The Human Capital Risk Management Toolbox:
Employee Assistance Programs (EAPs)

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Human Capital Risk Management (HCRM) is an emerging field that focuses on assessing the risk associated with your organization's greatest asset—its people. Human Capital Risk (HCR) can be found in every aspect of business that employees touch. Simply put, HCR is the likelihood that your people will behave in ways that put the organization at risk. The goal of HCRM is to *identify the factors within an organization that contribute to risk and develop solutions to address this risk.*

By developing an effective Human Capital Risk Management toolbox, smart businesses can take proactive steps to maximize their workforce potential while reducing costly, avoidable risk.

The HCRM toolbox should include resources that:

- Evaluate areas of people risk specific to your organization by
    - Identifying the critical areas of exposure
    - Determining their root causes
    - Prioritizing their resolution

- Correct employees' counterproductive behavior

- Mitigate organizational factors that contribute to risk

- Improve workforce dynamics, corporate culture, and people practices

> A strategic EAP brings a strong organizational focus to the way it delivers and manages services.

Your Employee Assistance Program (EAP) can be a powerful element in the HCRM toolbox. A strategic EAP delivers and manages its services in a manner calculated to advance organizational objectives. This type of EAP can function as a company's first line of defense against undesirable workplace behavior and can provide an early alert system for organizational risk factors. It can also be an essential component in establishing the proper climate to reduce human capital risk.

The EAP as an HCRM Tool

Employee Assistance Programs (EAPs) were the original human capital risk management (HCRM) tool. Before people were human capital, before risk management expanded to all aspects of the organization, EAPs were helping organizations manage the risk associated with their people. In the beginning, EAPs were focused exclusively on reducing the risks of substance abuse in the workplace; however, EAP services rapidly expanded to cover a broad range of personal and professional problems that undermine performance. Quite simply, EAPs exist to keep people productive and to reduce the incidence and impact of detrimental workplace behavior.

> The traditional functions of an EAP provide a wealth of often neglected information, which a *strategic* EAP leverages in order to produce unique, actionable insights into an organization's critical human capital factors.

All EAPs achieve these goals by offering a host of services, including individual assessment, short-term counseling, referrals, and work/life assistance, all accessed through a 24-hour hotline.

A strategic EAP supports individual employees in the same way, but also supports the organization as an HCRM tool.

Such an EAP considers how organizational factors affect individual employees, and how the individual's issues and concerns impact the broader organization. By examining employee assessments, consultations with managers, and utilization data, a strategic EAP identifies and addresses trends and factors that represent a risk to the organization.

How EAPs Can Mitigate Human Capital Risk

HCR emerges at both the individual and the organizational level. Individual employees harbor their own predispositions for negative behavior, but research has determined that organizational factors have a significant impact on the risk of these behaviors occuring.[1] Inconsistent or unclear workplace practices, excessive job demands, poor management style, weak leadership, and a permissive or chaotic culture can not only encourage undesirable conduct in employees already prone to these behaviors but also drive other employees to behave adversely.

Human capital risk (HCR) manifests in adverse workplace behaviors, such as:

- Reduced productivity

- Non-performance
  - Absenteeism
  - Presenteeism
  - Cyber-loafing
  - Insubordination

- Interpersonal conflict
  - Incivility
  - Bullying
  - Harassment
  - Violence

On a day-to-day basis, EAPs deal with human capital risk at the individual level – for example, providing support to keep a top producer producing despite the fact that she is in the middle of a difficult divorce. Through counseling, guidance, and resources, the EAP reduces the risk that employees' personal problems will diminish their work performance.

When an employee's issues lead to inappropriate behavior in the workplace, the EAP can work with the employee *and* the organization to mediate conflict, correct the behavior, ensure that the organization responds appropriately, and support co-workers who are affected by the problematic behavior.

A strategic EAP has the ability to translate from the micro level (individual) to the macro level (team/unit/department/organization), taking into account how the workplace affects the individual's situation and how the individual's behavior impacts the rest of the enterprise.

Using the information gathered at the individual level, a *strategic* EAP provides the organization with more advanced services by:

- Identifying areas of risk

- Assessing organizational factors and workplace practices that exacerbate the risk

- Improving workplace practices (such as performance management and internal communication) by working directly with managers to help them handle difficult situations

- Recommending long-term solutions to ameliorate negative organizational factors and improve workforce dynamics

Every service the strategic EAP provides is filtered through an organizational lens:

Account Management

Assessment & Counseling

Manager Consultations & Referrals

Utilization Analysis

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[1]Diamante, T., Natale, S., & London, M. (2006). Organizational wellness. In Sheinfeld-Gorin, S. & Arnold, J. (Eds.), *Health Promotion in Practice*. San Francisco, CA: Jossey-Bass.Kennedy, D.B., Homant, R.J., & Homant, M.R. (2004).

The value of the EAP lies in the way this focus is embedded in every service provided:

Account Management: The strategic Account Team stays abreast of its clients' business issues and environment in order to synergize EAP services with organizational culture and goals. Team members maintain regular contact with the client to discuss and understand the firm's direction, objectives, and challenges. The Account Team communicates this information to the EAP counselors and staff, giving them a business context for the services they provide to employees.

Assessment & Counseling: A strategic EAP counselor will explore not only the individual's personal situation but also the employee's work environment as it relates to the presenting problem. The counselor considers the employee's workload, relationships with co-workers and supervisors, resources available, and performance management history in identifying individual and organizational contributing factors.

Manager Consultations & Referrals: Consultations with management provide a wealth of organizational information because the EAP gathers information from HR and the immediate supervisor as well as from the individual. Information from all sources is incorporated into ongoing organizational analysis in addition to informing the immediate solution.

A strategic EAP's staff will include a range of cross-disciplinary consultants, not just counselors. Industrial/organizational psychologists, executive coaches, employment attorneys, and learning & development professionals contribute varying perspectives to complex situations. This team approach results in a thorough analysis of the situation that, again, focuses on the employee ***and*** the work environment.

Utilization Review, Analysis, & Reporting: All EAPs collect program utilization statistics; strategic EAPs analyze that data to highlight risk categories and undesirable workforce practices that have surfaced through counseling, consultations, and referrals.

Each utilization report functions as a "mini" organizational risk assessment pinpointing risk categories and detrimental practices such as:

- High degree of interpersonal conflict within a unit or team

- Inconsistent performance management (late, absent, or unclear reviews)

- Inappropriate supervisory norms (shouting, demeaning)

- Lack of organizational support

- Bullying

In presenting information on trends and workforce concerns, the strategic EAP will also offer a range of possible solutions, initiatives, and interventions to remediate the situations.

The following case study illustrates how organizational issues are surfaced within the framework of a strategic EAP and the types of remedial actions the EAP can recommend and provide.

Organizational Change Undermines Business Results: Case Study

Situation

An iconic ad agency was struggling to maintain market share in a changing industry. New technology required major transitions in areas across the enterprise. Revenues were down, and expenses were up as the firm shifted gears to meet new market demands. Management implemented several rounds of downsizing, leaving a smaller workforce under pressure to develop new skills while keeping the company moving forward.

Strategic EAP Approach

Through discussions with the client, the EAP was well aware of the difficulties the firm was experiencing as it grappled with the changing nature of the business. The EAP staff, from the Account Team to the counselors, knew that this type of change typically has a significant impact on the workforce. Counselors were alert to the situation as they assessed individuals. The Account Executive began monitoring the client's utilization for critical indicators. During manager consultations, staff delved into the business issues with referring managers and HR.

Utilization showed that:

- This workforce was experiencing high levels of stress relative to the EAP`s book of business and industry norms

- Requests for counseling were increasing

- More cases presented with concomitant medical conditions

- Substance abuse cases were on the rise

- Manager referrals for declining performance, substance abuse, and distraught behavior were escalating

Case notes and details from manager referrals confirmed both employees and managers reporting tremendous work pressure, generally attributed to the impact of downsizing, including:

- Increased workloads as employees tried to re-integrate with less staff

- Intense technology pressure as the firm converted its operations

- Severe work/life imbalance

- Inconsistent performance reviews and feedback from managers

- Strong feelings of uncertainty and anger about job security

EAP Response

The EAP collected nine months of data to confirm the sustained nature of the disturbing trends, presented the findings to the client, and offered a range of EAP interventions and broader organizational recommendations to help alleviate the situation. The integrated solution focused on addressing underlying organizational factors by raising leadership awareness of the problem; providing additional resources and support to employees and management; and improving employee perceptions of leadership, workplace practices, and the firm's commitment to the workforce.

EAP interventions

- Leadership briefings

  In conjunction with HR, the EAP conducted briefings with key leadership within the firm to raise awareness of the problem at the senior management level.

  These briefings gave senior management a critical grass-roots perspective that had been lacking and helped set the stage to implement a coordinated response.

- On-site counseling[2]

  An EAP counselor was placed on-site at the client's office for two ½-days each week to provide immediate organizational and individual support services. At the organizational level, the counselor met with HR and line management regularly to confer on specific situations. Because the counselor was readily available, management was able to address these situations before they escalated.

  At the individual level, on-site counseling is a particularly effective approach in high stress/high pressure environments because it facilitates access to assessment and counseling services in a situation where employees tend to feel that they have no time for self-care. Having a counselor in the workplace enables employees to seek the help they need without expending precious personal time or taking time away from an already hectic business schedule.

  The presence of the counselor also sent a positive message to the workforce that the firm was concerned for employees' wellbeing and sensitive to the difficulties they were experiencing.

- Performance management consultations/coaching

  HR and managers were encouraged and trained to contact the EAP's consultation team or the on-site counselor for assistance delivering constructive performance management feedback and handling adverse employee reactions to the business situation. Improved management feedback resulted in better performance results and a more positive employee view of management capability and caring.

- Educational Work/Life Seminars

  With the client, the EAP scheduled a series of on-site seminars that provided concrete, practical techniques for:
  - Managing stress
  - Developing coping skills
  - Improving time management
  - Resolving conflict productively

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[2] For more information on the benefits of on-site counseling see:
   Go Hybrid...Get More Mileage Out of Your EAP
   http://www.ccainc.com/news-center/thought-leadership/position-papers

Organizational recommendations & initiatives

- Change management

  The EAP offered the client recommendations on how to better manage the impact of organizational change on the workforce. These recommendations included measures such as increasing the frequency and clarity of communications and helping managers improve their communication skills so they could allay employees' job insecurity.

  The EAP team also educated leadership on ways to break through the workforce's resistance to organizational change. Much of this resistance was rooted in emotional reactions to management practices. The EAP data and counsel helped the client better address transition issues, including acknowledging and validating the emotional components, all of which served to accelerate acceptance of the required change.

- Learning & Development programs

  The EAP recommended and delivered specific Learning & Development programs for managers that equipped them to become active ambassadors of change rather than passive observers.

- Leadership Development

  While senior management was driving the change initiative, they were also affected by the inevitable fallout of significant organizational change. In order to improve the workforce's perception of leadership, senior management required support and guidance. The EAP led collaborative problem-solving sessions for leadership teams that focused on overcoming obstacles and meeting the firm's objectives.

  The EAP also recommended and delivered one-on-one executive coaching to key members of senior management to assist individual leaders through the turbulence associated with shifting business strategy. The coaching enabled the senior team to demonstrate appropriate behavior that reassured the workforce and enabled the team to effectively lead by example.

The integrated solution recommended by the EAP not only reduced employees' immediate difficulties, but also positioned the ad agency to handle change more effectively. The result thus illustrates how a strategic EAP can help its clients address challenges at both the individual and the organizational level, thereby mitigating human capital risk in a comprehensive fashion.

EAPs Can Promote Positive Workplace Behavior

This case study illustrates the dangers that organizational factors can pose to a workforce. However, when handled properly, organizational factors can have a positive effect on workplace behavior. The research shows that organizations *can* reduce the potential for adverse incidents and promote constructive behavior. When organizational risk factors are well managed, the organization and its people benefit. For instance, organizational support, emotional support, job autonomy, a sense of meaningfulness in the work itself, and work resources have been linked not only to lower incidence of destructive behaviors but also to higher quality of work and employee engagement.

The very presence of a strategic EAP tells your workforce that you are prepared to provide them with support – not just emotional support but organizational support as well. When the EAP counselor takes the time to investigate work-related issues with employees, they realize that the organization is taking responsibility for their policies, practices, and workforce dynamics. It communicates the organization's concern about how the work environment affects its people. That message can have a powerful impact on the employee's perspective and attitude about the workplace and the organization.

Other advantages of a strategic EAP are more targeted. Clearly, addressing individual instances of unproductive behavior can have an immediate positive influence on the work environment for both the employee in crisis and the co-workers affected. In addition, the EAP can recommend interventions and initiatives on a more global level to ameliorate the organizational factors contributing to the prevalence of harmful dynamics.

Global solutions include but are not limited to:

- Comprehensive organizational risk assessments

- Educational seminars on topics like stress and time management

- Training programs to improve supervisory skills, increase sensitivity, or communicate policy

- Enterprise-wide change initiatives such as diversity & inclusion or violence prevention

Conclusion

A strategic EAP can reduce an organization's exposure to human capital risk. It has the ability and the opportunity to surface workforce issues and the organizational factors that exacerbate or contribute to an unhealthy work environment. It also has the capacity to promote more healthful workplace practices, attitudes, and dynamics and recommend areas for improvement and appropriate solutions. These capabilities make the right EAP a fundamental element in the HCR toolbox and a critical tool for organizations concerned with mitigating the risk associated with their people.