

Corporate depression

Derek Mowbray recommends a systemic resilience strategy

Organisations exist where two or more people interact for a common purpose. Some are informal, such as a bus queue, workshop or dinner party, and are formed and disbanded constantly; others are formal, such as a business or service, and take time to establish, develop and finally decline. Organisations and social communities have similar characteristics; one difference in the UK is that communities are managed and administered through a process of democracy, whilst organisations, being controlled communities, set up for a specific purpose, are controlled and administered by managers.

The risks facing organisations

Organisations survive and decline according to their ability to respond to internal and external pressures for change. The origins of internal and external pressures are risks to organisations which are shown in figure 1.

Many organisations are experiencing difficulties in managing the risks they face. This manifests itself in the levels of psychological presenteeism that is being identified. Psychological presenteeism is the term that denotes people who attend work but are unable to concentrate effectively due to influences on their lives, such as uncertainty, excessive demands, lack of encouragement.

Those who cannot concentrate on their work are under-performing, and may contribute to events such as accidents and errors, placing the organisation at greater risk (see figure 2).

All organisations experience change. Change is an essential aspect of survival. However, a requirement placed on managers is to manage their staff through the processes of change.

Uncertainty – a cause of psychological presenteeism

In the current UK economic climate, organisations face additional challenges that may impair their capacity to grasp opportunities to grow and expand when the climate eases. These challenges relate to the manner in which staff are managed.

There are five categories of staff that all organisations of any size need to manage at some time:

- those staff who have been asked to remain in their jobs
- those staff who have been asked to remain in their work but change their job or location
- those staff who have been asked to remain in their job but have been told they may be asked to leave in the future
- those staff who haven't been told anything
- those staff who have been asked to leave.

Derek Mowbray is the founder and a director of OrganisationHealth and the Management Advisory Service, both of which focus on the elimination of stress at work and the promotion of wellbeing and performance. An organisation and occupation health psychologist, Professor Mowbray is an expert in cultural change and leadership behaviours. derek.mowbray@mas.org.uk www.orghealth.co.uk www.mas.org.uk tel: 0845 833 1597

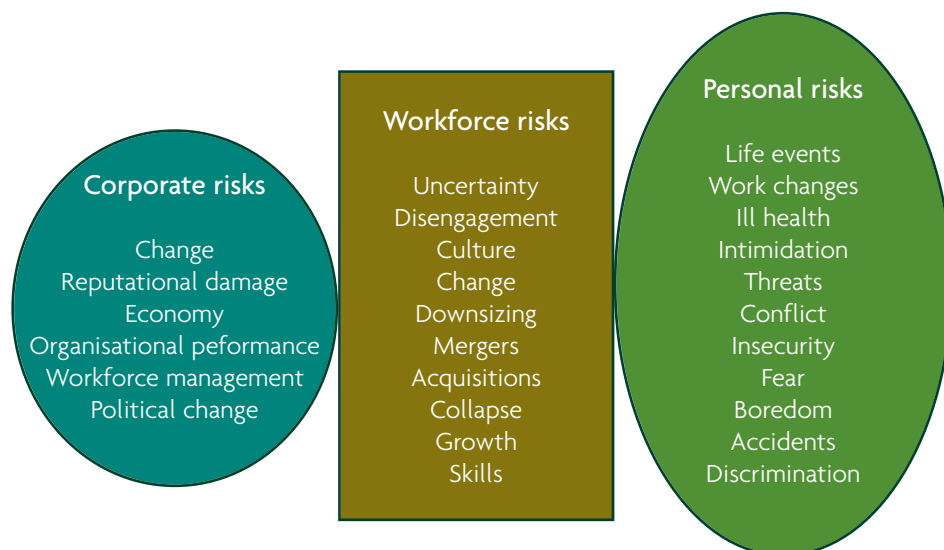


Figure 1. Risks to organisations

All staff experience uncertainty. For some, the period of uncertainty is short. They are asked to stay or asked to go.

■ For the stayers the experience of pressure and tension that uncertainty produces is reduced once they know about their future. If handled well, the process of creating pressure and tension and then eliminating it quickly can have the effect of increasing the intensity of commitment that the individual has to the organisation. This, in turn, improves psychological wellbeing, leading to improved engagement and performance.

However, if the period that individuals experience pressure and tension lasts so long that they lose personal control of the situation, they will experience strain, and sometimes stress. In this scenario, the degree of commitment is reduced, and other sensations, such as anxiety and depression, begin to set in, and can only be relieved once certainty over the individual's future is established.

■ A similar psychological response occurs with those asked to leave. It is the uncertainty that produces the anxiety and depression. Once someone knows what is happening to them, the anxiety associated with uncertainty is eliminated. If poorly handled, that anxiety may be replaced with a fresh series of concerns about what to do, and how to pay the bills. If handled well, someone in this position will be encouraged to explore every opportunity that this event has opened up, and a focus on the excitement of the challenge will be emphasised.

There are three categories of staff at greatest risk of psychological distress at work, mainly caused by the fear of losing their job in a constrained job market.

■ Those asked to remain but change their job or location will experience uncertainty associated with the organisation taking control of their lives, and themselves losing control. If this loss is felt to be too intrusive and threatening, the individual may choose to regain personal control by leaving the organisation. For those who remain, much will depend on the new role and location. If it means promotion or some other positive working input, then the uncertainty may evaporate, and commitment to the organisation may intensify. If the situation is simply a shift in job and/or location and is seen at the level of survival (but no growth, rewards or development) by the individual, there is a risk that the individual will reduce their degree of commitment to the organisation and will disengage.

■ Those who have been asked to remain in their jobs but told they may be asked to leave at some time in the future require considerable capacity of resilience not to be diverted psychologically by the experience. It is to be expected that those staff in this category will be under-performing as their concentration will be limited by external causes – the uncertainty over their future.

■ Similarly, those who have been told nothing about their future will be experiencing uncertainty, and will, also, be under-performing due to the diverting causes of uncertainty. Those who have been told that their future is secure, but are



Figure 2. Causes of low performance, and potential cures

working in a culture of uncertainty, may also experience continued uncertainty, and will continue to under-perform. (See figure 3.)

Corporate depression

This brief description of staff and their experiences affects many organisations. For those organisations with these categories of staff, the cumulative effect of psychological presenteeism will impact on overall performance. This will continue without external help to reshape the organisation's approach to managing its workforce.

This phenomenon is known as corporate depression. Corporate depression has characteristics of lethargy, disengagement, demotivation and other features that impact directly on corporate capacity to respond effectively to corporate risks, such as economic and political change, reputation and overall performance.

Strengthening resilience against corporate depression

Corporate resilience is the capacity to manage the risks to corporate survival and growth. These were shown earlier as being:

- change
- reputational damage
- economy
- organisational performance
- workforce management
- political change.

Workforce management, because of its pivotal role in preventing corporate depression and other forms of psychological presenteeism, is central to strengthening corporate resilience.

The resistance of top managers to managing corporate risks, in particular workforce management risks

It is a common feature of UK organisations that top managers and board-level directors resist implementing changes to their management practice that divert them away from the project-based, transactional activities that drive their business or service.

Most managers have little experience of managing people except within a transactional framework, one that sets out a goal to be achieved and the steps needed to achieve the goal. Little consideration

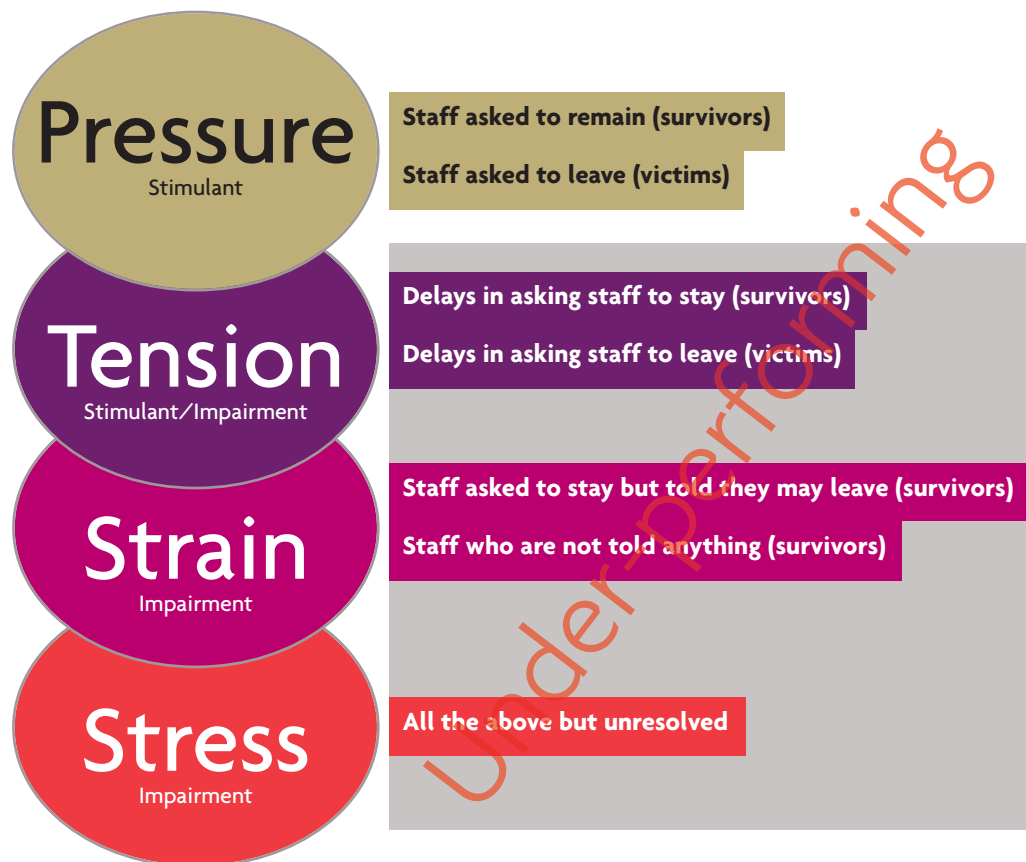


Figure 3. Causes of organisational presenteeism

is given to the impact of this form of management practice on the performance and productivity of the business or service, as the measure of success is the achievement of the goal, not the costs of achieving it. Only if costs are thought to be excessive is any consideration given to examining approaches to their reduction, and these tend to be systems approaches that focus on efficiencies.

With regard to the health and wellbeing of the workforce, the same transactional approach is normally applied. Providing services that keep the workforce healthy is a common feature of large organisations, combined with providing services to help people back to work when they become ill. Little regard is given to the effectiveness of the workforce, only its efficiency in achieving a specified corporate goal. The result is that few managers are interested in the causes of the inefficiencies, only in the solutions to improved efficiency.

The notion that the workforce has a direct impact on the effectiveness of the business or service (as compared with the efficiency) is still some way off the thinking of top managers. This is a form of 'groupthink' and needs addressing if improved performance is to be achieved, and phenomena, such as corporate depression, are to be eliminated. Workforce management risks need to be seen within an effective, and not solely an efficiency, paradigm.

The approach to eliminating corporate depression: strengthening resilience through the wellbeing and performance strategy and agenda

Preparing for the future

In order to shift an organisation that exhibits corporate depression to one that is positive, vibrant and effective requires a systemic approach. There is no 'quick fix', although it is possible to bring change quickly if the players are committed to change and consistently act in ways that promote a new cultural environment.

There are five main strands to eliminating corporate depression that require consideration. Within each strand there is at least one framework that may be used to guide the detail of a programme of change. The overall approach is shown in figure 4.

Strategy of change

The most appropriate change strategy is the strategy of conviction.

The strategy of conviction is normally based on argument, and once the argument is seen to be valid, those who are convinced will embed the changes within themselves and act accordingly. People are less likely to resist change, and more likely to promote it.



Figure 4. Five strands to eliminate corporate depression

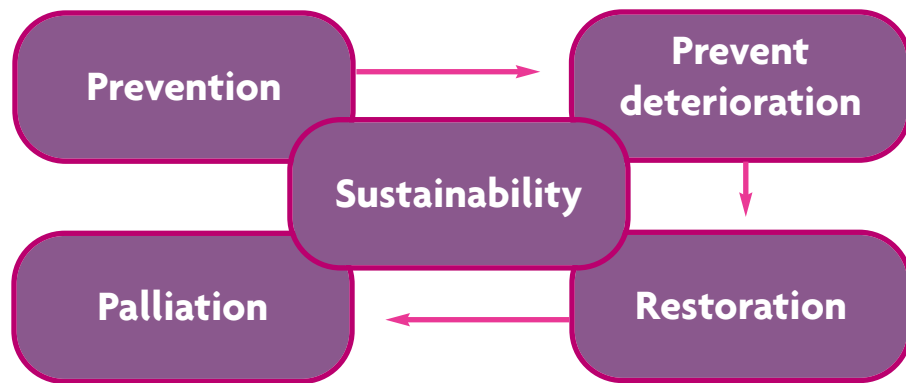


Figure 5. Five change strategies for improved wellbeing and performance

Frameworks

There are five frameworks that help guide the change. Frameworks provide a map of where the organisation lies at any given moment, and help to provide the basis of planning the next step in any change process (see figure 5):

1 **To prevent** anyone from experiencing psychological distress at work through the promotion of commitment, trust and engagement between employers and employees, and between the staff and their customers. To mitigate the risks of physical ill health through the promotion of healthy activities, such as behaviour, nutrition and physical exercise.

2 **To prevent deterioration** in anyone who experiences psychological distress or physical ill health. Most organisations use conventional services to achieve this purpose – these being an employee assistance programme, occupational health services, private medical services and absence management programmes. However, the damage has already been done, as those who use these services have not been successfully prevented from seeking their assistance.

3 **To restore** those with psychological distress and/or physical ill health back to their normal level of working and beyond. The services that exist to prevent deterioration also offer services to restore people back to work. This strategy focuses attention on those who take sick leave for less than six weeks. There are some significant challenges associated with this strategic purpose, the most obvious being restoring individuals back to the situation that caused them to become ill or suffer psychological distress in the first place.

4 **To provide palliation** to those with chronic conditions, knowing that they are declining and unlikely to return to work. People in this situation require specialist support services to ease them

into any form of work, provided on a voluntary or paid basis. Insurance companies are now supportive of initiatives to restore chronically ill people back to any form of occupation, knowing that any kind of work is therapeutic.

5 **To sustain** a positive and adaptive culture once it is introduced and embedded into the business. This requires sustained reinforcement of a positive culture to ensure that each new generation of managers and employees adopt the behaviours necessary to ensure that the relationships at work and between the business and its customers is based on commitment, and trust.

Most organisations focus attention on strategies two and three. This has marginal impact on performance and will continue to be a cost for which there is a limited return. In order to make significant inroads into under-performance and to build a resilient and vibrant business, all five strategic purposes need addressing, with a particular emphasis on strategy one as this will reduce the wellbeing and performance agenda.

The wellbeing and performance agenda

This provides the overall framework for a change from a corporately depressed to a positive and vibrant organisation.

Promoting the link between wellbeing and performance is central to the change process, and a wellbeing and performance agenda is an appropriate overarching framework.

The agenda itself has several items:

Item 1 – establishing the purpose and cultural foundations within which everyone is expected to behave.

Item 2 – establishing an architecture that promotes the new culture

The characteristics of a positive and adaptive culture

- a clear, unambiguous **purpose**, expressed as a simple 'big idea', an idea that all the staff relate to closely, and are proud to discuss with friends and colleagues
 - an atmosphere of **confidence**, where the staff are interested in each other, **support** each other, and project this confidence towards clients and customers
 - staff who behave **respectfully** towards each other, value each other's views and opinions, work in teams that are places of mutual support, where anything is debated **without a hint of humiliation**, where the critique of individual and team work is welcomed and discussed, and where lessons are learned and implemented
 - staff who **'go the extra mile'** by providing unsolicited ideas, thoughts and stimulus to each other, and where their interest in their customers offers something more than is expected, beyond courtesy, and beyond service, offering attentiveness and personal interest
 - **challenges** for their staff, which provide opportunities for personal development through new experiences, and which treat everyone with fairness and understanding
 - staff who are **personally driven** towards organisation and personal success – intellectually, financially, socially and emotionally

Figure 6. Template for a positive and adaptive culture

Item 3 – establishing the 'rules' by which the new culture and organisation is expected to work
 Item 4 – providing training and development
 Item 5 – the processes of evaluating and reinforcing the impact of the new culture.

The characteristics of a positive and adaptive culture

Figure 6 is a description of a positive and adaptive culture. This may be used as the template to which the organisation may aspire. It may be used to assess:

Organisation development

Implementing the prevention strategy requires a review of the organisational arrangements from

the perspective of promoting commitment and trust between employers and employees. The significance of commitment and trust is that these features are evidenced as having the greatest impact on preventing psychological distress and promoting wellbeing and performance.

As with all behaviour, however, the influence of the cultural context of an organisation is profound.

There are specific features of organisational arrangements that influence the adoption of commitment and trust as a cultural influence on the behaviours of leaders, managers and employees. These features need to be placed into an organisation development framework as context. This is presented in figure 7.



Figure 7. Organisational development framework

■ **Purpose** – identifying the purpose of the business. This needs to be done in a manner that produces a succinct 'big idea', an idea that everyone understands, agrees with and which all staff can be proud of. This starts the commitment process. There is a link between this process and creating a brand, as a brand needs to be instantly understood by staff and customers, and be an instant expression of the cultural values of the organisation as well as reflecting, simply, its purpose.

Simply stating that the business has a purpose of making money is insufficient to meet the requirement to generate commitment, as making money is why all businesses are established, and is not sufficiently unique to capture the interest of anyone. Stating that the business exists to be efficient or to get things done is equally weak, as this is expected from any business and tells no one what the real purpose is.

Identifying the real purpose is a difficult exercise for those not used to challenge, and requires the facilitation of exercises to tease out what the wider significance of eg a bank might be in society. Why do banks exist? Would the world be a better place without them? If not, why not?

An approach is to obtain the opinion of staff and customers – a process that also commences the commitment process so long as the end result demonstrates that opinion has been used to produce the result to the exercise.

■ **Architecture** – reviewing the architecture of the business. The architecture is the map of relationships within the business. In this context the aim is to promote commitment and trust, and therefore, the architecture needs to be inclusive and as flat as possible. The reason is that the workforce needs to be included in decisions made about itself. This plays to another feature of commitment and trust which is involvement. Involvement isn't achieved through a communication process that is essentially a broadcast; it is achieved through a communication process that is interactive, where the opinion of staff is actively used to make decisions. The architecture needs to reflect this.

■ **Rules** – reviewing the 'rules' of how the organisation is meant to work. This focuses on enabling rules – the rules that enable commitment and trust to be embedded into the organisation. There are 13 rules that are central to this process:

1 *Recruitment* – designing recruitment processes that marry the expectations of the business with those of the applicants, recognising that the process involves creating degrees of commitment amongst all the applicants, and not

only the successful applicant. This generates a reputation on the marketplace of a business that takes recruitment extremely seriously. The implications of a weak process include the ripple effect of failed recruitment, which carries a heavy cost to the business. A successful recruitment process enhances the culture, wellbeing and performance on the individuals concerned and the business as a whole.

2 *Training and development* – this plays to the human desire to learn. Organisations that provide opportunities to enhance the skills, knowledge and experience of its workforce is repaid with high levels of commitment.

3 *Pay* – most people instinctively recognise what is fair pay for the work that is expected. Pay levels should be individualised for this reason. Rewards for extreme contributions can be further payment or other forms of reward, but paid exceptionally for exceptional contribution in quality terms not quantity. Recognising quality increases commitment.

4 *Challenge* – everyone responds positively to pressure so long as it remains within personal control. Therefore, individuals respond well to challenges in their work so long as the challenge is within personal grasp and can be completed without causing tension or strain. Challenges at work demonstrate to individuals the value they have to the business, and this increases commitment and trust.

5 *Team working* – working in teams is a process that achieves high-level performance if the team is well constructed and if the individuals in the team trust each other enough to enable any topic to be discussed openly.

6 *Communication* – interactive communication increases commitment, and conveys the importance of individual contributions to the business. This increases commitment.

7 *Involvement* – this demonstrates personal value to the business and increases commitment and trust.

8 *Performance appraisal* – this is a continuous process that should be a feature of everyday working; it enables managers to be constructive in their appraisal of employees, without employees feeling under any threat. Some businesses encourage employees to appraise their managers on a similar basis. This increases commitment and trust between managers and staff.

9 *Career opportunity* – if the business provides continuous training and development it should also provide career opportunities. This may entail secondments elsewhere to widen the acquisition of skills, knowledge and experience from

another, quite different setting. Providing career opportunities increases commitment.

10 *Job security* – this refers to the ability of individuals to complete projects and tasks and is not related to long-term security. This plays to the desire of most people to demonstrate their abilities and skills by completing tasks and receiving the rewards (self-esteem) for doing so. This enhances commitment and trust.

11 *Management encouragement* – this plays to positive reinforcement of employees’ abilities, and is about encouraging initiative on the part of employees. This demonstrates personal value to the business, and as a consequence enhances trust and commitment between the parties.

12 *Work-life balance* – this is about the response of the business to domestic crisis. It is not about where and when staff work, for example, working from home for two days a week. The response of the business to domestic crisis relates to all forms of crisis, including the delivery of a new refrigerator, just as much as responsiveness to childcare issues. This enhances commitment in the business.

13 *Openness* – all the above rules will mean little if the business is a closed environment. It is essential for the business to be transparent in all its dealings with staff and customers. This builds trust and commitment between staff, and between staff and customers.

■ **Implementation** – training and development. This step concerns the embedding into the

thinking, feeling and behaviours of all staff the rules and behaviours expected in delivering the business.

Management development

This framework is made up of three elements:

- managing my organisation
- managing my people
- managing myself.

Managing my organisation is concerned with all the frameworks above and implementing the processes required to embed a positive and adaptive culture into the organisation.

The preferred style of leadership and management is based on adaptive leadership principles. These are:

- encouraging the ‘elephant in the room’ to be placed on the table, discussed and resolved
- shared responsibility for the whole business amongst all the staff
- encouragement of independent thinking and judgements
- leadership capacity is developed
- reflection and continuous learning become institutionalised.

Managing my people is concerned with the behaviours required to promote and sustain commitment, trust and engagement – these being the behaviours that ensure wellbeing and performance (see figure 8).

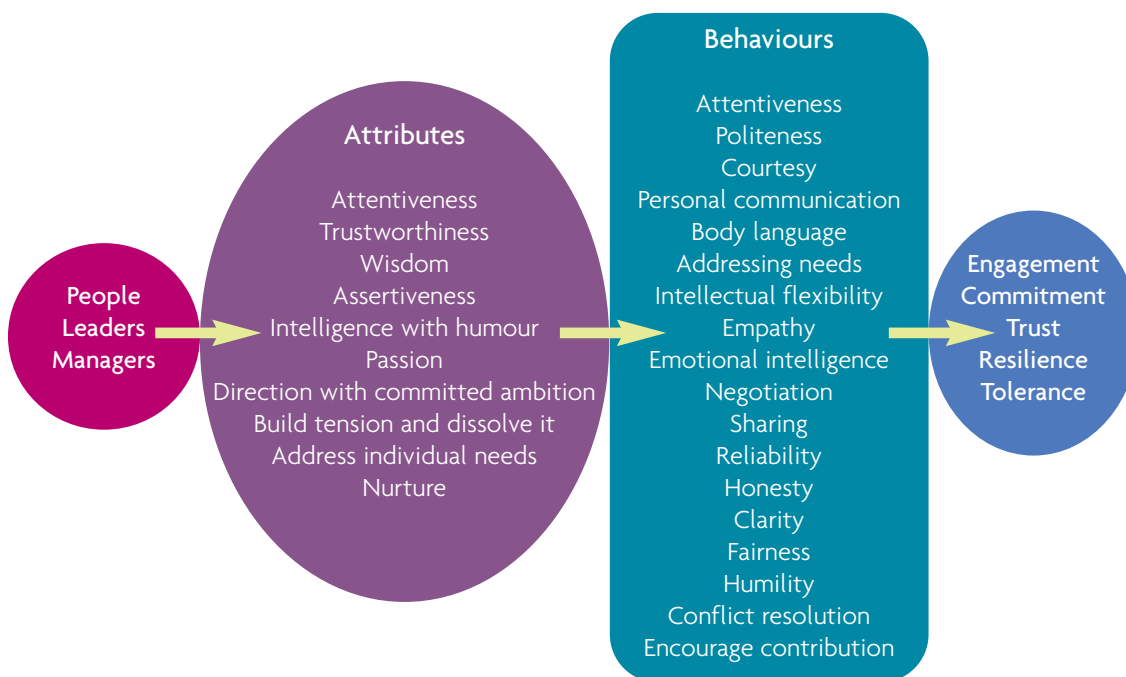


Figure 8. Personal attributes and behaviours

Managing myself is concerned with strengthening personal capacity to be resilient against adverse events at work and at home.

Resilience is the ability to survive and grow in the face of adverse events. This requires enhancing personal features and characteristics that influence attitude towards adverse events (see figure 9).

The process of strengthening resilience is based on seven elements of resilience that combine strengthening personal features with enhancing the ability to interact effectively. The outline for training is summarised in figure 10.

1 Vision

If you don't know where you're going you will probably end up somewhere else.

Normally, resilient people will have a clear idea of what they are trying to achieve in their lives, and will have written this down somewhere.

2 Self-determination

As long as you're going to think anyway, you may as well think big.

Resilient people with high levels of determination have the capacity to achieve things that those with low determination tend not to be able to do.

3 Interaction

Achieving what you want in an interaction is a massive boost.

Interaction is about how we behave towards other

people. The only person we control is ourself, and yet, to survive and achieve what we need to achieve, we need to control the reactions of others to our behaviours towards them so that they help us.

4 Relationships

If you always approach everyone with cheerful optimism, you will find that they simply have no choice but to respond in kind.

In order for us to survive and prosper we need to forge relationships. These are many and varied that include acquaintances, friends, lovers, all of whom have a different quality to them in relation to their strength, importance and power; and each appeals to a different aspect of our own need.

5 Problem-solving

Some people take no mental exercises apart from jumping to conclusions.

Resilient people like to solve problems and rise to challenges, so long as they can resolve the problems and meet the challenges successfully.

6 Organisation

If everything is under control you're not going fast enough.

People who are well organised are able to cope with the chaos of daily life better than those who do not pay attention to organising themselves, preferring to rely on memory and luck.

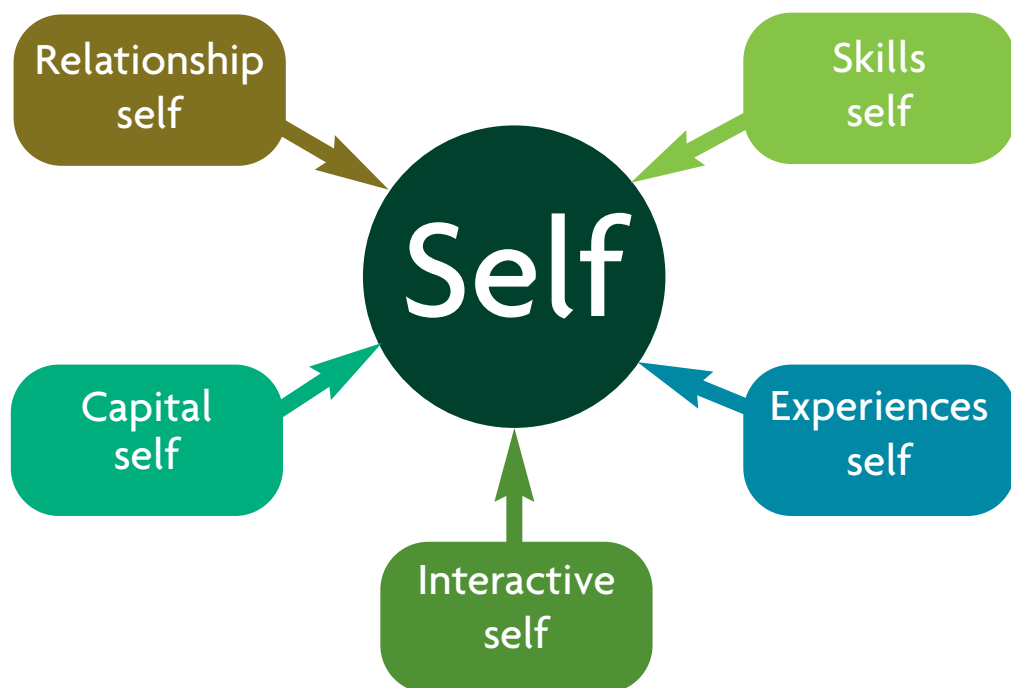


Figure 9. Characteristics of the resilient self

7 Self-confidence

Ever notice that 'what the hell' is the right decision?
Self-confidence is clearly apparent in resilient people. They need to ensure that self-confidence doesn't turn to arrogance as this will cause others to disengage with them.

Manager's code

A product of the wellbeing and performance agenda may include the development of a manager's code. A code is the outward representation of the inward expectation of manager behaviour. The code, in this context, embraces all aspects of the frameworks illustrated above, and would be an enabling code rather than one that is policed with sanctions. A code provides the basis on which staff and managers are expected to interact with each other, and helps to cement the application of a positive and adaptive culture into the business. It has the advantage of being applicable throughout the business.

Conclusion

Corporate depression is a risk to organisations arising from the manner in which the workforce is managed. Employees suffering from psychological presenteeism under-perform at work. The causes

of psychological presenteeism are normally associated with a combination of fear and uncertainty, as well as the incapacity of managers to promote commitment and trust between themselves and their employees.

Top managers focus on the efficiency of staff and not on their effectiveness in achieving the aims of the business. This needs to be changed to ensure that all staff achieve optimum performance through being effective at work. This requires a shift in the thinking of top managers; a shift from seeing the workforce as only a potentially efficient machine, to a workforce whose effectiveness is measured by its lack of psychological distress, and by its engaged effective contribution to the achievements of the business.

Corporate depression can be eliminated by close attention to the wellbeing and performance strategy and agenda that provides a systemic approach to improved performance. Whilst not being a 'quick fix', the approach provides an opportunity for a rapid transition from a lethargic and disengaged workforce to one that is eager to perform effectively at very high levels. ■

Joint copyright © Derek Mowbray 2011

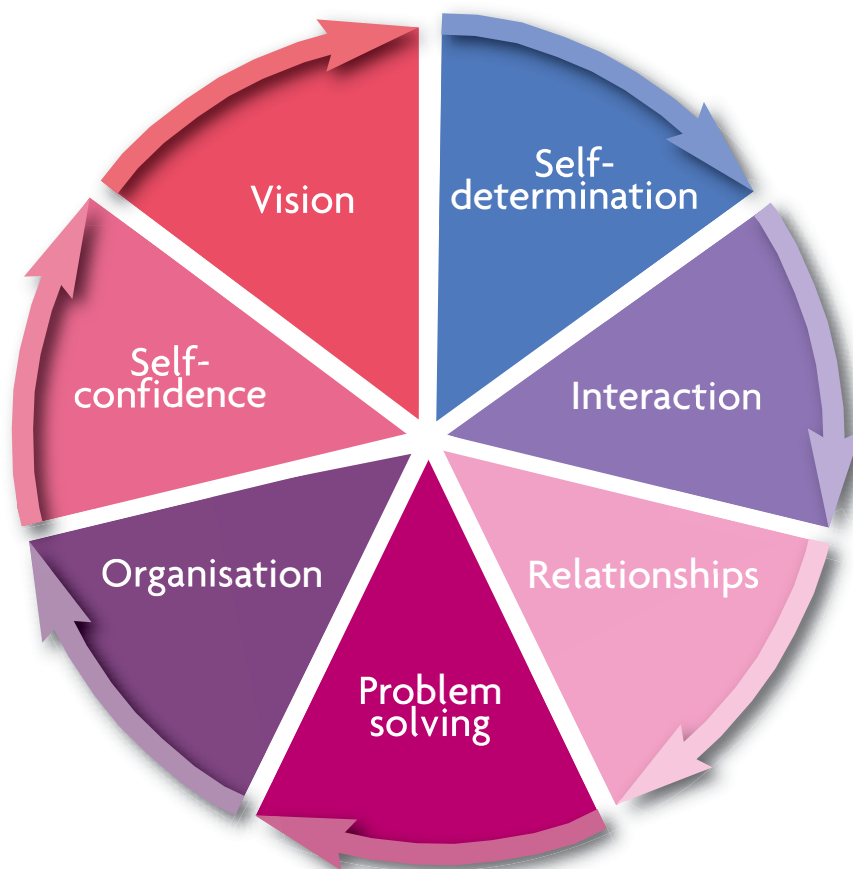


Figure 10. Seven elements of resilience