

IS YOUR ORGANISATION PRACTICING SAFE STRESS?

Article by Richard Hawkey and CGF Research Institute

Once upon a time we created the factory, and in that factory we put some machines. Very clever, intricate capital assets that speeded up throughput and improved quality. We treated these machines with care and wiped them down with an oily rag every day to keep them in pristine condition. Very soon we had developed measurement systems to check their performance; to tell us when we should shut things down so we could tighten nuts, and repair and replace worn components. We cared for these machines because we knew that our livelihood depended on them.

Machinery aids production and may even provide a competitive advantage - but only at a given point in time. It can't dream up or design new products or services by itself (yet). Creativity, passion, vision and the dogged will to strive for more, for something 'better', comes *only* from the Human Capital we employ in our organisations. Employees are what it takes to give us the ability to achieve *sustainable competitive advantage*, and to delight our customers. Why then, over 200 hundred years after the Industrial Revolution, do so many organisations fail to understand the importance of looking after their Human Capital assets as well as they look after their inanimate ones? And surely if organisations claim to be practising good governance, this must include the manner in which the organisation's leadership are safeguarding their Human Capital assets through their Group Wellness strategy.

Over a hundred years ago the psychologists Robert Yerkes and John Dodson proved the relationship between human arousal (stress) and performance. They concluded that there was an optimum level of arousal where people performed at their best – this is known as 'eustress' and is the positive, motivating, exciting kind of stress we feel, say, at the beginning of a new project, or when asking someone out on a date. However, Western and Eastern medicine has also proved that repeated exposure to negative stress (distress, hyper-stress and hypo-stress) fundamentally effects our entire physiology and links to many illnesses which are rooted in 'stress'.

A recent survey devised by doctors and business executives (see Figures 1 & 2) uncovered some startling facts about how excess *negative stress* is increasingly effecting employees in the workplace with downturned productivity and morale. The link between continued negative stress and illness is a known fact. Organisational leaders who knowingly allow such practices within the workplace are surely at odds with their claims of protecting the organisation's assets. Informed shareholders (and other stakeholders) of the organisation will need to seriously consider exactly what messages are being provided to the broader stakeholder community in the Corporate Social Reporting found within the organisation's annual Integrated Report.

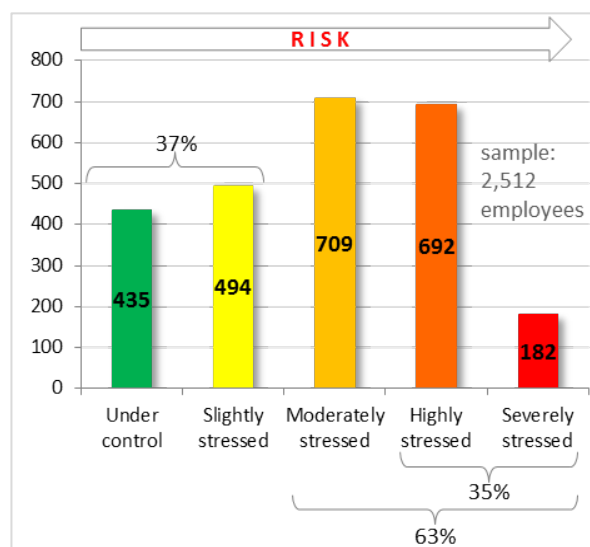


Figure 1: Vital's© stress ratings Sept'11 to June'13

As negative stress increases, cognitive, physical and emotional functioning worsens.

Whilst organisational leaders are held accountable and legally liable for any forms of financial misconduct, gross negligence or misrepresentation, there is clear evidence that any forms of abuse which may be caused either directly and or indirectly against the organisation's employees, or where their personal well-being is violated by the organisation, may well become yet another factor to contend with. Understandably

responsible leadership within organisations -- which is further supported by many tenants found within the King Report on Governance for South Africa 2009 (King III) -- extends well beyond the 'hard' numbers. Employees and the health of employees have become a major area of importance for an organisation and its leaders are expected to protect this asset as they strive toward becoming a more balanced, profitable and sustainable organisation.

<u>Survey results</u>	<u>Business impact</u>
25% reported significant difficulties in being able to concentrate .	Poor concentration leads to greater accidents and reduced quality . One in four knowledge workers will be struggling to do their jobs. Operational and reputational risk is likely to increase .
55% report debilitating poor quality sleep (sleep is an active physiological function - as important as going to the toilet or eating healthily).	This may, in part, account for the poor concentration. Lack of sufficient, good quality sleep will also affect mood and the immune system – driving up absenteeism and presenteeism whilst lowering morale .
23% complain of chronic abdominal upsets , and 32% hobble through the day with generalised, aches & pains . A truly terrifying 37% complain of chest pains!	More sick days* and more employees leaving the organisation either to try and escape the pressures or because they can no longer function and have been classified disabled** . <i>*Research conducted by the Chartered Institute of Personnel and Development (CIPD) in the UK during 2010/2011 found that stress is now the leading cause of long-term absences from work. **The World Health Organisation (WHO) has stated that by 2020 unipolar depression (a common consequence of unmanaged excess negative stress) will be the second largest cause of disability in the world!</i>
48% are demotivated and 49% are so disengaged they are merely 'living for Fridays'.	It's difficult to see how organisations can grow sales, and operate efficiently when 'the lights are on, but no one is home' with close on <i>half</i> their workforce who are demotivated. Organisational morale is the sum of all individuals – it can't be 'legislated' or 'proceduralised'.

Exhaustive analysis and narrative is unnecessary to conclude that a sick, tired and unhappy workforce are simply less productive and less able to cope with the curve balls that daily life serves up, both personally and in the workplace. The good news is that while between 50% and 80% of employees may be excessively stressed -- according to the 2009 Gallup poll survey "Attitudes in the American workplace" -- about 30% of absenteeism, presenteeism and staff turnover costs arising from stress can be quite easily reduced by implementing relatively simple at-work-wellness measures (UK Health and Safety Executive 2010).

Responsible organisations encourage their employees to take regular breaks, to not eat at their desks, to get involved in social responsibility projects and to speak up when they are feeling overwhelmed. This practice costs nothing in the greater scheme of things and goes a long way to establishing an organisational culture that actively demonstrates that it cares about its employees and their well-being. Caution however is provided to organisations who attempt implementing a 'quick fix' by requesting the HR department to "implement a 'stress management' programme", particularly when such an activity is not supported by the executive, and more so when no budget is allocated to ensure its success. Taking care of an organisation's workforce and being a *decent corporate citizen* is a hard, bottom-line issue that warrants proper and dutiful attention from the Board of directors. In this area -- more than most -- leadership by example pays handsomely.

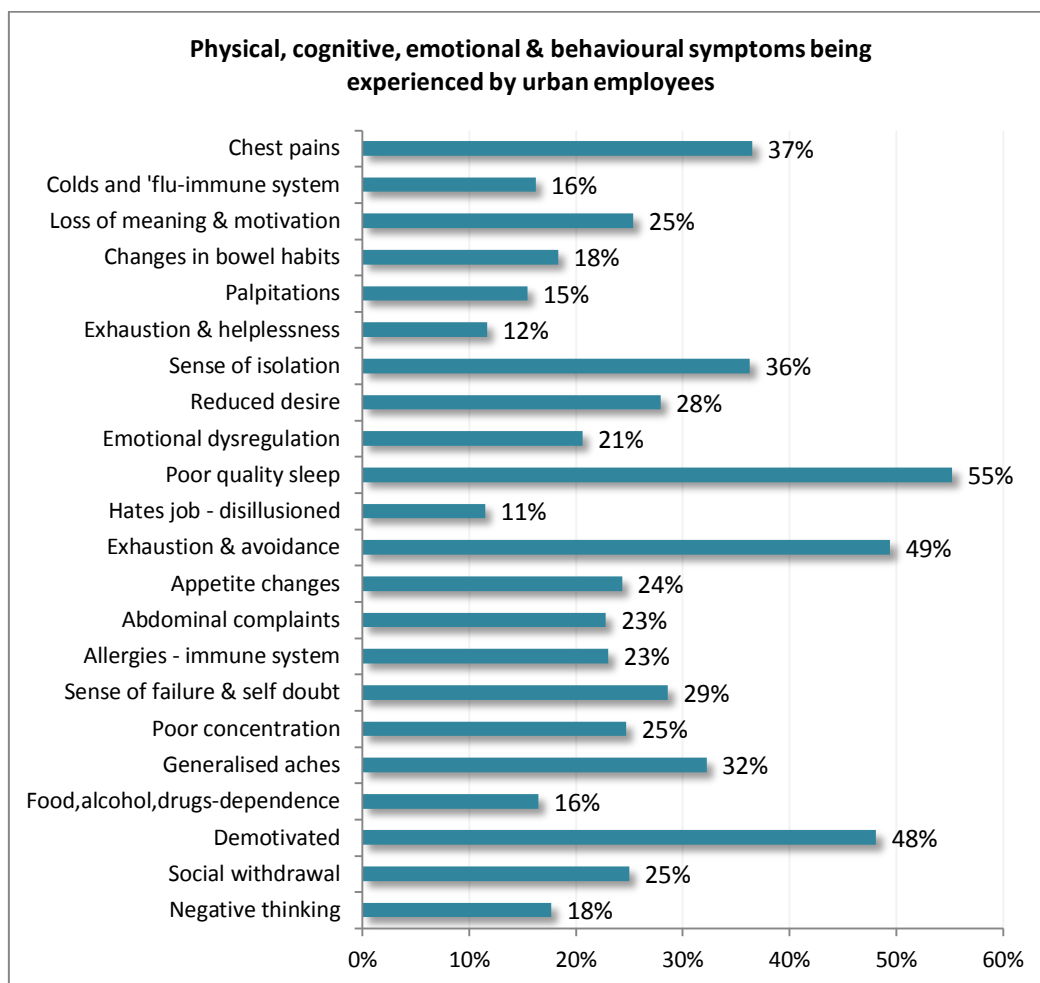


Figure 2: Physical, cognitive, emotional & behavioural symptoms experienced by urban employees in SA
Sample size: 2,512 employees across industries, age groups and job grades

Perhaps corporate citizenship needs to start with your own citizens first? Charity begins at home and empowering your most important assets with skills to recognise and deal with key wellness issues is possibly the greatest gift you can give your employees. It also makes good business sense.

About CGF Research Institute (Pty) Ltd

CGF is a Proudly South African company that specialises in conducting desktop research on Governance, Risk and Compliance (GRC) related topics. The company has developed numerous products that cover GRC reports designed to create a high-level awareness and understanding of issues impacting a CEO through to all employees of the organisation.

Through CGF's strategic partners -- supported by our Corporate Patrons *Rifle-shot Performance Holdings and DQS South Africa* -- our capabilities extend to GRC management consulting, executive placements, executive mentoring, company secretariat, group wellness, and the facilitation of Corporate Governance and Risk Awareness workshops. To find out more about CGF, our patrons and our associated services, please access www.cgf.co.za, www.corporate-governance.co.za or www.governanceconnect.mobi



About *equilibriumsolutions* (Pty) Ltd

equilibriumsolutions was formed out of a need to educate people on identifying stress in themselves and those around them, the impact this has personally and for their organisation, and how they can break out of the negative spiral and emerge vigorous and vital; realising quantifiable benefits for themselves and the organisations they work in.

Our products and services have been jointly developed by business executives and medical doctors and are aimed at raising self-awareness and providing practical solutions – either stand alone or integrated with existing wellness programme offerings – that deliver personal and bottom-line benefits.

For further information contact:

CGF Research Institute (Pty) Ltd
Terry Booyesen (CEO)
Tel: +27 (11) 476 8264
Cell: + 27 (82) 373 2249

equilibriumsolutions (Pty) Ltd
Richard Hawkey (Founder)
Tel: +27 (11) 656 5563
Cell: + 27 (73) 287 1115
www.equilibriumsolutions.co.za

Johannesburg, 24 July 2013