



Developing  
Organizational  
Leadership  
Capabilities

# Leadership Stress as an HR Risk

Written by

**David Creelman**

Sponsored by

Profiles  International  
imagine great people®





Developing  
Organizational  
Leadership  
Capabilities

# IHR Research Paper

## Leadership Stress as an HR Risk

The trouble with talking about leadership stress is that everyone knows leading is an inherently stressful job. Tell a CEO that leaders are highly relaxed and she will be even more worried than if she learned they were highly stressed. Pointing out that leaders are stressed may be greeted with a shrug and the off-hand reply of “That’s life.”

Rather than simply argue that stress is a bad thing, it may be more helpful to think of stress as an HR risk to be assessed and then either accepted or mitigated. The advantage of framing the issue this way is that it acknowledges that stress is part of the job, it shows a business focus not just an HR focus, and it gets everyone thinking about the subject in a more disciplined way.

### What are the business risks caused by leadership stress?

One can think of a long list of the business risks associated with leadership stress. Rather than coming up with as long a list as possible it is better to ask “What are the top three business risks caused by leadership stress?”. That is more focused, more business-like, and will get us to action faster.

My own ranking of business risks is:

1. Bad decision making
2. Loss of senior talent due to burnout or illness
3. Deteriorating engagement in the leader’s department

The simplicity and clarity of a short list helps us get down to brass tacks in risk assessment and risk mitigation. While the three risks seem obvious when listed this way, they are easily overlooked in the workplace.

Of these three factors, bad decision making is the most serious and the one least commonly recognized. Loss of a leader is expensive, but not as expensive as a leader who commits the organization to foolish ventures due to stress impaired thinking. Work by Dr. Richard Boyatzis has shown that chronic stress does indeed lead to poor decision making (see Resonant Leadership). Even more insidious, stress makes people resistant to feedback that could correct poor decisions. While under stress, people become narrow minded, set on a single course of action, and suspicious of others. Of all the risks, this is the one that should keep the CEO up at night—what if my leadership is so stressed that, smart as they are, they start doing stupid things?

The impact of stress on the loss of senior talent may be overlooked because organizations do not recognize that the problem was avoidable. If the diagnosis is that “burnout happens in this job” instead of “we failed to prevent burnout and incurred a cost” then no one is going to take measures to mitigate the risk. Once again, we need to do a simple risk assessment that brings the issue to people’s attention.

Finally, the impact of a stressed leader on a department’s performance may be obvious but still overlooked. We tend to think that it is unfortunate the leader is too hard on his people or that employees should just deal with it. What is missing is the sense that there is a causal link between unnecessary leadership stress and low employee engagement and poor business outcomes. Highlighting the causal linkage leads us towards the risk analysis of how big the risk is and if it is significant what can be done to mitigate it.

## Leadership Stress as an HR Risk

### How do we assess the impact of these risks?

As we begin to assess the potential impact of stress-related risk we must move away from the general concept of “stressed leaders” to looking at specific departments or individual leaders. Clearly there are some individuals who if lost to burnout or illness would be hard to replace and hence have a big impact on the organization. For other individuals, while losing them would be unfortunate, the impact on the organization would not be so great.

Looking at specific cases rather than management in general makes the assessment of the impact of stress-related risks more manageable and much more tangible. If the organization simply cannot afford to lose senior leaders in R&D, and stress could be a factor in causing the organization to lose them, well then there is a pretty clear case that this is a risk that needs to be mitigated.

Assessing the impact of bad decisions, loss of talent, or declining engagement does not necessarily require sophisticated modelling. All the organization needs to do is determine if the potential impact is acceptable, serious, or very serious. That simple categorization will be enough to decide if we should do nothing, do a little, or do a lot to alleviate stress. In any case, HR will not have to take the lead on assessing the impact of risk; the risk function will do that. HR should bring their insights to the attention of the risk management experts and then be relieved that they have the methods and mandate to take it from there.

### How do we assess the likelihood of these risks?

It can be difficult to assess the probability of someone making a bad decision, succumbing to burnout, or alienating their department due to high stress; so we can simply take a short cut by saying that for high impact positions we will not want to risk unusually high stress.

As with the other aspects of the risk assessment we are not looking for scientific accuracy, just a heads-up on roughly what the stress levels are. How high is too high? That’s a judgment call, but in all cases the assessments are at least implicitly asking “Is this normal considering the position?” We expect some signs of stress; it is when they are abnormally high that we take notice.

How do we monitor stress? In an organization the simplest way is a questionnaire that can be completed by the individual or by their manager. You can see an example of a self-administered questionnaire at <http://www.depression-anxiety-stress-test.org/>. This can potentially be managed by the enterprise risk department not HR. It is simply a quick piece of due diligence on whether the organization is heading into an unduly risky situation due to leadership stress. If so we know it is something we need to address.



Developing  
Organizational  
Leadership  
Capabilities

# IHR Research Paper

## Leadership Stress as an HR Risk

### Risk Mitigation

How do we avoid reaching risky levels of stress? There are two things that HR can do. One is to create on-going programs to manage stress. The other is to have emergency responses in place to deal with individual cases where stress has gotten out of hand.

#### On-going programs

There are many things we can do to make organizational life less stressful for leaders. Here are ideas from four books:

- **Resonant Leadership** by Richard Boyatzis. Dr. Boyatzis shares research evidence showing that the mental disciplines of hope, compassion and mindfulness reduce stress. Training people in these skills can be part of leadership development program.
- **Instant Recess** by Toni Yancey. Dr. Yancey shows that it really is possible to bring ten minute fitness breaks into the workplace. If this becomes a habit then it will keep stress levels down.
- **The Power of Habit** by Charles Duhigg. Chronic stress can be mitigated by developing good habits, whether that be taking a break, getting some exercise, or taking a moment to think before accepting extra work. This book gives insights into how good habits are formed and bad habits broken.
- **Sleeping with your Smartphone** by Leslie Perlow. In this book Dr. Perlow shows how valuable a commitment to create predictable time off was for the Boston Consulting Group. Perlow shows how we can create organizational habits that reduce the stress for everyone.

#### Emergency Response

One hopes that with reasonable monitoring and managing stress will never reach dangerous levels. However, if the organization finds one or more managers have gotten seriously stressed there are various actions you can take:

- **EAPs** – The Employee Assistance Program is not just for regular employees, it is for leaders as well, and getting a stressed leader to get some help is a good tactic.
- **Coaches** – Coaches can provide one-on-one tailored intervention to help someone overcome serious stress.
- **Group interventions** – Sometimes it is not just an individual manager who has become stressed out, sometimes it is the whole senior team. This is what happened to the American Red Cross in New Orleans following Hurricane Katrina. They brought in the innovative consultancy Creative Leaps International to design a program to get them back on track. (See <http://www.creativeleaps.org/news/200804/LiberalArtsAndBusiness.htm>). Another consultant known for work in this area is Mark Gorkin, the StressDoc™. His strategy is to use humour to make the issue of stress more approachable.



Developing  
Organizational  
Leadership  
Capabilities

# IHR Research Paper

## Leadership Stress as an HR Risk

### Conclusion

HR professionals are likely to be aware of the damaging effects of leadership stress. Unfortunately turning this awareness into corrective action can be difficult because leadership is likely to believe that stress is part of the job—and they are right. What we are really interested in is not eliminating stress, but identifying where leadership stress presents a business risk. Taking a somewhat dispassionate risk assessment approach helps determine when and where leadership stress is an issue that merits intervention.

The natural conclusion of any risk analysis is likely to be that there needs to be on-going assessment of leadership stress—at least for key positions. This does not need to be highly precise; we simply are aiming to find “this looks normal” versus “this looks like trouble.”

Ultimately analysis and on-going assessment means little if it is not tied into action. The best sort of action is a range of programs to help keep stress from getting out of control. However, organizations also need the capability of being able to provide emergency interventions via the EAP, coaches or workshops.

If we can get away from the foolhardy “we’ll just suck it up and tough it out” attitude towards leadership stress to a place where we see it as a potentially substantial business risk that needs to be intelligently managed, then we have done our job.