



# Afriforte Organisational Human Factor Benchmark

## Introduction

The human factor in an organisation is substantially linked to the fiscal outcomes of a company. The first direct link is that on average 40% to 60% of a company's gross income is spent on payroll, not to mention training and development, EAP and wellness-related costs. In addition, low productivity, poor service delivery and staff turnover not only result in a potential loss of income but also impede the ability of an organisation to be competitive and therefore might cause the shrinking of market share and credibility.

Introduction





## The Human Factor: Source of Value Creation or Cost Centre?

Many leaders and managers value their products and the credibility of their products as their main source of income and their competitive edge in the marketplace; this is especially true in the service and retail environment. Yet, most products on the market are more or less similar, for example, buying a specific manufacturer's drill at a hardware shop – the drill is the same regardless where you buy it but the service and support a

customer receives may clinch the deal. That value is added by adding the human factor in terms of the enthusiasm displayed when communicating with a customer and the product knowledge displayed by the sales person.

Therefore, while the human factor might be viewed as a cost centre by many companies, it is also an immense source of value creation.

International studies show that employee engagement is directly linked to the bottom line of the organisation.

*The Human Factor*

*“Employee Engagement exists when an employee feels physically, intellectually and emotionally attached to their work” - Kahn, 1990*

Employee Engagement reflects the extent to which an employee is psychologically present in an organisation role.

An engaged employee finds meaning at work and from work and shows the following behaviours:

- Enthusiasm and dedication - conduct their jobs with more gusto!
- Task involvement and innovation!
- Good corporate citizenship behaviour!
- Willing to walk the extra mile (stick around an hour or two longer)!
- Good customer service and relationships!
- Productivity and quality!

Whilst engagement might be seen as an amorphous concept by many, it is also true that anyone who ever worked on a team can testify, **it's critical**, because the unengaged undermine and under-perform!

Employee Engagement





## Some International Studies

A study by Towers Perrin of 40 multinationals over three years found that companies with high engagement scores had operating margins that were 5.75 percentage points greater than those of low-engagement companies; net profit margins were 3.44 percentage points more.

*"The organizations that have cracked the code understand we're not just doing this to be nice; we're doing this for business reasons,"* says Max Caldwell, a managing principal at Towers Perrin.

A finance professor at University of Pennsylvania's Wharton School who has studied engagement, investigated Fortune's list of the 100 Best Companies to Work For and found that those firms' stock price from 1998 to 2005 rose an average 14% per year, as compared with 6% for the market overall. Edmans considers this pretty strong evidence.

The J.M Smucker Company implemented a simple code to promote work engagement and their stock had a 100% return over five years and only 3% voluntary staff turnover.

International Studies

# Work Engagement

Work engagement is a positive work-related wellbeing state which is driven by a positive work climate as reflected by:

- Good line manager support
- An appreciative and participative management style
- Adequate job information, clear roles, and regular feedback on work outcomes
- Opportunities to grow and develop professionally
- Good communication
- Good person-job fit
- Good colleague support and teamwork
- Reasonable workloads
- Appreciation for work-life balance
- Low levels of work-related distress levels
- Fair rewards and remuneration
- Good career possibilities
- Availability of physical resources and tools to conduct work

Work Engagement





## 7 Hidden reasons employees leave - Branham 2005

- The job and/or workplace does not live up to expectations
- Mismatch between job and worker
- Too little coaching and feedback
- Too few growth and advancement opportunities
- Feeling devalued and unrecognized
- Stress from overwork and work-life imbalance
- Loss of trust and confidence in senior leaders

## What did your former company do poorly? - Branham 2005

- Poor management
- Lack of career growth and advancement opportunities
- Poor communications (top-down)
- Pay inequities and ineffective performance appraisals
- Lack of recognition
- Poor senior leadership
- Lack of training
- Excessive workload
- Lack of tools and resources
- Lack of teamwork

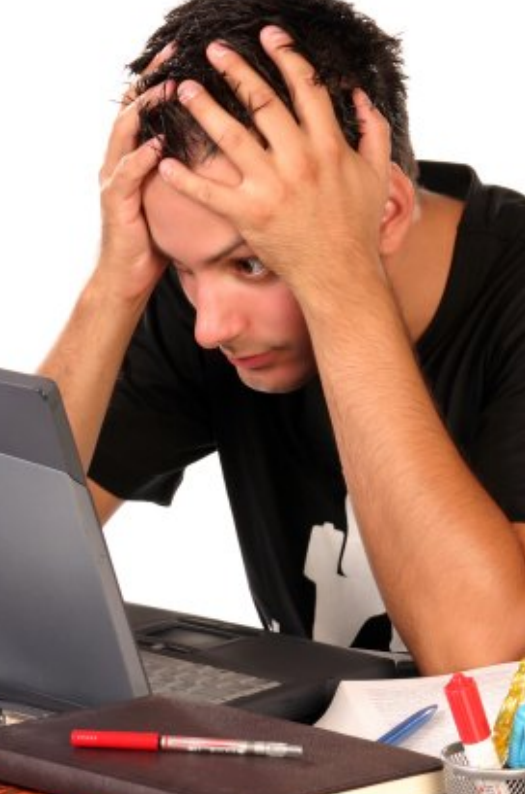
*Know The Facts*

# Work Engagement in South-Africa

Analysis of a sample of 11 000 employees in different industries and sectors in South Africa revealed the following work-engagement levels:

<b>True Work Engagement</b>	11%	11% of the sample shows the ability to demonstrate the <b>behaviours</b> of highly engaged employees because of the absence of distress states.
<b>High Work Engagement as a State</b>	15%	15% of the sample experiences high level of Work Engagement but also concurrent risks for distress which might impede on their ability to act out the behaviours of engaged employees in spite of high levels of significance and meaning at work and from work.
<b>Average Work Engagement levels</b>	69%	These individuals demonstrate moderate levels of Work Engagement which means that the level of significance and meaning from work and/or at work is not optimised. Sub-optimum employee outcomes might be expected.
<b>Disengagement</b>	15%	Low Work Engagement is evident which might result in low involvement in work and at work and an unwillingness to walk the extra mile or to invest discretionary effort.





## Job Stress: The Three-headed Monster?

Stress in the workplace is not a new phenomenon, but it is a greater threat to employee health and well-being than ever before. While technology has made aspects of many jobs easier, it has also added to the anxieties of office life through information overload, heightened pressure for productivity, and a threatening sense of impermanence in the workplace. In 1996, the World Health Organization labelled stress a “worldwide epidemic.” Workplace stress is estimated to cost American companies more than \$300 billion a year in poor performance, absenteeism and health costs.

Job Stress

# What we think of as “job stress” is what happens when:

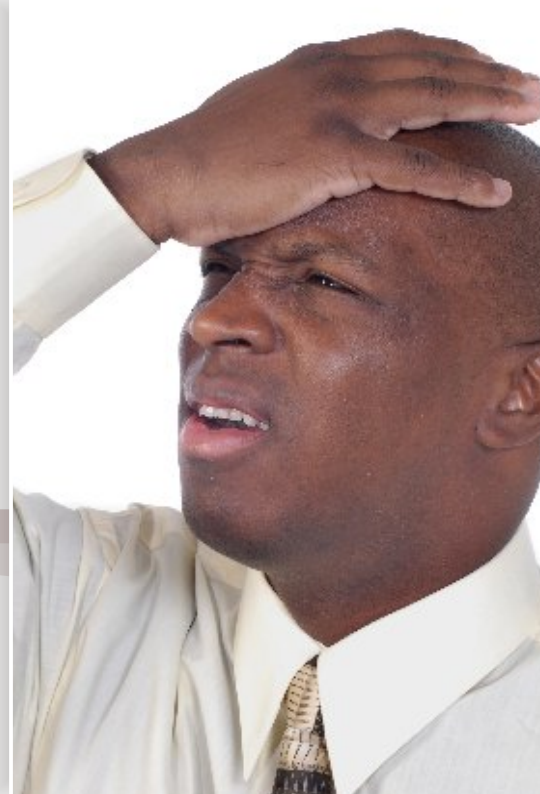
The challenges and demands of work become excessive.

The pressures of the workplace surpass workers’ abilities to handle them.

Satisfaction becomes frustration and exhaustion.

When stress crosses the line from normal to excessive, it can trigger physical and emotional responses that are harmful to employees and businesses alike. And unfortunately, for many people “stress” has become synonymous with “work.”

Job Stress





# Factors that lead to Job Stress

## ***Specific work factors***

- Excessive workload.
- Tedious or meaningless tasks.
- Long hours and low pay.
- Infrequent rest breaks.
- Unreasonable performance demands.

## ***Physical environment***

- Noise and overcrowding.
- Poor air quality.
- Ergonomic problems.
- Health and safety risks (heavy equipment, toxic chemicals).

## ***Organisational practices***

- Unclear responsibilities or expectations.
- Conflicting job demands.
- Multiple supervisors.
- Lack of autonomy or participation in decision-making.
- Inefficient communication patterns.
- Lack of family-friendly policies.

## ***Workplace change***

- Fear of layoff.
- Frequent staff turnover.
- Lack of preparation for technological changes.
- Poor chances for advancement or promotion.

- Tensions brought about by greater workplace diversity.

## ***Interpersonal relationships***

- Distant, uncommunicative supervisors.
- Poor performance from subordinates.
- Office politics, competition, and other conflicts among staff.
- Bullying or harassment.
- Problems caused by excessive time away from family.

Job Stress

## Job Stress and Employee Engagement

Job stress impedes on the ability of employees to actively demonstrate work engagement behaviour. Therefore, whilst it is important to promote work engagement in organisations it is also of equal importance to simultaneously curb job stress in order to maximise the success of employee engagement efforts, i.e., ensure a healthy return on engagement promotion interventions and investments.

Job Stress





## Effects of Job Stress on Employees

- Neglect of subsidiary task effort
- Inability to focus and concentrate - mistakes and errors
- Forgetful and absent-minded
- Risky decision-making
- Inability to demonstrate work engagement behaviour
- Lower productivity and quality of outputs
- Decreased corporate citizenship behaviour
- Health and wellbeing decrements
- Lower quality of life and general life satisfaction

## Effects of Job Stress on Organisational Outcomes

- Sub-optimum customer service and relationships
- Decreased ability to grow the business
- Turnover - loss of skills and corporate memory
- Increased IR incidence
- Higher absence levels
- Presenteeism
- Increased risk of employee dysfunctional behaviour
- Increased occupational health and safety risks
- Damage to corporate image

Job Stress

*“If you know your enemy and know yourself,  
you need not fear the result of a hundred battles” - Sun Tzu, 500BC*

*Human Factor Benchmark*





## Human Factor Benchmarking: Why, What, and So What?

### Why Benchmark?

The Japanese use the word “Dantotsu” meaning striving to be the “Best of the Best”. Sun Tzu and the Japanese in essence describe the value of and reason for benchmarking - it is about becoming the BEST and about understanding yourself - your organisation's inner workings, strengths and weaknesses. The links between process and people are fully recognised in business because work processes drive business results and people drive work processes, i.e., the people who work within processes give a “human value-added” contribution to the process productivity. The human factor in an organisation needs to be constantly encouraged to keep looking for improvement opportunities in their bit of any particular process. However, in order to achieve this we as managers and leaders need to understand the environment in which our employees function and how this affects their potential and ability to be productive and innovative. Once we are aware of 1) the constraining factors impeding on the potential of our workforce and of 2) the contributing factors facilitating workforce potential, we can invest effort to create enabling and focussed work environments in which the potential of our workforce is maximised towards superior business results.

Why Benchmark?

# Advantages of Benchmarking - Zairi & Leonard, 1996

- **Strategy development**

Benchmarking drives the vision, strategic goals aimed at delivering the vision, the short-term objectives that have to be achieved in order to make the vision become reality, whilst constantly checking that the vision itself is sound and achievable.

- **Managing by fact**

Benchmarking brings facts to the decision-making process - It is effective in focusing the energy of the boardroom on the enemy by taking out emotion and understanding what needs to be changed and why.

- **Continuous learning**

When everyone challenges the status quo, and people have the freedom to ask questions about what they are doing, why they are doing it in certain ways, and why they should change, then and only then is there a learning organisation that constantly searches for better ideas

- **Cultural Change**

The use of benchmarking over a period of time will gradually have an effect on the culture of the organisation. As the focus for improvement becomes more and more based on objective data, people will begin

to challenge the status quo - be it a structure, a practice, a management system, or whatever; a culture of continuous improvement and effectiveness will be fostered.

Why Benchmark?



# What?

The Organisational Human Factor Benchmark© (OHFB©) is a derivation of the SAEHWS© (South African Employee Health and Wellness Survey), which was developed following twelve years of cutting-edge research by the WorkWell Research Unit, Faculty of Economic and Management Sciences, North-West University (Potchefstroom Campus). The nature of the research and subsequent statistical modelling of results distinguish the instrument as follows:

- It is **standardised and validated** for South African workplaces and provides for measurements against a **South African norm**.
- It is cultural sensitive with no bias against any cultural group.
- It is supported by a **predictive model** that allows for employee **risk prediction** and the **proactive management of risks** for employees, teams and areas of operations.
- It is supported by various **industrial and sectorial benchmarks**.

What?

The Organisational Human Factor Benchmark will allow you to benchmark your company's Human Factor risks against the **SA norm** by providing for benchmarking on the following key employee and organisational aspects:

**Employee Outcomes:**

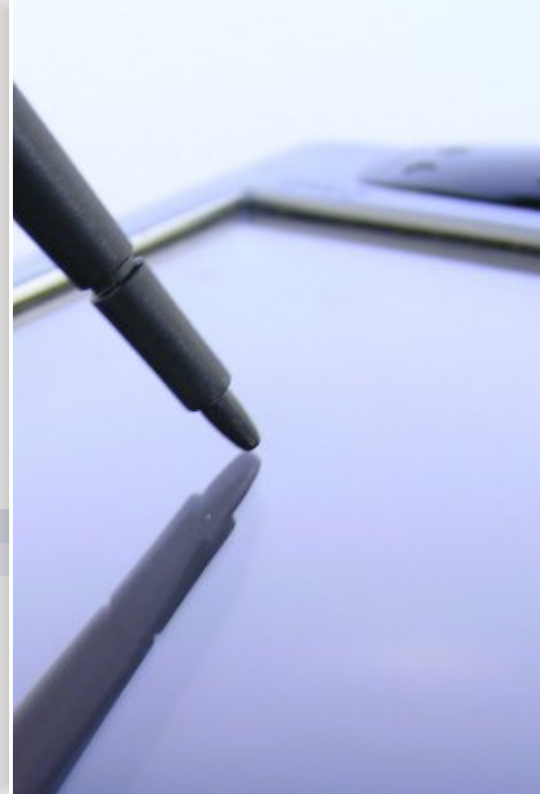
- Employee Stress and Stress-Related Ill-Health levels
- Employee Health and Lifestyle
- Employee Work Engagement levels
- Employee Turnover Intention
- Employee Corporate Citizenship Behaviour levels

**Experiences of the work climate by benchmarking the following key factors which act as drivers of employee outcomes as described earlier in the document:**

- Employee Workload
- Performance Management
- Recruitment and Selection
- Employee Competence
- Employee Growth and Development
- Supervisory Relationships
- Management Style

- Clarity pertaining to Roles and Responsibilities
- Effectiveness of reporting and decision-making structures
- Adequacy of Equipment and Physical Resources
- Employee Relationships
- Career Paths within the Organisation
- Remuneration
- Leave and Overtime Management

What?





# Definitions

The dimensions are provided in terms of the **SA norm**. Analyses are conducted by means of statistical modelling upon which **practical significant effects** are calculated to confirm and predict impact.

## **Employee Outcomes**

### ***Employee Stress and Related Ill-Health***

Reporting on this key aspect affecting employee ability and outcomes will provide for the Burnout risk, stress-related psychological ill health risk, and stress-related physical ill health risk evident for a workforce benchmarked against the SA norm. The incidence of these risks is provided as well as an estimation of the impact of the identified risks on absenteeism levels.

The main drivers of the stress-related risks are calculated and reported.

### ***Employee Health and Lifestyle***

The incidence of certain important chronic conditions such as hypertension, diabetes, depression, etc is provided compared to the incidence of these conditions in South African workplaces at large. Reporting on the

Repetitive Strain Injury risk calculated for the organisation will in addition be reflected as well as employee self-reported results on alcohol usage, smoking and exercise engagement.

### ***Employee Engagement***

The work engagement levels of the workforce against the national norm are provided. Work engagement would be portrayed as follows:

- The incidence of Work engagement as a state; distinguishing between high work engagement as a state, moderate work engagement as a state, and disengagement levels.
- The high work engagement state incidence are analysed to reflect the engagement behaviour potential to be expected from the state incidence in terms of true work engagement (high ability to convert

state engagement in expected behaviour), moderate engagement behaviour, and low ability to convert the work engagement state to the behaviours expected from engaged employees.

- An estimation of the engagement potential in the organisation would also be provided.

Definitions

### ***Employee Engagement Continued***

The drivers of work engagement in the organisation are provided at two levels, viz.:

- The drivers of work engagement as a behaviour (True work engagement); and
- The drivers impeding on work engagement levels in the organisation.

### ***Employee Turnover Intention***

Turnover intention is portrayed at two risk levels viz., the general turnover risk and serious turnover risk. A general turnover risk is defined as individuals who have become psychologically detached from the organisation, i.e., individuals whom display a low belief in the organisation, whom do not enjoy working for the organisation, and whom do not value the organisation highly. These individuals are up for grabs and if an opportunity arises they will seriously consider resignation. A serious turnover risk entails the above description, but might in addition to this description, actively be looking for another job. Turnover risks are

compared to the incidence of turnover risks in South African workplaces at large. The drivers of turnover risks would also be provided.

### ***Corporate Citizenship Behaviour***

Expected corporate citizen behaviour are provided at three levels, i.e., expected high levels, moderate levels, and low levels compared to the corporate citizenship levels in South African workplaces at large. The drivers of corporate citizenship would also be presented.

### ***Drivers***

#### ***Employee Workload***

Perceptions pertaining to the workload are provided in terms of pace and amount of work, quantitative load, and emotional load against the SA norm. The incidence of this dimension as well as the impact on employee outcomes will be provided.

#### ***Performance Management***

This dimension measure employee experiences of performance management outcomes against the SA

norm; i.e., whether employees know what they need to do to perform well, understand the purpose of their contributions, and the level of guidance and feedback they receive. The impact of this dimension on employee outcomes is quantified.

#### ***Recruitment and Selection***

This dimension provides insight in terms of the level of perceived person-job fit in the organisation (against the SA norm) and the impact thereof on employee outcomes.

#### ***Employee Competence***

This dimension provides an indication of the perceived skills and competence level of employees, i.e., whether employees perceive that they have the competence and skills to perform well in their jobs. This dimension would typically provide guidelines pertaining to training and development needs.

Definitions





### ***Employee Growth and Development***

This dimension provides an indication of the availability of opportunities in the workplace to learn and grow professionally. This dimension would typically provide for the level of job enrichment that employees experience as well as needs pertaining to learning and development.

### ***Supervisory Relationships***

This dimension not only entails the availability of the supervisor to the employee but also the perceived relationship between the supervisor and the employee as well as the level of perceived appreciation for the employee from the supervisor. A good supervisory relationship is a very important job resource and driver of psychological availability at work and work engagement! The impact of supervisory relationships on employee outcomes and organisational climate is quantified against the SA norm.

### ***Management Style***

This dimension measures the direct influence an employee has in the decision-making process

concerning the work to be executed and the work environment i.e., participation in decisions concerning the nature of his/her work, decisions in the department, and being able to discuss issues pertaining to these with his/her supervisor - indicative of the level of job control, staff consultation and the management style experienced by employees.

### ***Clarity relating to Roles and Responsibilities***

Role clarity entails the perceived clarity employees experience regarding their roles and responsibilities in a team as well as the clarity employees experience concerning the expectations of supervisors and colleagues against the SA norm. The impact of this dimension on employee outcomes is quantified in the management report.

### ***Effectiveness of reporting and decision-making structures***

This dimension entails the level of clarity pertaining to the decision-making process in the work environment, the reporting structure, and the availability of up-to-date information pertaining to important issues in the

organisation and provides an indication of the effectiveness of communication processes.

### ***Adequacy of Equipment and Physical Resources***

Perceptions pertaining to the availability and quality of physical resources in the workplace are provided in terms of the SA norm.

### ***Employee Relationships***

The level of colleague support and quality of inter-colleague relationships employees experience are provided by this dimension, which would provide a good indication of team spirit and teamwork ability.

Definitions

### ***Career paths within the Organisation***

This dimension measures the level of career vision and career possibilities employees perceive in the organisation.

### ***Remuneration***

Satisfaction with rewards and salaries are measured against the SA norm.

### ***Leave and Overtime Management***

This is a self-report dimension providing an indication of the effectiveness of leave management and overtime management in the organisation benchmarked against the SA norm.

Definitions





## So What?

A management report is generated that will produce the deliverables portrayed under WHAT in this SECTION of the document. The management report will

- Benchmark your employee and organisational factors against the South African and industry (if available) norm,
- Report on the incidence of experiences on the different Organisational Human Factor Benchmark dimensions in the organisation,
- Provide the main drivers of employee outcomes as well as the impact level of these drivers on employee outcomes,
- Recommend key performance indicators on certain employee and organisational factors, and
- Provide generic intervention guidelines to address risk drivers.

The management report is also available as an online analytical tool (OLAP tool) that serves as a decision support system, allowing you to answer analytical questions about the human factor in your organisation by drilling down to different the levels of your organisation.

So What?

## It's about Improved Organisational Performance and Organisational Self-renewal

- The objective is to improve the organisation's capacity to handle its internal and external functioning and relationships.
- This would include such things as improved interpersonal and group processes, more effective communication, enhanced ability to cope with organisational problems of all kinds, more effective decision processes, more appropriate leadership style, improved skill in dealing with destructive conflict, and higher levels of trust and cooperation among organisational members.
- These objectives stem from a value system based on an optimistic view of the nature of man, i.e., that man in a supportive environment is capable of achieving higher levels of development and accomplishment.
- Essential to organisation development and effectiveness is the scientific method — inquiry, a rigorous search for causes, experimental testing of hypotheses, and review of results.
- ***The ultimate aim* is to leave the client organisation with a set of tools and an action plan with which to monitor its own state of health and wellbeing and to take corrective steps toward its own renewal and development. This is consistent with the systems concept of feedback as a regulatory and corrective mechanism**

So What?





**The Organisational Human Factor Benchmark© management report would empower leaders and decision-makers in organisations to:**

- Generate **business intelligence** regarding organisational and human factor risks;
- Understand and quantify **organisational factors** impacting on the potential of the workforce;
- Understand and quantify the **impact of employee wellbeing** on organisational outcomes;
- Assess the **impact of identified drivers** on strategic vision and objectives;
- **Customise and prioritise Human Resource Management and Organisational Development strategies** based on evidence, facts, and impact level;
- Develop **customised best practices** in terms of human factor management; i.e., review the effect of intervention strategies in terms of success and impact if annual benchmarking is implemented (outcomes management) – what works and what does not in my organisation?;
- Develop **evidence-based key performance indicators** customised for the different areas of operations in the organisation to promote favourable employee outcomes (not a one-size-fits-all approach!); and
- **Be in touch with the culture** and climate in your organisation!

So What?

## How is the Organisational Human Factor Benchmark implemented?

- The Organisational Human Factor Benchmark © is a web-based instrument available in English and requires at least an ABET 4 literacy level.
- The instrument takes on average 15-20 minutes to complete.
- Upon completion the participant will receive an immediate personal feedback report that provides his/her personal wellbeing results and general personal guidelines to promote wellbeing and the management of stress levels (self-help tips).
- The participants' information on the web is protected and guaranteed via GeoTrust 256-bit encryption (GeoTrust Certificate).
- In order to generate a valid benchmark and good management information, at least 70% of the workforce or an area of operations should complete the instrument.

How?



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