Yoga Offers Insights on Employee Health
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Most of us think of yoga as those implausible poses that we see in magazines and videos, being performed by gurus in India or super-flexible models for athletic wear. In fact, the poses, or "asanas" are only a small part.

"Yoga is derived from a Sanskrit word which means "union." The goal of classical yoga is to bring self-transcendence, or enlightenment, through physical, mental and spiritual health. Yoga was developed in ancient India as far back as 5,000 years ago; sculptures detailing yoga positions have been found in India which date back to 3000 B.C." -- the Free Dictionary.

Yoga, health and mindfulness for employees and leaders are topics I have mentioned in earlier columns. Yet, they are very non-traditional. Making them even more non-traditional, health improvement programs are often presented as internet games. Blue Shield is using a mobile-enabled platform to link elements of competition, team accountability and incentives to employees' physical activity. Shape Up Shield has 130 teams made up of 1,200 employees. The American Heart Association awarded Blue Shield with the Worksite Fitness Innovation Award for Shape Up Shield.

CFO's encounter such programs because they cost money, time and other resources. It is fair to ask whether they pay off (can it possibly make financial sense to spend money and time building video games to get employees to embrace personal fitness?). However, do financial systems evaluate that question properly?

Such programs present a paradox, because the effects of such programs are quite vivid at the individual level, yet difficult to measure at the organization level. Individual employees and leaders frequently say that such programs change their lives and make them far more productive and creative, but the connection between these effects and the corporate bottom line is often obscure. CFO's may feel that personal endorsements are not the kind of "hard data" to make such an investment decision.

So, financial analyses often track health-care treatment or insurance costs, or reductions in absence, sick-leave or injuries (see "Investing in People" by Boudreau and Cascio for examples). Yet, the greatest effect of such programs may occur in subtle ways, through small individual changes in productivity, decisions, creativity and performance, across thousands of employees. Financial systems will miss such effects if they fixate on only the most tangible outcomes, and this could lead to missed opportunities.

Which brings us back to the metaphor of yoga and the idea of "union." In yoga if you see only the poses, you miss the bigger idea, which requires that you see how everything is connected through a union of mind-body-spirit. If you evaluate investments in employee health and wellness simply with reduced health-care spending, you can miss opportunities for payoffs that were not obvious because financial systems currently don't connect the dots.

I have always found *Tobin's Q* an intriguing measure of financial performance, because it is an elegant union of the elements of market performance and the balance sheet. This measure was devised by James Tobin of Yale University, Nobel laureate in economics. The Q ratio is calculated as the market value of a company divided by the replacement value of the firm's assets:

$$\text{Q Ratio} = \frac{\text{Total Market Value of Firm}}{\text{Total Asset Value}}$$

Do investments in people affect Tobin's Q, and how does that happen? An article in the *Academy of Management Journal* by researchers at Rutgers and Notre Dame Universities summarizes decades of research, combining findings from 116 articles, representing over 31,000 organizations. They found that financial and operational outcomes are affected by HR practices indirectly, through enhanced capability, opportunity and motivation, which in turn affects employee turnover and operational outcomes, which then affect financial outcomes. They also found that the impact of HR practices is more significant than many CFO's might imagine. Using *Tobin's Q*, the authors found, *"a one standard* *deviation increase in motivation-enhancing HR practices is associated with 64 percent improvement in Tobin's Q"* (p. 1278)

The message is that financial systems can only fully capture the effects of human capital investments if they capture the union of capability, opportunity and motivation. This union will require that leaders in human resources, who have expertise in measuring things like capability, opportunity and motivation, collaborate closely with leaders from finance, with expertise in connecting those "soft" elements to the outcomes that investors and others can see.

The next time you encounter a proposal to invest in health, mindfulness or even "yoga," perhaps consider the idea of "union" before reacting too quickly. The key to its value may lie beneath the surface.

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