

Managing Stress



Stress is an issue that has stormed into the corporate healthcare field. Recent surveys by both the UK Association of Risk Managers and the Association of Local Authority Risk Managers identify it as the principal emerging risk of the 21st century. We are already seeing a growing number of successful actions by employees against their employers for work-related stress.

As an employer, you have legal responsibilities for the health and safety of your employees at work. Courts are increasingly taking a tough line on employers who fail to recognise and deal with employee stress.

Stress-related cases

- John Walker, a senior social worker for Northumberland Country Council, who accepted £175,000 compensation in April 1996, following two nervous breakdowns he suffered as a result of stress from an impossible workload;
- Janet Ballandean, a deputy officer in charge at a home for the elderly for

South Lanarkshire Council, who accepted £66,000 in an out of court settlement for stress which led to anxiety, depression and panic attacks, arising from the bullying behaviour of a new manager;

- Richard Pocock, a mental health nurse driven to suicide through stress, whose widow received a £25,000 settlement from North East Essex Mental Health NHS Trust in February 1998;
- Cath Noonan, domiciliary care manager for Liverpool City Council, who accepted an out of court settlement of £85,000 in July 1999 as compensation for harassment, bullying and intimidation suffered at work over a number of years that eventually led to a breakdown and subsequent ill health retirement in 1997;
- Beverley Lancaster, a housing worker employed for Birmingham City Council, who was awarded £67,000 damages in July 1999 after her employee admitted liability, following a job transfer which subjected her to 'unbearable' levels of stress;





- ■ Randy Ingram, a warden managing travellers' sites, who was paid £203,000 by Worcester County Council which admitted liability, following prolonged stress which forced him to take ill health retirement at the age of only 39.

However, in April 2000, Tesco successfully defended a claim for negligence after an employee claimed that an internal restructuring and two senior personnel were responsible for her suffering a nervous breakdown. She had previously been off work with nervous exhaustion, and claimed that her employers should have taken more care. However, it was successfully contended that Tesco had taken all reasonable steps and that they had not been advised of the full extent of her vulnerability. Tesco could therefore not have reasonably foreseen her mental breakdown arising from the restructure.

Settlements and compensation awards from employees who have suffered stress are increasing in size as well as frequency. In May 2000, a teacher who suffered a nervous breakdown triggered by a demotivating head teacher and lack of school discipline was awarded £300,000 from Shropshire County Council - the then largest known payout to a public employee for a stress-induced illness.

There are other indirect costs too.

- In the current hardening market for employees liability insurance, failure

to assess and manage employee stress may lead to higher premiums because of the heightened risk of claims.

- A Confederation of British Industry survey estimated that UK industry loses more than £10 billion through employees' absence attributed to sickness - while another survey by Gee Publishing in 1999 reported that stress causes more absence than the common cold. Stress induced absence now tops the league table as the most common reported cause of absence, although it did not feature at all five or six years ago.
- Employees suffering from stress do not perform as well as their non-stressed colleagues, resulting in reduced productivity and possible errors of judgment.

Marsh's own experience suggests that absence costs the average employer in the order of £1 million per annum per thousand employees. Stress contributes 30% to 50% of that cost (ie £300,000 to £500,000 per thousand employees).

However, tackling stress as a risk management discipline and introducing some fairly straightforward intervention measures that go to the heart of the problem can reduce these costs considerably. At a conservative estimate, they will reduce losses from stress related absence by 30% - and that doesn't take account of any costs associated with litigation that might otherwise take place.

Negative effects of bullying

Almost half of Britain's employees have witnessed bullying at work and one in ten report being bullied in the last six months, a new study revealed earlier this year. The survey, conducted by the University of Manchester Institute of Science and Technology (UMIST) and supported by the Trade Union Congress and the Confederation of British Industry, suggested the phenomenon contributes to the loss

of 18 million working days every year. 5,300 employees from the public, private and voluntary sectors completed the survey, funded by the British Occupational Health Research Foundation, making it the biggest British study of the prevalence and effects of workplace bullying.

Causes of work-related stress

Business has changed in ways that can make employees' lives more stressful.

- Fuelled by strong competition, the pace of business life is growing ever faster. Businesses are under pressure to become increasingly more professional, assertive and fast.
- The rapid growth in technology has required employees to learn new skills. Few business processes now are performed in the same way as they were five years ago. This trend will accelerate still further as more and more businesses seek to gain benefits from e-commerce.
- Businesses themselves are changing shape. There has been a huge spate of mergers and acquisitions, and this looks set to continue. In many cases, the result is a new focus on operations, with the pressure on profit margins resulting in downsizing and contracting out of functions no longer regarded as core to the business. When you look at the causes of individual stress experienced by employees at work, job insecurity is high on the league table of the causes of stress experienced by employees at work.

Managing stress

Awareness of the importance of the costs of employee ill health is relatively recent in UK industry. However, an analytical approach to risk management issues shows that the high-frequency losses

resulting from employee illness often present a greater threat to business performance than the catastrophic - but much less likely - losses resulting from incidents such as fires.

While UK employers assess their employment risks and have health and safety policies in place, all too often these overlook stress. Like any other risk, a stress risk management action programme will benefit from a structured four-stage approach:

1. Establish the policy and strategy
2. Measure the risk
3. Take action to minimise the risk
4. Set up the monitoring programme

Options for managing stress

- Job redesign to improve control and reduce uncertainty
- New work schedules to increase flexibility
- Changes to management style and practice
- New communication procedures
- Training in stress management and relaxation techniques
- Provision of counselling and advice services
- Improvements in the working environment
- Cultural changes to encourage fairness and openness

Key findings show:

- Almost half the respondents reported witnessing bullying in the last five years.
- An estimated 18 million working days are lost every year because of bullying.
- Bullying affects employees at all levels. However, most perpetrators are managers.
- Over two-thirds of those who were bullied said they were not the only victims at work.
- Bullying is linked to negative management styles.
- Bullying negatively affects morale and productivity.

- Health screening to identify early signs of stress

We believe wholeheartedly in the adage that prevention is better than cure. However, in order to prevent stress, it is necessary to answer some key questions, including:

- How much stress exists within the organisation?
- How is that stress distributed?
- What are the consequences of that stress?

A complete analysis of the situation will reveal the cause of any problems. Such causes can range from particular management style to a policy of downsizing the organisation which puts greater pressure on individuals. These are situations to manage rather than merely patch up. It is far more effective to introduce solutions that deal with the heart of the problem instead of simply offering palliative measures.

In order to ensure an accurate and comprehensive analysis, Marsh consultants use a computer-based audit tool, which asks questions in a wide range of areas with answers scored numerically. This generates a benchmark based profile for the organisation, from which we can produce a stress profile and identify the key issues to tackle.

Responding to stress

A common response to stress is the attitude that it is an accepted condition and that people should be taught to manage it. However, there is a danger here of introducing the condition of 'learned helplessness'. Teaching people to cope with stress is not a substitute for identifying the underlying causes and endeavouring to deal with them at source. However, having said that, virtually all organisations will have some stressed employees, simply because life itself is not stress free and individuals differ in their ability to cope with stress.

It is important to recognise that stress manifests itself in many different ways. Symptoms can range from mental conditions - which themselves may vary from relatively mild problems such as panic attacks or anxiety through to others which require clinical treatment such as paranoia or depression - to physical manifestations of stress. The latter, which result from so-called somatisation, the turning of mental stimuli into physical symptoms, can include fatigue, high blood pressure, headaches, bowel problems, skin problems and sweating. More seriously, stress is a suspected causative factor behind some cancer and heart disease.

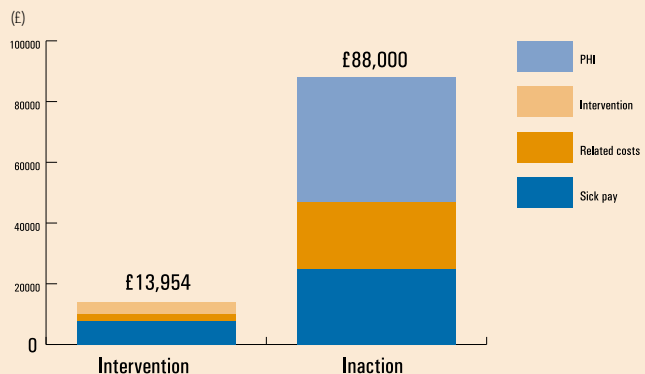
The response to stress should take account of the different causes and symptoms. For example, it would be appropriate for a line manager to address a situation where stress results from anxiety about workload. However, a

Cost Comparison: Inaction vs. Intervention

Cost comparison - two years from onset of absence

Basis

- Employee, salary £33,000, absent with stress symptoms
- Medical review after 6 weeks
- 2 weeks residential treatment
- Returned to work at 12 weeks
- Full sick pay ends after 6 months
- Sick pay ends after 2 years and transfers to ill-health retirement
- Costs exclude loss of production, administration, replacement staff etc.



serious psychological condition will require expert clinical treatment.

It is important to educate managers to identify the causes of stress as well as the stress itself, and then give them the right tools for those people affected. They need to be able to manage the causes and then make sure that the solutions are tailored to the individuals concerned, rather than simply applying off the shelf solutions.

Inaction vs intervention

While a proactive interventionist approach can initially cost more than simply doing nothing, the ultimate savings quickly become evident. Individuals who would have been absent or unproductive for long periods can be quickly returned to effective employment. Savings are realised in sick pay, productivity, insurance and pension costs, and possibly even in legal proceedings.

Training

Stress is often regarded as a high level prerogative. It can be quite difficult to persuade senior people within an organisation that less senior members of the workforce are suffering stress. In fact, the level of absence of senior people within an organisation can be as little as one sixth of the level of that of more junior staff.

Once this is recognised, training of managers at supervisory level is an essential element in giving an organisation

the tools to manage stress. Such training encompasses not only the organisation's legal obligations with regard to stress but also how to identify cases of employee stress, how to manage one's own stress and, as far as possible, how to operate an organisation which is stress-free. Marsh Employment Risk Services incorporates special polling software into these courses as this allows participants to steer the training into those areas that are most relevant to their own organisations. It also facilitates honest and open feedback on what can be a sensitive and personal issue.

It is important to adopt the right approach because stress is an issue that's not going to go away. If you can foresee that your employees are working under conditions likely to cause them stress, you are legally obliged to do something about it. And it will certainly benefit your business to have non-stressed employees who can achieve their maximum potential.

Marsh services include:

- stress risk assessments
- employee stress audits
- cost of stress reviews
- review and revision of stress policies and procedures
- stress performance benchmarking
- needs reviews and provider selection
- employee and management training in stress identification and control.

European stress research

European Agency for Safety and Health at Work has published a research report which recognises work-related stress as an increasing health and safety risk for Europe's workforce, affecting nearly one in three EU workers. The report states that work-related stress is a health and safety risk that should be dealt with in the same logical and systematic way as other health and safety issues. It

identifies growing evidence on the effectiveness of stress management intervention and advocates further research into and evaluation of the methods and common practices of dealing with stress in the workplace.

Research on work-related stress is available online at:
<http://agency.osha.eu.int/publications>

Different views of stress

A British Safety Council stress survey, published in October 1999, found that 84% of those who responded believed that more needs to be done generally to tackle stress at work, while 83% said stress is definitely a health, safety and welfare issue. Nearly half believed any Health & Safety Executive action should cover all causes of stress and not be limited to just a few key causes, while just under a third believed stress should be treated as a health safety and welfare issue as soon as it becomes moderately serious.

Analysis identified six sectors with diverging views:

- Enlightened exponents (generally large, professional, well-supported organisations) considered that stress management was already taken very seriously;
- Small & Medium Enterprises (organisations with a paternalistic approach to employees or a feeling that government regulations added to their own stress levels) tried to ensure that everyone was happy or said that they were too busy to worry about it;
- Shell-shocked survivors (usually small, pressurised and specialists) had learned from personal experience to treat people as individuals;
- The 'society is to blame' section (passionate about society's ills and their effects on workers) had no coherent approach;
- Profit kings (where directors do not accept stress as a work-related problem) ignored it as profits came first;
- Entrenched objectors (who held the intractable view that stress was an excuse used by 'social security dodgers' to be signed off sick) considered that people who could not stand the pace should be sacked.

Marsh and its sister company William M. Mercer have an unparalleled range of experience across the spectrum of human resources risk and management.

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Topic Letter is intended to highlight issues on a general basis relating to insurance and risk management. In view of its purpose, the publication cannot have regard to any individual circumstances nor can Marsh accept responsibility for the completeness and accuracy of its content for particular application.

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