

# Designing and Implementing Valid Well-being Audits and Interventions: A Simple Model and Case Study

Dragoş Iliescu

*National School of Political and Administrative Studies, Bucharest, Romania*

Received 9 April 2012; Accepted 10 April 2012  
Available online 19 April 2012

The present paper attempts at stating few theoretical principles which could underlie efficient stress audits and interventions. An example of a case when these few and straightforward principles have been applied in practice will be discussed. The paper will argue that empirically valid stress interventions are possible and needed, and highlights that in order to build an empirically valid approach, one should pay attention to both the current state of science in the field of stress and psychological well-being, and to financial indicators associated with individual and organizational outcomes of stress and psychological well-being.

Keywords: stress and well-being audit, interventions, cost analysis.

Address of correspondence: dragos.iliescu@testcentral.ro

The present paper is by no means an empirical study. Instead, it attempts at stating some very few theoretical principles which could underlie efficient stress audits and interventions. Then it will show an example of a case when these few and straightforward principles have been applied in practice. The objective of this paper is showing that empirically valid stress interventions are possible and needed. To build an empirically valid approach, one should pay attention to both the current state of science in the field of stress and psychological well-being, and to financial indicators associated with individual and organizational outcomes of stress and psychological well-being.

## **Theoretical principles**

### *Focus on both individual and organizational outcomes.*

During the past two decades, significant research has been published, linking stress and psychological well-being with individual, and organizational outcomes, both being taken into account when gauging the effect of stress, as well as other psychological events, upon organizations. From an individual point of view, stress and psychological well-being have been consistently linked with minor and major illness, ranging from minor colds to coronary heart disease, as well as with a number of changes in brain and body (Ryff, Singer, & Love, 2004). From an organizational point of view, stress and psychological well-being have been convincingly related to performance and productivity, sickness absence, organizational conflicts, turnover, customer satisfaction and others (Cropanzano & Wright, 2001; Harter, Schmidt, & Keyes, 2002, 2003). For this reason, both individual and organizational outcomes should

be the focus of attention when designing and deploying stress audits and interventions.

### *Differentiate between pressure and stress.*

One of the major wrongfully held assumptions regarding stress is that pressure is congruent with stress. Pressure and stress, however, are different, while not divergent. Not all pressure is stressful, and certainly not harmful. Unfortunately, organizational life cannot be without pressure. Trying to evaluate areas of pressure and then address them in order to minimize pressure would certainly be the intuitive approach, but it certainly would also be wrong. To work in an organization means to be subject to pressure. The nature of the work, deadlines, procedures, workload, and emotional labor associated with the work, and many other such phenomena, put pressure on an employee. But pressure only becomes stress after a certain threshold has been overtaken. We could imagine performance as a function of pressure, and such a function would raise performance once more pressure is applied – this evolution would go up to a peak zone, and then, if more pressure is applied, would drop rapidly again towards lack of productivity. We could call these three areas “switched-off”, “peak performance” and “stress”.

### *Be aware of individual differences.*

The response to stress is an individual response. One of the major mistakes that can be done in this area is to identify only those aspects of stress which are part of the organizational context. We could name these aspects, behaviors, events and pressures as “stressors”. Indeed, stressors stem from the organization, but they do not create

stress themselves. Rather, stress is an individual response. The area where the peak performance zone, the “feel-good” zone, cuts down to the low-productivity, stressed-out, burnout zone, is dependent on the employee’s capacity to individually cope with the pressure. This threshold is usually called “resilience”. People high on resilience can handle more pressure without becoming stressed; people low on resilience can handle less. As such, working on building individual resilience is at least as efficient as working towards minimizing the stressors, which sometimes clearly cannot be done.

*Differentiate between hindrance and challenge pressures.*

If one would work against the pressures generated in the work environment, one should be aware that some of these pressures are positive, and help and motivate employees to perform, be creative, engaged, productive and happy. Some other hinder them from being productive. These two kinds of pressures are called “challenge” and “hindrance” pressures and should be identified and treated separately. Examples of challenge pressures are time pressures, workload, responsibility and others such; while definitely toxic when going over a certain threshold, these pressures motivate employees and drive them onwards. Examples of hindrance pressures are role ambiguity, the lack of resources, job insecurity, negative work relationships; these pressures, even when at their lowest, hinder employees from performing or from performing efficiently. Hindrance pressures can easily be classified as negative, as they are significant and strong predictors of lack of job satisfaction, lack of commitment, turnover, and withdrawal. Much in the same way, challenge pressures can easily be classified as positive, as they are significant (though weak) predictors of job satisfaction, commitment, and do not correlate significantly with turnover, and withdrawal (Podsakoff, LePine, & LePine, 2007). Subsequently, elements of hindrance and challenge should be considered separately.

*Follow the medical model when designing audit and intervention.*

The medical model in intervention differentiates between primary, secondary and tertiary interventions. Tertiary interventions are those done as treatment and rehabilitation; they are the least efficient and are usually seen in the stress and wellbeing arena as budgets for compensation and benefits, or medical insurance, longer holidays, sick leave financial coverage, etc. Secondary interventions are done at an individual level, and are aimed at modifying the harmful behaviors of individuals, in case of stress and well-being this would mean effort targeted at building up individual resilience, intervention efforts in cases of Type A Behavior Pattern, development of positive coping mechanisms, etc. Such interventions can easily be done after individual assessments, when built around such concepts like Emotional Intelligence, for example, which provides both a theoretical sound basis, and readily usable measures (like for example the EQ-i [BarOn, 1997] or the Mayer-Salovey-Caruso Emotional Intelligence Test [Mayer, Salovey, & Caruso, 2002]). Primary interventions are done on the sources of pressure, and would include changes in the work environment, including procedures, culture, management objectives, etc.; these interventions are oftentimes very difficult, or even impossible.

*Design and implement the audit and intervention for proven efficiency.*

A good way to approach the design of the audit and intervention is to aim to prove the efficiency of the proposed methods. This is easily done by following a process where the start of any intervention would be based on a thorough measurement of baseline metrics associated with stress and well-being, such as financial indicators, internal processes or service quality. In a second step, sources of pressures should be assessed, followed by actions taken on the drivers of stress and well-being and finally by a new measurement of the baseline metrics.

**Example of a successful intervention**

The case study below will follow the abovementioned principles and show the efficiency of a simple, yet powerful stress audit and intervention conducted in 2007 on a Romanian company active in the advertising industry.

*Rationale for audit*

Epsilon Corp. is active in the advertising industry. Advertising is a highly competitive industry, with both managers and employees very keen to keep in the front. Not only business leaders, but also specialists are very visible and are associated by others in the industry and by those outside with intelligence and creativity.

The advertising industry is in the same time – or was, in Romania, around 2004-2008 – a business branch with an extremely high turnover. Epsilon Corp. had registered in 2006, the year prior to the audit and intervention described in the following pages, a turnover of 19% - one fifth of its employees had left the company, and had to be replaced.

The labor market in this domain is very scarce. No university offers formal undergraduate specialization in advertising, the closest one could get would be either communication sciences, or marketing. Only one university offered at that point of time graduate studies labeled “advertising”, and practitioners were unanimous in affirming its theory-only approach to education. As such, academic education did not qualify pretenders for a job in advertising, and the only way to get specialized would be to learn on the job. On the other hand, while intensely aspirational, a position in an advertising agency is difficult to gain because exactly the lack of practical skills, so very few get to learn on the job. As a result, labor resources are scarce.

Training on the job is not the most fortunate way to train a specialist. In this industry, it takes a long time for juniors to become at least half-way productive (maybe up to 2 years to not be called a junior any more), and training is reasonable only if they stay in the company for at least 3-4 years afterwards. At such a high turnover, however, such expectations are not realistic, and training newcomers does not pay off, because they leave too soon. Indeed, the company is regarded as one of the best schools of advertising, and juniors crave to be part of the Epsilon Corp. team, but the climate problems of the organization are of some notoriety and few of these newcomers see for themselves a long-time career here. Learning enough and then leaving for greener pastures – that’s the usual objective.

Epsilon Corp. also has a history of cross-departmental conflict issues. The classical such conflict between

departments in the advertising industry is the one among creative services and client services. Creatives (like copywriters and art directors) see client service representatives as too mundane, to uncreative, too close to the client in accepting his/her every whim, lacking understanding in the creative vision built by creatives, and not being able to sell to the client the compelling constructions developed by creatives. Client service representatives return the good thoughts and see creatives as too aloof, unrealistic, unreliable, not leveled to the business objectives, and self-centered.

Among the more mundane other issues of Epsilon Corp. We should also mention anger management issues in a small (but visible) number of managers, low job satisfaction in staff, at least in the two departments most productive departments mentioned above (creative services and client services), and rampant absenteeism. Absenteeism is to a certain extent tolerated in this industry, in general, and had been tolerated in Epsilon Corp., specifically, as one cannot force copywriters to be creative around the clock, and in certain areas of the business delivering on time and with quality is enough, and one could not care less if the creative idea was developed in a pub at midnight, or in the office, at noon. However, when absenteeism becomes so rampant that a copywriter does not show up to the filming of his own copy, concern is advised. Also, there is a curious lack of involvement with management policies, and lack of intention to develop or sustain a healthy climate, from employees of all levels.

#### *Baseline metrics*

At the moment the audit was requested, the company had 106 employees, including the top management team. A number of objective indicators were collected as benchmarks for the beginning of the intervention, and a part of them could be valued, i.e. their monetary value could be established.

*Sickness absence.* Sickness absence is an important result of low psychological well-being. In Epsilon Corp., the full time equivalent (FTE) of time lost due to sickness absence is very high. The FTE in working days lost is 6.4 / employee. As no such benchmarks at a national level or even on specific industries have ever been run in Romania, the average FTE for the advertising industry or even for Romania in general is unknown. However, monetary value can be attached to this figure, as the average cost per day per employee is easily drawn from personnel records and is placed at €71. This only evaluates the direct costs, i.e. the time which is paid in salaries to employees without actually being provided to the employer. Absence has also indirect costs, like more pressure on the employees who have to step in and do the work of those absent, loss of image in the eyes of clients, and loss of timing, momentum or competence on specific projects. In any case, direct costs for the current situation heap up at €454.4 / employee / year, summing up to a staggering total of €48,000 for the time-span between April 2006 - April 2007.

*Employee turnover.* Employee turnover is an important indicator of organizational health, and is predicted by a number of constructs associated with positive and negative emotions at the workplace, such as, among others, job satisfaction, and psychological well-being. Employee turnover has significant costs, being associated with lower customer satisfaction, and productivity; it also impacts

future revenue growth and profitability. Employee turnover marks both direct and indirect costs. The direct costs are associated with costs in the recruiting, selection and training of the new workforce. Indirect costs are associated with a loss of employer brand equity, and thus of image. Employee turnover in Epsilon Corp. was computed over the past 12 months at 19% (18 employees). Additionally, syndicated employer brand studies have shown that Epsilon Corp. is not an “employer of choice”. The personnel department reports a medium-low talent attraction capability, which is due to the rather low external equity. While the company is regarded as a top player, its climate problems are known and the professionalized workforce shunned the company. The cost of turnover could be rigorously computed for the direct costs and could be estimated for the indirect costs. The direct costs for recruitment and selection during the past 12 months have been as high as €68,400, which averages out at €3800/employee, for the 18 employees who had to be recruited for vacancies. The indirect costs were evaluated at €36,000, based on an average of €2000/employee, due to training costs and less-than-optimal performance during the first few months of employment.

*Other benchmark indicators (employee commitment, attachment and engagement, organizational citizenship, customer satisfaction).* A number of other indicators of organizational well-being are associated directly with stress and individual well-being. None of these financial indicators are easy to compute, but they are important as benchmarks, against which to gauge the success of the intervention. The company runs a yearly climate, culture and satisfaction survey, which, granted, is not normed, but still may be considered. The overall index at emotional attachment, as given by the last climate, culture and satisfaction survey was 55%. The usual return rate on questions from management (like surveys) is very low, around 20-25%. The overall index for organizational citizenship behavior (OCB), at the last climate, culture and satisfaction survey was 62%. The company also runs a yearly customer satisfaction survey, and the overall satisfaction index at the last customer satisfaction survey was 81%, which is quite high. In any case, while these indicators carry with them costs for Epsilon Corp., the monetary value could not be estimated.

#### *The audit process*

The stress and well-being audit was run during February-March 2007.

A number of 106 confidential questionnaires issued to the staff; each employee received an envelope with the questionnaire pack individually, with a one-week deadline for completion. Only 26 questionnaires (25%) were delivered at the first deadline; and the rest of the employees were chased down individually and motivated to complete this task. Although no repercussions were attached to non-participation, and no incentives were promised for participation, in the end questionnaires from 92 (87%) employees were collected, after much insistence.

The quantitative stage was based on two measures, namely the Job Stress Survey (Spielberger, 1999) and the ASSET (A Shortened Stress Evaluation Tool, Cooper & Cartwright, 2002). Both these measures have been carefully adapted and standardized in Romania and have both national norms, and also specific norms on certain

industrial or demographic categories. The quantitative data collected by the questionnaire was supplemented by focus groups and one-to-one interviews carried out between March and April 2007. This qualitative stage was based on 3 focus group sessions, with 8 participants each, lasting 120 minutes each, as well as 16 in-depth interviews, 60 minutes each, run with volunteering employees.

The total budget attached to the audit process per se was €11,000.

#### *The post-assessment process*

Stress audits are nothing but worthless, if not followed by active interventions aimed at improving well-being in the problem-areas, organizational levels, or groups-at-risk which have been identified during the audit.

The approach taken in this case was to form a Project Team, which would develop a response to the findings, by analyzing the data, imagining measures and seeing to their implementation.

The Project Team included the HR Manager, one member from each of the 7 major departments of Epsilon Corp., and one consultant. This team of nine people prepared in three weeks a full action plan, with only 6 separate actions. This was presented to the top management, agreed upon in terms of actions and budget. The action plan was then printed and disseminated by email to all staff, followed by a 2-hour presentation and a 1-hour a Q&A session with all the employees of the company.

The consultant budget attached to this stage was of only €720 (16 manhours \* €45 / manhour).

#### *Overview of action plan*

*Management development program.* A first action agreed upon was a 2-day management development program, aimed at awareness rising and at empowering managers with tools which can be used for battling stress. The sheer rising of awareness to the pressure & stress arena and to the hindrance and challenge pressures active in the development of the individual perception and response to stressors in the workplace has been found to be an impactful intervention. Many employees, when being aware of the specifics involved in the stress response, are able to identify potential stressful contexts and situation and to control their response through rational approaches, developing themselves more efficient coping strategies. When these individuals are managers, it is likely that sometimes, at least, they will be able to develop such positive behaviors for the whole team they supervise. Also, managers have been empowered with simple tools which would help them to identify pressure, stressors, coping mechanisms, etc. and to handle stress & pressure in specific situations. The tools are typical for the ration-emotive approach in resilience and coping, and were adapted to the most common stressful events and situation which emerged from the stress audit and which are typical for the advertising industry in general and for Epsilon Corp. especially. The consultant budget attached to this stage was of only €3780 (9 participants \* 2 days \* €210/man/day).

*Resilience training.* Aside from the training of the management team, specific training was targeted also at the staff. A training module aimed at improving individual resilience was developed as a 2 day course, with a

supplementary 8-hours pre-course individual study and a supplementary 2-hours home study at the end of the first day. Only 64 of the employees participated in this training, and the total costs for this phase were €20,480 (64 participants \* 2 days \* €160/man/module).

*Personal development and intervention in TABP.* Type A Behavior Pattern (TABP) is one of the individual differences in the realm of personality and behavior patterns which are most related to stress and wellbeing. TABP governs individual preferences and response patterns which are of particular interest for psychological and physical well-being. As part of the stress audit, a number of 11 participants were identified as Type A. Aside from toxic work patterns, which would influence the climate they and their colleagues were working in, through anger outbursts, workaholism, extreme competitiveness and exaggerated time pressures, these 11 employees were individually at risk for developing coronary problems as an effect of their behavioral pattern. A psychotherapeutic approach, based on cognitive-behavioral principles and delivered by a qualified professional, was developed for these 11 employees, targeted especially at stress, wellbeing and anger management. The total cost for this phase was €2,112 (11 participants \* average of 6.4 session \* €30/session).

*Short job analysis & work re-design.* A very short job analysis as undertaken, aimed at identifying key areas where the job descriptions could be redesigned. This work redesign was targeted at lowering hindrance pressures, improving the subjective feelings of job control and lowering role ambiguity. For all positions in the company at least 2-3 such areas were identified and the job descriptions were altered accordingly. The budget for this phase was €1080 (24 manhours by consultant \* €45 / manhour).

*Minor re-design of performance assessment system.* One of the most efficient ways in which managers and staff can be motivated to follow a specific procedure or aim at a specific objective is the inclusion of that procedure or objective as a key performance indicator into the performance appraisal system. When the performance system is transparent and really builds up the basis for personnel decisions, responsible employees will follow its structure and requests in order to improve their own chances at being promoted. Again, this part of the action plan was targeted at lowering hindrance pressures, and was based on the inclusion of positive work relationships as a KPI for the middle and top management, as well as the inclusion of delegation as a KPI for the middle and top management of Epsilon Corp. The intention behind this action was to heighten the perception of job control in subordinates. Also, a short rule-book for the generation of specific objectives was developed. These rules should be used by management when setting objectives for employees, and assures, based on a checklist, which the manager is aware of how achievable, specific and operational a goal is. Such goals heightening challenge pressures in a reasonable way and contribute to the wellbeing of the workforce. The spending for this phase was only €360 (8 manhours by consultant \* €45 / manhour).

*Reduction of investment in tertiary level intervention (Treatment and Rehabilitation).* Like most other multinational companies operating with comfortable profit

margins in Romania, Epsilon Corp. had a policy of approaching problem areas by throwing money at them. Specifically, this was done based on the Compensation & Benefits system, which was aimed at giving enough positive incentive as to make the negative experiences more bearable. While such an approach is functional, in certain limits, it is more efficient when targeted directly at those areas where compensation is needed (where there is something to compensate). Compensation is a typical Treatment & Rehabilitation intervention and as such obviously a tertiary intervention. The compensation budget was re-routed in such a way as to be targeted exclusively at those hindrance pressures which needed to be compensated, and at improving some challenge pressures. Specifically, budgets spent previously on sport and fitness centres (which very few employees were frequenting anyway) were re-routed of spending towards hindrance pressures such as resources & work life balance: two programs for the families and children of employees were created, together with a work-at home scheme which could be opted in for specific functions, for one day a week.

#### *The results*

While this project is by no means a strong validity study, with an experimental design where the impact of specific interventions could be gauged, while controlling for the effects of other events – in-vivo commercial studies do not make such a research approach possible – the evolution of the benchmark indicators is very convincing. The same indicators which were collected as baseline indicators were measure approximately 16 months after the intervention, such as to reflect a full 12 month of “reinvented” organizational procedures.

Sickness absence had evolved from 6.4 days to 3.8 days / employee, generating thus savings of €19,600. Employee turnover had evolved from 19% to 7%, generating savings of €41,800 in direct costs and savings of €22,000 in indirect costs. Also, the company had become better at attracting a qualified workforce. Employee commitment, attachment and engagement was on the rise, and the last climate, culture and satisfaction survey reported an overall index at emotional attachment on the rise from 55 to 71%. The usual return rate on questions and informal requests from the management had become from 20-25 approximately 55-60%. The overall index for OCB was also reported as being on the rise, from 62 to 73%. The overall index of customer satisfaction as reported by the last customer satisfaction survey had also slightly risen, from 81 to 87%.

The total costs of the project, stress audit, development of intervention and implementation of action plan included, was €38,471. The total gain for the company, as shown by the financial indicators of indicators measured before and after, was only in the first year of €61,400 in direct costs and of an estimated €100,000 in direct and indirect costs.

#### **References**

Bar-On, R. (1997). *Emotional Quotient Inventory: Technical Manual*. Toronto, ON: Multi-Health Systems.

- Cooper, C. L., & Cartwright, S. (2000). *A Shortened Stress Evaluation Tool: Management Guide*. Manchester, UK: Robertson-Cooper.
- Cropanzano, R., & Wright, T. A. (2001). When a “happy” worker is really a “productive” worker: A review and further refinements of the happy – productive worker thesis. *Consulting Psychology Journal*, 53, 182-199.
- Harter, J. K., Schmidt, F. L., & Hayes, T. L. (2002). Business-unit level relationship between employee satisfaction, employee engagement, and business outcomes: a meta-analysis. *Journal of Applied Psychology*, 87, 268-279.
- Harter, J. K., Schmidt, F. L., & Keyes, C. L. (2003). Well-being in the workplace and its relationship to business outcomes: A review of the Gallup Studies. In C. L. Keyes & J. Haidt (Eds.), *Flourishing: The positive person and the good life* (pp. 205-224). Washington DC: American Psychological Association.
- Mayer, J. D., Salovey, P., & Caruso, D. R. (2002). *Mayer-Salovey-Caruso Emotional Intelligence Test: User's Manual*. Toronto, ON: Multi-Health Systems.
- Podsakoff, N.P., LePine, J.A., & LePine, M.A. (2007). Differential challenge stressor-hindrance stressor relationships with job attitudes, turnover intentions, turnover, and withdrawal behavior: A meta-analysis. *Journal of Applied Psychology*, 92, 438-454.
- Ryff, C. D., Singer, B. H., & Love, G. D. (2004). Positive health: connecting well-being with biology. *Philosophical Transactions of the Royal Society*, 359(1449), 1383-1394.
- Spielberger, C. D., & Vagg, P. R. (1999). *Job Stress Survey Professional Manual*. Lutz, FL: Psychological Assessment Resources.