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eGuide

The Effects of Stress on Company Culture: How to Troubleshoot Employee Stress and Boost Productivity

Contents

Your organization has worked hard to recruit and retain the top talent in your industry. Your team members have a long list of credentials to their names, from PhDs to Master's degrees to specialized certifications, research backgrounds, and experience.

This is an enormous investment in people. But think of how that investment exponentially increases when you consider your employees in terms of talent unrelated to the work they're doing -- a project manager's natural leadership ability, or an administrative assistant's knack for creative problem-solving.

Great cultures tap into the potential for contribution of the whole person. They invite employees to engage with their work with passion and creativity, and they help individuals collaborate to achieve more than they ever thought possible.

When your employees are burdened by chronic stress, however, they don't have access to their full potential. In fact, because stress affects so many different aspects of our lives and our thought processes, employees may not even be able to perform the simple, core function of their jobs to their fullest ability if they are stressed.
So, what's an employer to do?

Chronic Stress:
The Productivity
and Budget Killer

In a global economy where some companies brag about their team's stress levels[1] and prospective candidates compete to work for companies that top the most-stressful-workplace-environment list[2], sometimes it's hard to know how to approach stress in the workplace.

But for any company that wants to maximize employee performance and retain the most qualified and productive employees, managing stress in the workplace and encouraging employee wellness must be a business-critical objective.

No matter how large the company, organizations cannot escape from the fact that employees are people and people bring their personal problems to work. If an organization doesn't have structures in place to support those problems and help employees navigate and manage stress, it's going to impact their ability to function and lead to decreased performance.

Chronic stress causes employees not to live up to their potential, yes. And it also has consequences with real dollar signs for every organization.

For starters, stressed workers incur twice the healthcare costs as unstressed workers[3], and stress-related sleepiness and distraction on the job also accounts for 60-80% of

accidents on the job[4]. Tallied up, the American Institute of Stress estimates that workplace stress costs US employers an estimated $200-300 billion per year in lowered productivity, absences, turnover, workers' compensation, insurance and other stress-related expenses[5].

To help us understand how to counteract the impact of stress on company culture, we connected with Dr. Dave Shanklin, Senior Clinical Psychologist and Business Advisor at a Fortune 200 pharmaceutical company, a licensed psychologist with 25 years clinical and business experience observing and treating the effects of stress in the workplace. We also looked at survey data from over 300 companies in the 2015 Top Company Cultures program to see how companies define wellness and how employees respond to it[6].

The result is a deep analysis of what stress looks like in the workplace and how you can build a culture of wellness that energizes your employees and maximizes company-wide productivity.

1 "Inside Amazon: Wrestling Big Ideas in a Bruising Workplace," New York Times
2 "The Most Successful Big Tech Companies to Work For," Forbes
3 "Job Stress," SHRM
4 "Workplace Stress," Stress.org
5   "Workplace Stress," Stress.org
6 Top Company Cultures, Entrepreneur

Defining Stress and Wellness
in Practical Terms

While the definition of stress can range from emotional to physiological symptoms, Dr. Shanklin suggests that its universal definition is a situation in which employees feel like they have a lot of responsibility and very little control.

From getting stuck in the morning commute to unavoidably long, drawn-out meetings, the pressure to deliver excellent work in a short time frame or on a small budget can drain even the most high-performing employees. Individuals that experience this feeling too frequently or for too long a time can develop chronic stress levels that deplete their ability to be creative or deliver high-quality work.

Can an employer eliminate all sources of stress from every employee's job?
Of course not -- and it wouldn't be recommended, either. As psychologist Kelly McGonigal explains in her viral TED talk, a certain level of stress can give you extra energy and actually help you perform better[7]. And we all know that certain responsibilities naturally demand more from some employees than others.

Integrate Employee Wellness Into Your Company

"The problem is when stress levels exceed this beneficial point and become chronic," Dr. Shanklin notes. "Acute stress, such as giving an important presentation, can energize us to deliver a more dynamic presentation. But stress associated with a certain task, person, or workplace quality that maintains the same daily intensity will deliver diminishing returns over time."

The answer, of course, is to integrate employee wellness into your company culture. But first, you have to define wellness in practical, approachable terms.

In our Top Company Cultures Survey, we use the following statement to define wellness in a company: "A company that values wellness invests in the policies and resources that help employees maintain physical and mental health." Wellness also correlates with an increase in nine other positive organizational qualities: support, responsibility, performance, focus, agility, innovation, communication, collaboration, and mission and value alignment.

Because this **definition of wellness** is focused on results, the method each company takes to achieve wellness will vary according to its environment, employees, and mission. Carefully evaluating your company for unique stressors and challenges will enable you to see how and when your leadership team can intervene to reduce stress and enhance employee wellness.
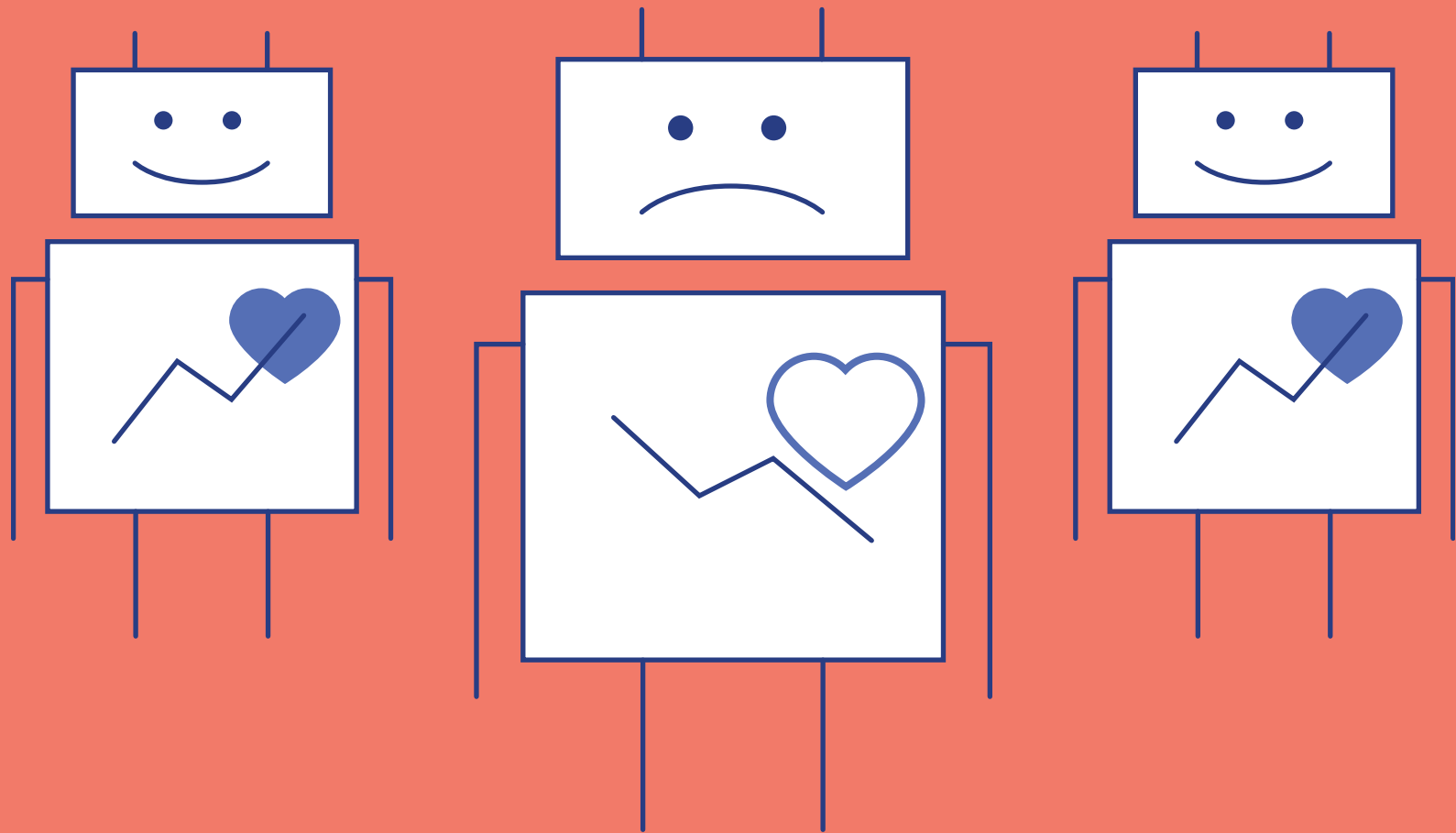
Understanding
How Stress Affects
Performance

As a group of empathetic communicators, HR professionals have always instinctively understood that stress is bad for business. And while in the past this connection has been difficult to prove, new research makes it clear that there is a distinct, bottom-line benefit to reducing stress and investing in wellness in the workplace.

Here's a look at how different kinds of stress have a significant impact on our well-being, and therefore have a direct impact on productivity, communication, and overall company performance:

EMOTIONAL EFFECTS OF STRESS

Emotional stress can occur as a result of both acute and chronic stress. And while we're all familiar with some kinds of stress (after all, who among us has never felt stress in our career or personal lives?), extreme stress can result in emotional symptoms such as irritability, a sense of overwhelm, impatience, and worry. Employees who exhibit these symptoms find themselves with a limited ability to engage and communicate effectively at work, which directly impacts their ability to get their job done, too.

"When teams get stressed, they are more likely to start making mistakes, and they may have difficulty meeting their assignment deadlines, creating further stress" says Dr. Shanklin. "Stressed individuals are more easily distracted. They can't concentrate as long as they should be able to, and they may have difficulty making decisions. Decisions might be drawn out extensively or avoided, or in the reverse case, decisions may be made too quickly simply to reduce stress by getting the decision checked-off their agenda."

Dr. Shanklin also indicates that stress can interfere with our ability to absorb and focus on new information -- two critical tasks for understanding and solving problems in the workplace. The result is an individual trying to do their job, but unable to engage with the problems, people, and tasks that make up their responsibilities.

While the consequences of employees facing emotional stress are clear, the cost is also clear. In a survey of 400 companies with 100,000 employees titled "The Cost of Poor Communications," companies cited an average loss of $62.4 million per year as a result of inadequate communication between employees [8].

Regardless of the size of your organization, reclaiming even a portion of this loss by investing in lowering the stress levels of employees would result in significant company-wide savings.

PHYSIOLOGICAL EFFECTS OF STRESS

When stress becomes chronic, employees can develop physiological symptoms that impact their physical health. Physical symptoms can be as simple as a headache, a constantly clenched jaw, or tension in the neck and shoulders, or as serious as insomnia, over or under-eating, upset stomach, or even vomiting.

"A single incidence of any one of these signs doesn't have to mean something," says Dr. Shanklin. "But chronically stressed employees who see patterns in how they feel as related to work functions, like a headache before a meeting with a particular person or an upset stomach around a certain project need to be careful."

Physical signs of stress contribute directly to absenteeism, where employees can't work when they need to work or take an excessive number of sick days. They can also trigger chronic illnesses, increasing a company's insurance costs but also affecting an employee's long-term wellness in and out of the office[9]. And while dark, Stanford University professor Jeffrey Pfeffer cites research that lives may be at stake. How companies treat employees before, during, and after employment has a direct impact on depression, unhealthy behaviors and addictions, and even suicide[10].

The consequences for the workplace and your bottom line are clear: according to research by Mercer, absenteeism alone is estimated to rival that of health insurance at up to 36% of your payroll[11]. The cost to overall productivity is steep, too, as employees can't work when they're home sick or chronically ill and doing their best just to make it into the office.

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9   "Stress and Disease," AARP
10 "Stanford's Jeffrey Pfeffer Criticizes Companies for Killing Their Employees," Forbes
11 "Cost of Absenteeism Rivals Health Care," SHRM

LOST POTENTIAL EFFECTS OF STRESS

Stress also has a profound impact on the intangible factors that lead companies to outstanding performance year in and year out, because stressed employees are literally functioning below their cognitive potential.

A 2012 Yale study found that stress shrinks the brain in areas that control emotions and metabolism, which explains the emotional and physiological symptoms that occur as a result of chronic stress[12]. Stress also damages the part of the brain that deals with memory and emotions, which means that stressed employees -- much like drunk or sleepy employees -- simply don't have access to their full range of abilities[13].

The result is that stressed employees aren't in a state to be engaged and communicative in their work. This limits their ability to create relationships with other employees, which is how trust and mutual support in the workplace are formed. Without trust, support, and communication, employees aren't capable of engaging in the kind of random, inventive encounters to which companies like Google and Pixar attribute their much-coveted creativity[14]. The result is a community of employees who may be able to get their core job done, but never rise to achieve their peak potential.

When employees can't reach their potential, it's difficult for your company to become greater than the sum of its parts. Elite levels of innovation and problem-solving simply hang out of reach.

"There is a tremendous amount of talent locked away inside every employee in your company," says Dr. Shanklin. "Each employee has skills and talents beyond their direct job tasks, which -- when employees are fully engaged within their workplace -- can potentially benefit your organization."

12   "Stress Shrinks the Brain and Lowers Our Ability to Cope with Diversity," Healthland Times
13   "Chronic Stress Predisposes Brain to Mental Illness," Berkeley
14   "How to Build a Collaborative Office Space Like Pixar and Google," 99U

Championing Wellness in the Workplace

All the data surrounding stress in the workplace is enough to make anyone feel, well, stressed. But as an informed agent of change within your organization, there is quite a lot you can do to integrate wellness into your workplace and position your company as a source of confidence and comfort to your employees.

Customize the resources you provide

While most of the human resources headlines in the past ten years would have you believe that the solution to your employees' stress is a ping pong table and a kegerator, trendy quick fixes often don't create lasting change. Here are five things you can do build wellness and decrease stress that will actually work:

Customize the resources you provide

According to our 2015 Top Company Cultures survey data, out of 10 operational culture qualities, work environment and wellness are the two most important drivers behind whether an employee feels overly stressed at work. The best predictor of being stressed is a low score in work environment (such as a lack of safety and resources), and the best predictor of not being stressed is a high score in the wellness quality (such as the presence of policies and resources that help employees maintain positive mental and physical health). The results are clear: employees need safe work environments and they need supportive resources. If your team members don't have the resources they need to be successful in their jobs, they will be stressed.

However, don't assume you have to renovate your break room right away. The resources that reduce stress for your employees may be very different from what reduces stress for another company. It's important to not invest money in trendy new benefits, but rather to consider your employees' needs and try to meet them.

For example, if you are seeing high stress levels at work and you have a low score in work environment, then maybe you need to update your tech equipment. On the other hand, if you're seeing high stress levels and you have a low score in communication, your employees may benefit from more non-evaluative 1:1 time with their managers or an overhaul of information sharing processes, as it's easy to overlook how information empowers people. The solution isn't something you can guess at; you have to see what specific challenges hold back your employees and make changes to alleviate them.

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Integrate wellness into your company culture

While providing wellness benefits and policies is a great first step, it goes much deeper than simply making these resources available. More often than not, it's not a lack of resources that causes stress in the workplace; it's a lack of tangible support. After all, an unlimited vacation policy won't help employee stress levels if no one feels free to use it. Wellness has to come from the top down, which is why it's so important to make sure that the highest levels of your organization understand the powerful benefits that come from prioritizing employee stress and enhancing employee wellness.

"It's one thing to have various perks for people to use, it's another to say you integrate that into the lifestyle in the office," says Dr. Shanklin. "A company has to live its wellness policy and build its culture around it. If it isn't part of the culture, employees aren't going to take it to heart."

Depending on your organization, this step can be as simple as initiating a memo from your leadership team that outlines expectations for taking breaks, limiting after work hours, and other methods for lowering stress. The real impact comes from how leadership and management embrace these principles in the day-to-day: do they lead by example by taking breaks and having a work-life balance? Do they frown on people who take vacation days or welcome them back? These are the small signs employees will look for before trying out wellness habits themselves.

Train and empower your managers

Managers are your frontline resources for understanding your employees' stressors and troubleshooting solutions that will increase productivity. Unfortunately, they can also be the cause of some of your work-life balance issues. If the entire company is on board with work-life balance but you still have managers sending emails at 9 PM and expecting a response, your efforts won't achieve results.

"As the saying goes, people don't leave companies, they leave managers," says Dr. Shanklin. "Managers who buy into work-life integration -- who really respect outside involvements and people who have them -- are better employees and better leaders. Managers need to be sold on the fact that people who come to work refreshed communicate better and work better, and they need to act accordingly."

Managers should be trained and supported in respecting work-life balance. This may mean adjusting timelines, expectations, or client relationships to make room for life, or it may simply require some additional training to help managers build new habits that encourage a work-life balance.

Performance management and recognition play a large role in how employees relate to managers. It's easy to publicly recognize the person that pulled an all-nighter or worked the weekend to churn out that key deliverable, but if you're looking to shift away from an "always-on" culture, this can reinforce the wrong message. Managers should champion quality, not just effort.

For example, showing managers how to have 1:1 conversations about how their employees are feeling emotionally and mentally can be just as important as a manager knowing how to get status updates on projects. Managers who have never considered the soft skills side of the job may need time to adjust to new emotional demands.

Encourage breaks and alternative work environments

As Dr. Shanklin points out, there's nothing magical about being in a meeting room. It's simply a setting with minimal distractions where people can talk. If at all possible, encourage employees to get out of their workplace silos and engage with one another outside, at the gym, or on a walking meeting. Not only does getting outside immediately reduce stress[15], but research has also shown that alternative work environments can increase creativity and encourage bonding among employees[16]. In particular, research from The Energy Project and The Harvard Business Review shows that employees who take a break every 90 minutes report a 40% greater ability to think creatively, 30% higher level of health and well-being, and 28% better focus[17].

"Getting active gets people out of their silos," says Dr. Shanklin. "That's what happens when people are at the gym or on the walking trail being active and engaging with each other 1:1. Keep in mind that's also how Einstein conceptualized parts of his thinking on the theory of relativity: walking the way to his job as a patent clerk."

If you're already built for cubicles and corner offices, building an alternative work environment or even encouraging employees to not be at their desk all day might seem like an impossibility. However, there are several small-scale changes you can make to shift your culture in this direction depending on your budget and your commitment to this aspect of wellness:

- Clearly express your expectations to both employees and managers that employees take breaks and relax throughout the day

- Ask leaders, HR managers, and managers to lead by example and take breaks and walks, if possible, inviting employees to join them for a short break or walk

- Provide healthy snacks and drinks in a central break room location, which will encourage employees to take breaks and run into colleagues throughout the day

15 "The Great Outdoors: How a Green Exercise Environment Can Benefit All," NCBI
16 "Increase Workplace Flexibility and Boost Performance," Harvard Business Review
17 "The Human Era at Work," The Energy Project

• Sponsor personal technology such as Apple Watches or FitBits and reward high step counts to encourage friendly competition among team members

• Encourage managers to conduct walking meetings when appropriate or add a group walk to the first or last ten minutes of each meeting

• Dedicate an empty office or break room to a relaxation space and outfit it with non-overhead lighting, couches, and tables where employees can talk or rest throughout the day

• If locating employees is a concern, provide "Location Boards" outside offices or cubicles where employees can quickly update their location when they're away from their desk with tags like "Restroom," "Lunch," "In a meeting," or "Taking a walk"

• Use department-wide time off as a reward for the completion of large projects, large sales goals, or seasonally busy times

• Incorporate daily breaks and vacation time into performance reviews so that each employee hears that they should be taking breaks and vacations in a 1:1 meeting with their manager

• Consider letting employees leave early on a Friday at different times of the year. For a much bigger change, consider following in Amazon's footsteps and adopting a 30-hour week policy year-round or during certain slow business seasons[18]

Encourage your employees to have hobbies and interests

Encouraging your employees to have hobbies outside of work may sound like an awkward form of micro-management, but employees who have outside interests and who see work as a part of their identity -- not their entire identity -- are better able to face stress and overcome challenges. As Dr. Shanklin points out, the model employee is no longer one who lives to work 24/7. Since we now know that that leads to burnout, poor performance, and a host of other issues, we can embrace the fact that the best employees are the ones who are fulfilled at home and at work and can pursue both with passion.

"Show your commitment to wellness by asking employees what they're doing for themselves and how they'll invest in their life outside of the workplace," says Dr. Shanklin. "If everything in life is related to work and work gets stressful, life is stressful. That's not good for the employee or the company."

While you can't force anyone to have interests outside of work, you can create space within the workplace to encourage this kind of behavior. Urge employees to develop a well-rounded life by including personal interests in their yearly objectives and inviting them to share their hobbies and interests with coworkers during work hours.

FEATURE: Wellness for Virtual Teams

A recent SHRM benefits analysis shows that 60% of companies offer work from home or telecommute benefits[19], a 40% increase over the past 20 years. It's one thing to consider the impact of stress in the workplace when your employees are onsite. It's another thing to manage the stress levels of employees who are in the office infrequently or who work 100% virtually.

19 "SHRM: 20-Year Employee Benefits Trends in the United States — Now and Then," SHRM

The Wellness of Working From Home

The primary reason companies embrace a virtual workforce is that such situations benefit the business in some way -- without geographical limitations, companies are free to hire the best and brightest regardless of where they live and virtual employees often come with lowered overhead costs, more satisfied employees, and higher scalability[20].

The secondary benefits are just as powerful, however, as companies provide a host of benefits to employees who work from home. These benefits are just as valuable as the ones that come with the benefits package: little to no commute time, a comfortable and personalized office, and a more flexible working schedule with a wider range of availability. Each of these benefits increases the control an employee has over his or her work and environment, which is an important factor in reducing stress.

20 "Future Workplace Formula: More Teleworkers, Fewer Desks," SHRM

Troubleshooting Work from Home Stress

While virtual employees escape many of the stressors of the traditional workplace, employees working from home face different challenges that can cause stress, drain productivity, and weaken engagement.

Here's a look at three common stressors that challenge virtual teams and how you can turn them into wellness opportunities:

It's hard to stop working

When employees work in an office, there's a clear transition between work and home because they leave a physical place and move to another physical place. Working from home removes that barrier, making it more difficult to stop working when the day should be done.

"People at home are hard workers," says Dr. Shanklin. "Work is always available, so there's the challenge of knowing when to shut it off. It's very easy to extend your workday by a few hours and not realize you're burning yourself out."

Because virtual employees aren't on site, there's not much you can do when someone is working too much. However, managers can encourage good work habits by not communicating with employees after the close of business and either not sending emails or calls or using an app to schedule emails or calls to be sent the next day instead of right away.

You can also work with your virtual employees to develop a best practice guide for those who work from home with the following tips:

- If possible, locate your office in a room with a door that is exclusively used for work so that when you're done working you can close the door and be in a different space.

- If you can't create a dedicated office, work at a local co-working space where you'll have a clear transition away from work at the end of the day.

- Create transition rituals for the end of your day such as drinking a cup of tea or engaging in a hobby to signal to yourself that the workday is done.

Employees don't feel connected to their team

Another common stressor occurs when virtual employees don't feel connected to their teammates or feel that they'll miss out on important updates by not being on site. Even with frequent phone meetings or chat programs, it's difficult to build relationships without spending time together.

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The best solution for this stressor is to purposefully build in face-to-face communication in creative ways. For example, Google Hangouts is a free technology that allows you to conduct a face-to-face video meeting with up to 10 people at once. Weekly meetings that allow people to see and hear each other will go a long way toward fostering community.

If it's a reasonable expense, you should also set aside some of your budget to bring the team together for in-person meetings or professional development days at least once a year.

> "In offices, people can come together by chance," says Dr. Shanklin. "But with virtual teams, these efforts must become intentional. Managers of virtual teams need to find new ways to communicate and encourage communication among team members."

There's pressure to be available all the time

In organizations that mix onsite and virtual employees, it's common for onsite employees to assume that if their virtual counterparts aren't available, it's because they're not working. This pressure leads virtual workers to feel that they must be available at any time and anywhere or they aren't fulfilling their responsibilities.

While availability is an important quality in anyone who works with a team, virtual workers need to disconnect from work to take breaks, have lunch, and end the day just like their onsite counterparts. It's vital that managers of virtual teams explicitly give them permission to not be available at different points of the day, whether they're taking a walk or deeply concentrating on a work task.

Trust is an essential building block of avoiding this stressor. Set clear performance metrics so both employees and managers know the difference between presence and performance. Then, if you or any teammates have any reason to doubt the quality or the quantity of a coworker's work, it becomes a direct and separate conversation outside of the topic of their virtual work habits.

Unlocking Your Business Potential By Destressing Your Employees

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Unlocking Your Business Potential By Destressing Your Employees

At the end of the day, self-aware, supported, and confident employees take less time off, work harder, and achieve greater potential than employees who are overly stressed. Beyond the billions of dollars associated with high levels of stress each year, these simple facts should drive your decisions about wellness in the workplace.

Like most transformative business achievements, wellness isn't a one-and-done task you can check off your to-do list. It's a process of seeing the enormous potential within your employees and troubleshooting the constantly changing challenges within your workplace that keep them from performing at consistently high levels.

By taking small but carefully planned steps toward your company's unique vision of wellness, you can be a powerful source of support to your employees, empowering them to access their performance potential and apply it to the service of your company's mission.

About CultureIQ

Respect Data.
Make Human Decisions.

CultureIQ is a platform that combines software and strategy to help companies strengthen their culture. We believe culture is about people, and organizations that listen and understand their people will always outperform those who ignore them. Talk to us at hello@cultureiq.com.

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