line of the financial statements, but will likely be recognized by all stakeholders of the organization as a positive step forward in gaining a competitive advantage.



### **About the Author**

Ken Cowman's career has spanned over 43 years with 11 of those in operations management followed by more than 30 years as an enterprise solutions and continuous improvement project manager, educator, seminar leader and management coach. He has had over 70 articles published in various magazines.

A founding executive of the APICS Peel Chapter, Ken was part of the OMERIC team that wrote the Fundamentals of Operations Management courses for APICS. He is also the past Chair of the Business Operations Management Program Advisory Committee at the School of Business at Centennial College.

Ken is also the author of Emercomm's Lean Enterprise Management methodology and leads the team that develops the LeanControl RTO© applications.

He can be reached via email [kcowman@emercomm.com](mailto:kcowman@emercomm.com) and can be found on LinkedIn <http://ca.linkedin.com/pub/ken-cowman/4/602/370/>.