



Building a Case to Invest in OHS and Organisational Health Initiatives



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Objectives of the Workshop

1. Present a model of Organisational Health;
2. Introduce tools designed to support the development of a 'Business Case' for improved Organisational Health;
3. Use these tools to enhance your ability to consider and develop a Business Case for proposed intervention



Overview of Session

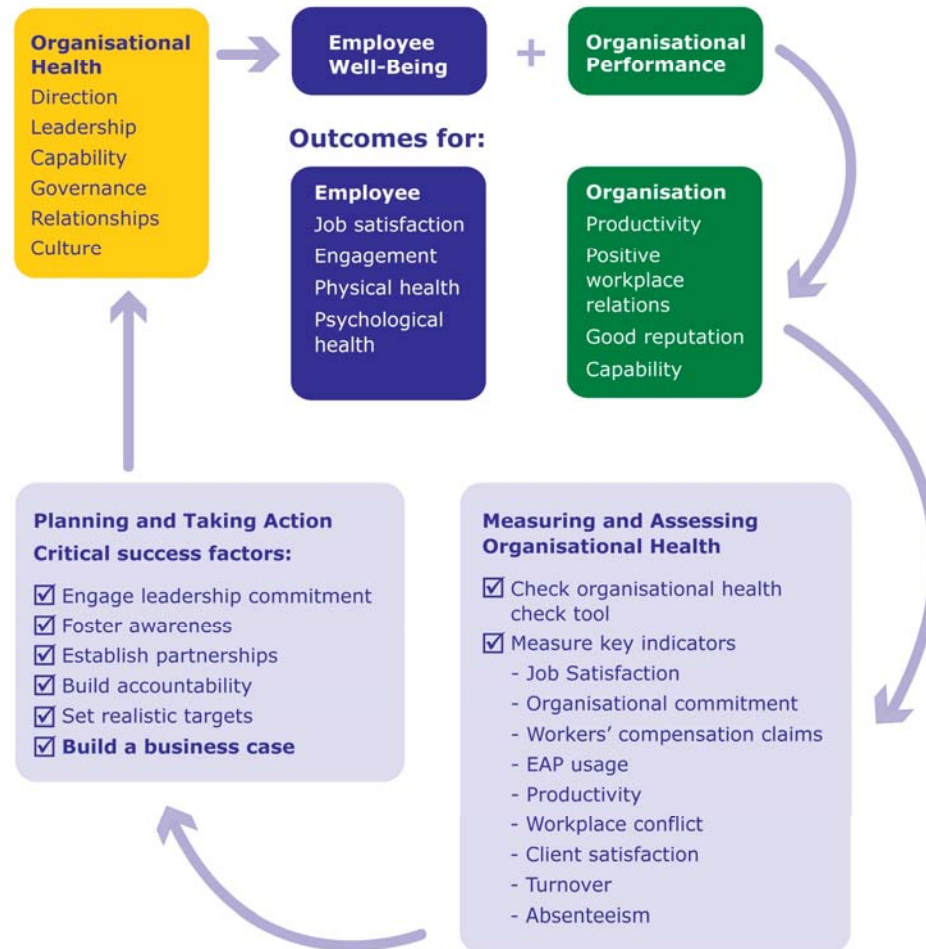
- Presentation on Organisational Health;
- Practical Exercise: Building a Business Case;
- Wrap- Up

Organisational Health Model



Organisational Health Model

Organisational Health Model



Principles Underpinning an 'Organisational Health' Approach

- Leadership commitment to continuous improvement;
- Ongoing data collection and (trend) analysis of key Organisational Health indicators;
- Adoption of a 'systems-based' approach;
- Establishment of KPI's or benchmarks for key indicators i.e. a focus on continuous improvement;





Principles Underpinning an 'Organisational Health' Approach (cont.)

- Strong and co-operative working partnerships between OHS, HR and Workforce Planning professionals;
- Strategies and interventions based on data / strong evidence base;
- Combination of interventions at the primary, secondary and tertiary levels;
- Evaluation of initiatives; demonstration of returns-on-investment.

Improving Organisational Health

- Defining Organisational Health;
- Measuring Organisational Health;
- Undertake a Health Check;
- Key Indicators of Organisational Health; and
- Our Business Case.





Defining Organisational Health

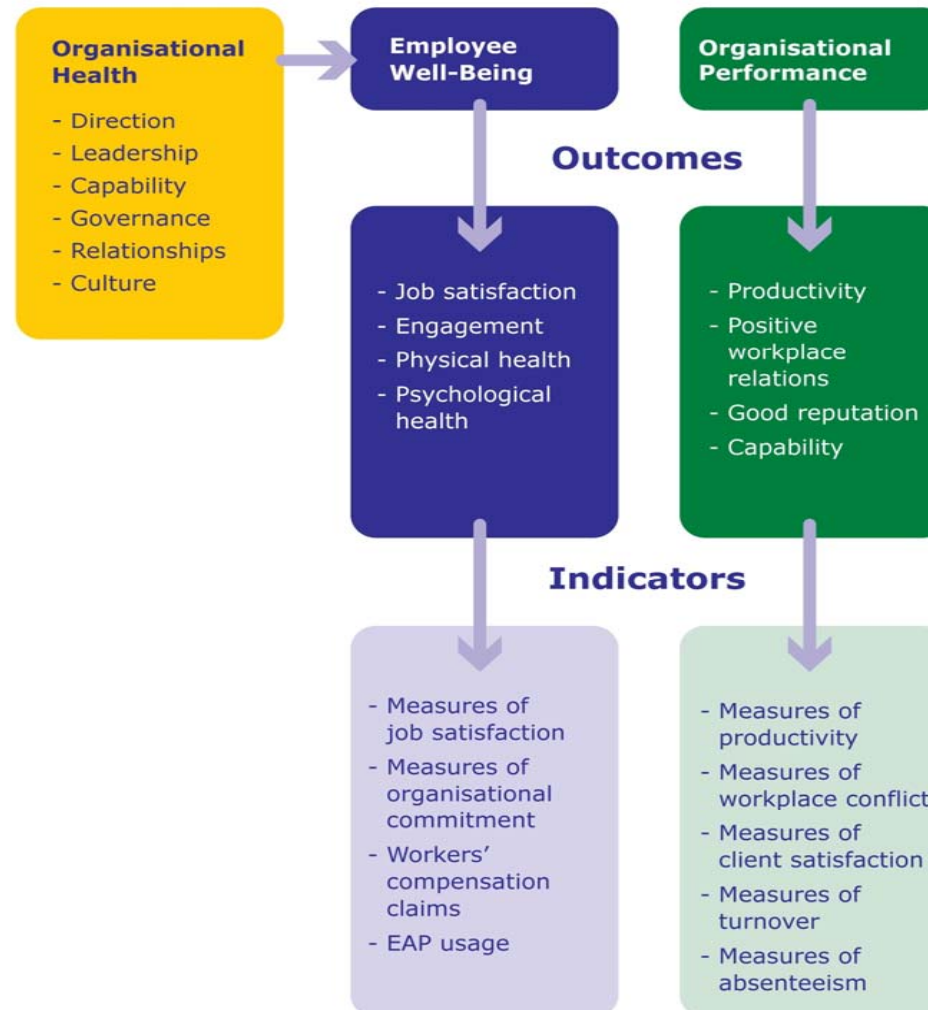
The APSC refers to Organisational Health as the ability of organisations to deliver high-quality and timely outcomes.

The elements of Organisational Health are:

- DIRECTION;
- LEADERSHIP ;
- CAPABILITY;
- GOVERNANCE;
- RELATIONSHIPS; and
- CULTURE

Outcomes of Organisation Health

Defining and measuring organisational health





Why a Business Case?

- To present a case for funding to implement strategies to BUILD and SUSTAIN the elements of Organisational Health;
- A successful Business Case requires evidence – strong quantitative and qualitative data.

Measuring Organisational Health

- Organisational Health Quick Check tool
 - Self-assessment
 - Results;
- Key indicators of Organisational Health.



Key Outcomes	Each of these questions can be answered at the team, workplace or broader organisational level. For each question, select the appropriate response box ('Yes', 'No' or 'Not Sure/Don't Know').	Yes	No	Not Sure /Don't Know
Job Satisfaction	1.Are employees in the workplace reporting low to moderate levels of job satisfaction?			
Organisational Commitment	1.Are there many employees with low levels of enthusiasm, commitment or pride in your workplace?			
Physical Health	1.Are there unacceptable levels of accidents and injuries in the workplace or has there been increase in reported rates?			
Psychological Health	1.Do you have high or increasing numbers of stress incidents reported in the workplace?			
Physical / Psychological Health	1.Is there mod-high level usage of EAP and staff support services in the workplace?			
Productivity	1.Is employee performance an issue in your workplace (underperformance, negative behaviours etc.)?			
	1.Is your workplace struggling to meet work targets or experiencing a decline/depression in productivity?			
Reputation	1.Are you concerned about feedback received from clients and/or customers?			
Workplace Relations	1.Is the incidence of conflict (between individuals, teams etc.) an issue for your workplace?			
Capability	1.Is turnover an issue for your workplace or are you having difficulty retaining key staff?			
	1.Are you concerned about the levels of absenteeism in your workplace (sick leave, unplanned leave etc.)?			
	Total Ticks ()			

Organisational Health Quick Check

HEALTH DIAGNOSIS

Total number of *Yes* ticks _____

0	Vibrant	Congratulations. Your organisation or workplace is probably operating at peak performance. Continue to monitor and assess these measures to maintain your organisational health.
1-2	Healthy	Well Done. Your organisation or workplace is probably operating at near peak performance. Continue to monitor and assess these measures to maintain your organisational health. It is also recommended that you further investigate any questions you answered 'No' or 'Not Sure/Don't Know' to determine if any action is required.
3-5	Of Some Concern	Depending on the combination of questions you answered 'yes' to, your organisation or workplace might be at risk of underperforming. Further investigation and assessment is recommended.
5-7	Of Concern	It is likely that your organisation or workplace is not performing to its optimum – attention and intervention is recommended.
8 or more	Of Major Concern	It is very likely that your workplace or organisation's performance is being adversely affected – urgent attention and intervention is recommended.

Not Sure / Don't Know?

1 or more: It is recommended that you investigate further. Each of these questions refers to factors that are key indicators of organisational health. Without having a mechanism to measure, assess and monitor each of these factors your organisational performance might be adversely affected.

Key Indicators of Organisational Health

OUTCOME	INDICATORS
Job Satisfaction	<i>Job Satisfaction</i>
Organisational Commitment	<i>Organisational Commitment</i>
Physical Health	<i>Workers' Compensation Claims EAP Usage</i>
Psychological Health	<i>Workers' Compensation Claims EAP Usage</i>
Productivity	<i>Productivity Presenteeism</i>
Positive Workplace Relations	<i>Workplace Conflict</i>
Good Reputation	<i>Client Satisfaction</i>
Capability	<i>Turnover Absenteeism</i>

Job Satisfaction

Job Satisfaction is a cognitive and/or affective evaluation of one's job as more or less positive or negative. (Brief & Weiss, 2002)

Job satisfaction does count.....

Facts

- Employees with higher levels of job satisfaction tend to have higher levels of job performance;
(Ricketta, 2008)
- Organisations with more satisfied employees perform better than organisations whose employees are less satisfied; and
(Brief 1998)
- Employees who have high levels of job satisfaction are less likely to leave the organisation than those with low levels
(Mowday, Porter & Steers 1982)





Organisational Commitment

Organisational Commitment is the relative strength of an individual's identification with and involvement in a particular organisation. (Mowday, Steers & Porter 1979)

Organisational commitment is key.....

Facts

- Employees with high levels of commitment and discretionary effort perform at a 20% higher level than employees with low commitment and discretionary effort;
- Every 10% improvement in commitment can increase and employee's effort level by 6% which then can increase performance by 2%; and
- Highly committed employees are 87% less likely to leave their organisation than those with low commitments.

(Corporate Leadership Council Employee Engagement Survey Findings, 2004)



Workers' Compensation Claims

Workers' compensation provides employees with an accepted claim for work-related injury or illness arising out of or in the course of their employment.

Facts

- Workers' compensation data is an outcome indicator of organisational health that may lag well behind earlier signs;
- Workers' compensation data is quantitative and can provide clear indication of the cost of workplace injury and disease;
- Trend data over a number of years is usually available and gives a good indication of how the organisation is tracking and costs of claims (see Customer Information Services (CIS) for premium paying agencies).



EAP Usage

An Employee Assistance Program (EAP) is a work-based early intervention aimed at the early identification and /or resolution of both work and personal problems that may adversely affect performance and job satisfaction. (www.eapaa.org.au)

Facts

- Personal difficulties such as work-related stress, financial, marital or family problems or alcohol/drug problems can impair an employee's performance at work leading to lower productivity, strained relations with co-workers and frequent absences or accidents;
- Personal difficulties can affect anyone;
- EAP is a short-term, results-oriented therapy program focusing on clarifying the problem, implementing solutions and monitoring progress.



Productivity

Organisations should avoid common causes of lost productivity.....

Facts

- Presenteeism is the loss of productivity that occurs when employees come to work, but are not fully functioning because of an illness or injury;
- The biggest contributors to overall productivity loss caused by presenteeism are depression (19%), allergies (19%), hypertension (14%) and diabetes (9%); and
- Loss of productivity may also arise due to a high incidence of performance problems or where a large proportion of key employees are underperforming.

(Medibank Private Report, Commissioned Study 2007)

Productivity

Costs of Presenteeism (lost productivity)

Direct and indirect costs include:

- The cost of presenteeism is nearly 4 times the cost of absenteeism;
- On average, 6 working days of productivity are lost for each employee annually as a result of presenteeism;
- On average, staff who attend work while suffering from a health condition report their productivity diminished by 45%; and
- Underperformance is also associated with a low or decreasing incidence of discretionary (contextual) behaviours such as supporting colleagues and knowledge sharing.

Medibank Private Report, Commissioned Study 2007;
http://www.conflictatwork.com/conflict/cost_e.cfm



Workplace Conflict

Positive workplace relations make a difference...

Facts

- Unresolved conflict represents the largest reducible cost in many businesses, yet it remains largely unrecognised;
- Chronic unresolved conflict acts as a decisive factor in at least 50% of departures of employees from organisations and could be up to 90% of involuntary departures in some circumstances; and
- Good employee-supervisor relations have a positive impact on employee well-being *(Dana, D. (1999). and Slaikev, K and Hasson, R (1998).; Sparr & Sonnentag, 2008)*



Costs of Workplace Conflict

Direct and indirect costs include:

- Lower job satisfaction, higher intention to leave, lower employee well-being;
- Lower levels of performance, lower productivity;
- Higher levels of absenteeism and presenteeism and associated costs; and
- Higher levels of stress related injuries, both physical and psychological.



Client Satisfaction

Success is stimulated by client satisfaction and loyalty.....

Facts

- Clients are satisfied when they see value in what the organisation provides them;
- Employees create and deliver value;
- Client satisfaction is essentially a series of experiences, their encounters with products, services and employees; and
- Clients are more likely to be satisfied when employees are satisfied with the organisation too.

(Hallowell, Schlesinger and Zornitsky (1996); Heskett, Sasser, and Schlesinger (2003); Meyer and Schwager (2007))



Client Satisfaction

Client satisfaction is supported by the organisation having six internal quality components in place:

- Tools (information and information delivery systems);
- Policies and procedures;
- Teamwork;
- Management support;
- Goal alignment; and
- Training.



Cost of Reduced Client Satisfaction

Direct and Indirect Costs include:

- High number of complaints and/or particularly adverse comments;
- Loss of productivity;
- Loss of employee satisfaction;
- Loss of reputation; and
- Loss of business.



Turnover

Replacing employees can be expensive.....

Facts

- Average Cost = 75% to 150% of annual salary
- Less for junior or unskilled employees e.g., 30%
- More for senior, highly skilled employees e.g., 250% (www.workplace.gov.au)



Costs of Turnover

Direct and Indirect Costs include:

- Separation costs
 - Separation Pay
 - Administration time
 - Exit Interview time
- Replacement Costs
 - Advertising
 - Interview, testing and other selection & assessment costs
 - Pre-employment administration
 - Travel moving expenses
 - Post-employment acquisition & dissemination of information
- Training Costs
 - Formal training
 - On-the-job training



Absenteeism

Any unplanned leave, i.e. where the employer is not on the job as scheduled, e.g. sick leave, parental leave, special leave etc.

Unscheduled absences of employees can be costly.....

Facts

- Average Cost = Daily salary + 30%;
- Australian estimates suggest that up to 75% of absenteeism is stress related (www.workplace.gov.au); and
- The median APS-wide workplace absence (unscheduled leave) rate was 9.4 days per employee.

(Australian Public Service Commission, State of the Service Report 2006-2007)

Costs of Absenteeism

Direct and Indirect Costs include:

- Salary costs for absent employee;
- Cost of Supervisor hours lost due to absence;
- Temporary staff - replacement costs and training time;
- Production losses;
- Quality problems;
- Overtime for replacement of absenteeism; and
- Costs of HR dealing with absenteeism.

Sources: www.workplace.gov.au and Casio (2000)



Planning Interventions

- Systems-based approach;
- Combination of prevention and injury management interventions;
- Effective and regular consultation;
- Leadership commitment;
- Evidence;
- Clear targets; and
- Established accountabilities.





The Business Case



The Business Case

PURPOSE

Briefly describe the main purpose and central proposition(s) for the Business Case.

BACKGROUND/BUSINESS NEED

Include information about:

- The background to the issue(s); and
- What is known about it.

Consider including:

- A clear definition or statement of the issue(s);
- Factual (statistical, financial) information about the prevalence, incidence or severity of the issue(s);
- Information that illustrates the significance of the issue; and
- Any legal imperatives or considerations.



The Business Case (cont.)

RATIONALE

Include information about:

- Relevant research or related initiatives;
- How the issue(s) can be dealt with; and
- Why the intervention or initiative will be effective.

PROPOSAL

Outline the specific proposal and include information about:

- Key deliverables;
- Timelines;
- Cost and resource implications (include direct and indirect costs where relevant);
- Risks of not proceeding; and
- An outline of an evaluation strategy for the intervention/initiative (if applicable).



The Business Case (cont.)

STRATEGIC AND/OR POLICY IMPLICATIONS

Place the intervention or initiative into a strategic or policy context by making linkages between the proposed actions and the broader organisational framework.

Consider linking to the organisation's:

- Mission;
- Vision;
- Values;
- Strategic themes;
- Strategic priorities;
- Forward business plans;
- New or existing policy proposals;
- Business charter etc.

RECOMMENDATIONS

Conclude the proposal with a succinct summary of the recommendations for action.



Practical Exercise: Build a Business Case

- Read the scenario;
- Use the 'Business Case Template';
- 'Write' your Business Case (Groups of 2-3).



WRAP-UP / QUESTIONS?