Employee financial wellness: A corporate social responsibility

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Bundesministerium für wirtschaftliche Zusammenarbeit und Entwicklung

Publisher's note

This book is published by the Deutsche Gesellschaft für Technische Zusammenarbeit (GTZ) GmbH, with funding from the German Ministry for Economic Cooperation and Development (BMZ).

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The GTZ would like to thank the BMZ and all partners involved in the publication of this book.

November 2008

Editor: Elsa Crous, South Africa
Design and typesetting: Andri Steyn, South Africa
This report is printed on Hi-Q Titan Plus, Matt 113gsm.

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Foreword

When we invited the authors of our feature articles to contribute to this publication, no one had even mentioned the global financial crunch. The largest financial crisis since World War II erupted in America in mid-2008, and quickly spread throughout the world. In its wake, it bankrupted some of the most renowned financial institutions and imploded financial markets. A few weeks later a global recession evolved, whose ultimate impact has yet to be seen.

This financial crisis started amongst middle-class, hard-working people who had borrowed money at flexible interest rates to buy homes, furniture or cars. As interest rates rose, so rose the number of families who could no longer pay their monthly rates and installments. Consequently, numerous houses went into foreclosure sales. Increased supply in the market meant house prices dropped, and the debt spiral spun its web not only around over-indebted families, but also around reckless lenders and the financial institutions they represent.

How far is South Africa from such a crisis? A number of reports indicate that the country's personal financial over-indebtedness levels rank second in the world, after the USA. Symptoms of over-indebtedness are present throughout South African society. The number of debt-related summonses is exorbitant. For instance, current figures from Statistics South Africa show that in July 2008 alone, 112 942 summonses for debt were issued and 58 962 judgements were granted, compared to 109 259 summonses and 57 306 judgements in the preceding month. Debt-related absence from work is taking a toll on the productivity of South African industries. The social impact of debt-related alcoholism, violence, crime and family distortion, while yet unmeasured, is clearly starting to leave its mark.

All stakeholders have, therefore, been called to action to prevent the debt spiral from undermining South Africa's emerging middle class. Government passed the National Credit Act into law in 2006, thereby creating an important framework for good lending practices and setting an example for consumer protection. But statistics show that this is not yet enough. The financial literacy of many South Africans, which is still low, requires much more attention.

In addition to government intervention, the private sector also needs to act by re-examining its role as a marketer – primarily by steering away from unscrupulous practices which contribute to financial over-indebtedness and moving towards fighting it. Reckless marketing, sales and lending practices should give way to more long-term, sustainable consumer relations. In addition, the private sector, as an employer, should view financial wellness as an integral part of employee wellness. Fighting over-indebtedness and creating financial literacy should be integrated into existing workplace programmes. Civil society should attain a thorough understanding of the financial markets and the way in which they operate, so as to actively perform its watch-dog function in support of consumer education and protection.

This publication primarily aims to raise awareness in the private sector of the seriousness of the debt crisis in South Africa. It showcases four good practice case studies of workplace programmes on employee financial wellness. The feature articles shed light on a number of pertinent themes which are relevant to the issue, for instance, how employers can identify fraudulent debt collection practices through emoluments attachment orders, thereby contributing to the financial health of their employees. The book's ample examples affirm that an invaluable impact can be made through taking timeous action.

I would like to thank all the authors of the articles and case studies featured in this book, as well as the companies which volunteered to share their experiences. A special word of thanks goes to my colleague, Girum Bahri, without whom this book could not have materialised.

In addition I would like to thank the German Ministry for Economic Cooperation and Development (BMZ) for its financial support.

It is my hope that this publication will motivate managers to actively engage in the fight against financial over-indebtedness, and that it will contribute to increased financial wellness in South Africa.

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November 2008

The GTZ–BMW SA partnership on Employee Financial Wellness: Acknowledgements

Some of the articles in this publication and the BMW SA case study are based on the work of a three-year partnership between the *Gesellschaft für Technische Zusammenarbeit* (GTZ) and BMW South Africa. The objective of this partnership was to establish a financial wellness programme for the workplace; to evaluate its impact; and to share the lessons learnt with other companies. In this regard, the leadership of BMW SA's management, its union representatives, and in particular Dr Natalie Mayet, Head of Occupational Health and Protection Services of BMW SA, was exemplary. The project team also consisted of hard-working social workers from PROCARE; monitoring experts from Germany and the University of Pretoria; and my colleague Girum Bahri who coordinated GTZ's contributions to the partnership. In addition, the project enjoyed excellent collaboration with Mpho Thekiso from the National Credit Regulator, and Frans Haupt, Director of the University of Pretoria Law Clinic, and his team of bright young researchers.

For more information on the GTZ–BMW SA partnership, please visit the Financial Wellness Forum: http://www.financialwellness.org.za/

Ellen Kallinowsky

Introduction

This book is divided into two sections.

Section I features seven short articles on various themes relevant to the issue of personal /employee financial wellness. The first three contributions are review articles which could be regarded as semi-theoretical in nature. Girum Bahri discusses the various approaches used in the fight against personal financial over-indebtedness and the perceived role of voluntary responses by the private sector. Roshini Pillay provides a framework for setting up financial wellness programmes within existing workplace wellness programmes. Aimee Prawitz and Thomas Garman shed light on the role of education in promoting employee financial well-being. The next four articles are more practical. Paul Slot shares the experiences gleaned so far from the [South African] National Credit Act (NCA). Natalie Mayet makes some practical suggestions on how to conceptualise and implement a financial wellness programme. Ulrich Walbruehl and co-authors present guidelines on how best to handle the monitoring and evaluation aspect of such programmes. Elsabé Engelbrecht and her co-contributors discuss the role of financial and psycho-social counselling. The last three articles, cited above, base their analyses on the experiences obtained from the GTZ–BMW SA partnership on financial wellness. The last article in Section I is a summary of the research study by the University of Pretoria Law Clinic on the issue of irregularities around garnishee orders in South Africa.[1] The researchers, Frans Haupt and Hermie Coetzee, outline their findings and present guidelines which Human Resource managers will find particularly useful.

Section II features four *learning* case studies on the financial wellness programmes of companies in South Africa, namely BMW SA, Ernst & Young, Liberty Life, and SABMiller. The cases were researched and written by Juliet Pitman and Brett Bowman, who were commissioned by GTZ to carry out the task. By *learning case studies* is meant that the main objective is to capture new perspectives from the four programmes, as well as the insights of their respective wellness managers. Overall, the case studies are intended to spur innovation in respect of good corporate citizenship practices as they apply to the issue of personal financial wellness.

Note

1 This research study, entitled *The incidence of and undesirable practices relating to garnishee orders in South Africa,* was published by the GTZ in October 2008.

Ensuring personal financial wellness: A range of intervention measures and the role of voluntary approaches

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Introduction

The objective of this article is to provide a brief overview of the different "policy" approaches used to address the problem of personal financial over-indebtedness. In so doing, it tries to set the scene for the other articles in this publication, which focus on two main alternatives, namely *regulatory* and *informative* responses. Another objective is to emphasise the perceived role of a third approach, i.e. *voluntary* responses by industry such as workplace programmes which is the focus of the four case studies.

While the author has compiled a list of some literature resources, an in-depth review and evaluation of same is not the aim of this short chapter. Rather, some open questions are posed for the interested reader to think about how best to package and use the various "policy" options, in order to fight personal financial over-indebtedness in society.

In this article, the word "employer" is mainly intended to refer to the private sector (i.e. business as an employer), although it is true that government and civil society organisations are employers as well. In addition, the words "business" and "industry" are intended to refer to the private sector.

Background

A number of studies have discussed the adverse social impacts of (personal) financial over-indebtedness in South Africa (SA). These, among others, include a recent report by the Public Service Commission (2007), Hurwitz et al. (2007), anunpublished study by the University of Pretoria Law Clinic (2007), Mashigo (2006), Masemola (2003), and Mongi Mali (2002). Evidence from the literature also indicates that the United States (henceforth US), like South Africa, is grappling with the problem – see, for instance, Garman et al. (2005), Stone et al. (2006), and Brown (1999). Livingstone and Lunt (1991) give an in-depth evaluation of the situation in the United Kingdom (henceforth UK).

The negative impact which employees' poor personal financial behaviour has had on employers in the US is discussed by Luther et al. (1998), Garman et al. (1996), and Williams et al. (1996). The link between employee personal financial wellness and job productivity is another subject researched by Garman (1999). While financially troubled employees and threats of violence are issues identified by Brown (1999), Masemola (2003) addresses the indebtedness/productivity question as it applies to South Africa.

For these publications and further background information relating to South Africa and other countries, the reader is referred to the Financial Wellness Forum website: http://www.financialwellness.org.za/.

The policy spectrum: Some examples

In response to the adverse impacts which personal financial over-indebtedness has had on the bottom lines of business, or on society in general, different intervention measures have been devised and enforced in a number of countries. These interventions could be enacted either by governments, employers (the private sector) or civil society groups.

Information/education

If we draw experience from around the world, information/education is one such intervention measure encountered. This option is mainly aimed at changing the behaviour of the consumer (although it is quite possible that governments and civil society groups can also use information/education to influence corporate behaviour so as to attain desirable societal goals). Employers can also use information/education in their employee wellness programmes to achieve desired wellness goals. The role of workplace education in ensuring financial wellness is, for instance, a subject researched at length by Garman et al. (1999). The successes of such programmes have been further documented by another study by Garman et al. (2000). Cash (1996) contends that "responding to employee requests and increasing research linking finance and health, [wellness] managers are adding a wide variety of financial education initiatives to their programmes, from budgeting to spending, from college funding to retirement planning". In a way, it could be argued that information/education is both an *instrument* and an *approach*; that is to say the other approaches discussed below, namely regulation and voluntary initiatives, could use information/education as an instrument to bring about desired changes in consumer behaviour. A very good source of information on the role of education in respect of employee financial well-being is the *InCharge Education Foundation* (see http://www.inchargefoundation.org/). The chapter in this book by Prawitz and Garman provides further insight into the issue of education and employee financial well-being.

"Wellness managers are adding a wide variety of financial education initiatives to their programmes, from budgeting to spending, from college funding to retirement planning"

Regulation

Another mode of intervention encountered is the regulatory approach. Ramsey (n.d.), for instance, provides a world-wide account of the various techniques used to regulate consumer credit. In South Africa this takes the form of the National Credit Act. A number of studies provide an ex-ante evaluation of the National Credit Act and its regulations, e.g. Renke (2006) and Goodwin-Groen (2006). Campbell (2006) reviews the possible legal challenges and associated high cost of credit on smaller loans due to the NCA. Another article in this publication (by Slot) addresses the regulatory approach by relating to experiences gleaned from the NCA in South Africa.

Voluntary approaches

The third category of "policy" options encountered is voluntary approaches implemented by industry. Whether they are purely voluntary (proactive interventions) or mere reactive responses to impending regulations is not the subject of this writing. These responses take various forms, including, among others, workplace programmes for financial wellness and codes of conduct for responsible credit provision and marketing. The following are practical examples from around the world which could be named under this category.

Example1: The European Coalition for Responsible Credit (ECRC)

According to the ECRC website, the Coalition is a "networking and policy-influencing association of consumer agencies, academics, and other non-governmental organisations formally created in 2006 during the concluding sessions of the international *Responsible Credit* conference in Brussels, and the shared concern by most participants to help establish a tangible, long-lasting, and hopefully self-sustaining structure that could replace previous looser networks that existed".

The objectives of the ECRC, also according to the website, are to "involve the development of principles for responsible financial services provision, including the promotion of access to credit for low-income households within the EU; the sharing of expertise on regulatory systems; and the promotion of ethics in financial services provision".

The website further claims that the ECRC has managed, "within only a short space of time, to build up a considerable network of organisations, and has successfully engaged the providers of financial services and policy-making bodies, so that discussion of issues surrounding financial services is informed by debate across the consumer, supplier, and regulatory sides."

Example 2: The UK Credit Industry Reform Initiative (CIRI)

Richards et al. (2007) have done a case study on the UK Credit Industry Reform Initiative, in which they present the progress of an initiative to create a Responsible Lending Index (RLI) for the credit industry. The following is a short account of their study:

The RLI proposed to voluntarily benchmark lending standards and promote best practice within the credit industry by involving suppliers of credit, customer representatives and regulators. However, despite initial support from some banks, consumer bodies and the Chair of the Treasury Select Committee, it failed to gain sufficient support from financial institutions in its original format. The primary reasons for this were related to the complexity of building such a robust index and the banks trade body's fear of exposing its members to public scrutiny. A revised alternative, the Responsible Lending Initiative, was proposed which took into account these concerns. However, the Association of Payment Clearing Service (APACS), the trade body of the credit industry, then effectively destroyed the proposal.

The paper by Richards et al. also attempts to address the challenges [as perceived] by the credit industry with the initiation of the RLI, with due regard for the need for greater responsibility in the banking industry's lending practices.

Despite doubts about the effectiveness of such instruments, there are also some optimistic views. In its White Paper of 2003, the British Department of Trade and Industry (DTI), for instance, contends (DBERR, 2003:590):

> In addition to the reforms set out in this White Paper, the Government believes that industry codes of conduct can play a vital role in effecting change within the lending industry.
>
> The Government's expectation is that all creditors should be covered by and comply with principle-based codes of practice. The Government also encourages trade associations regularly to review their codes of practice to maintain industry standards. In particular, they should reflect best practice with regard to responsible lending, marketing and arrears management, and should seek to ensure compliance with the code.

Table 1 below is an attempt by the author of this chapter to depict the range of possible intervention measures which could be conceived and implemented to ensure a desirable shift from a state of financial indebtedness to one of financial wellness in society (as indicated by the arrow). The reader is advised to scrutinise the table with a view to determining "possibilities for design" and correspondingly to come up with practical examples from around the world.

"Creditors should comply with principle-based codes of practice"

"Trade associations should reflect best practice with regard to responsible lending, marketing and arrears management"

Table 1: Range of intervention measures for ensuring personal financial wellness in society

Undesirable scenario	Intervention option	Targeted body[1]	Feature	Possibilities for design	Examples	Desirable scenario
Personal financial over-indebtedness in society	Regulatory	Industry	Preventive	Yes	Credit Acts (e.g. NCA)	Personal financial wellness in society
			Remedial	Yes?	Credit Acts?	
		Consumer	Preventive	Yes	Regulating interest rates?(these are economic incentives as well)	
			Remedial	No		
	Education/ information	Industry	Preventive	?	?	
			Remedial	?	?	
		Consumer	Preventive	Yes	Workplace programmes: industrial theatre, budgeting skills, free debt screening	
			Remedial	Yes	Debt counselling	
	Voluntary approaches	Industry	Preventive	Yes	Code of conduct	
			Remedial	Yes	Workplace programmes: debt counselling services	
		Consumer	Preventive	Does not apply?	?	
			Remedial	Does not apply?	?	

The role of voluntary initiatives

All the different intervention measures cited above aim to achieve one desirable societal goal: *A state of personal financial wellness in society*. From a policymaker's perspective, the selection of any particular instrument or package of instruments is usually based on the following criteria: Goal-effectiveness, cost-effectiveness, incentives for continuing improvement, enforceability, and acceptability.[2]

If we make a "theoretical" comparison of regulation (e.g. the NCA in SA) with a hypothetical code of conduct adopted by industry (the desired goal in both instances being ensuring a state of personal financial wellness in society), we *might* get the picture depicted in Table 2 below.[3] However, a realistic comparison is possible only if one makes an (ex-post) evaluation of the intervention measures in their real-life context; for this simple reason, the table should be viewed with some caution.

Table 2: Hypothetical comparison of regulatory and voluntary instruments in addressing problems like financial over-indebtedness

Criteria	Rating of intervention measure	
	Regulation	Code of conduct
Goal-effectiveness	Usually high	Usually low (goal=state of personal financial wellness in society) Could be high (goal=state of employee financial wellness at the workplace)
Cost-effectiveness	Could be low	Usually high
Incentives for continuing improvement	Usually high	Usually low, but good corporate citizens could help "raise the bar"
Enforceability	Could be low	Usually low
Acceptability	Usually low (resisted by the group whose behaviour needs to be regulated)	Usually high (usually favoured by industry)

Generally speaking, regulatory approaches could be designed to be goal-effective intervention measures. The challenges they normally face mainly relate to cost-effectiveness and enforceability. Given their potential for achieving desirable societal goals (e.g. low personal financial indebtedness), it is prudent to assume that governments will continue to rely on such measures, e.g. Credit Acts, to address the issue.

Why then, the need for voluntary approaches by industry, and what could be the anticipated benefits? In the opinion of the author, the following arguments could be made:

Within the "fence line"

As discussed above, well-designed workplace programmes for financial wellness could improve employee productivity by contributing positively to business bottom lines. To this end, some studies in the US on workplace financial education and employee productivity suggest a return on investment (ROI) of up to 300% (Garman, 1998). In one of the chapters in this book, Haupt and Coetzee also highlight the cost implications to employers due to emoluments attachment orders. The other chapters, specifically those by Pillay, Prawitz & Garman, Mayet, and Engelbrecht & co-authors, also underscore the existence of a business case for employee financial wellness. One may also make a more normative argument, e.g. responsible sales and credit are the right things to do;

neither business nor the community in which it operates approves of unscrupulous business practices which could result in personal financial over-indebtedness. Additional benefits for business due to responsible practices in support of personal financial wellness could be an enhanced image and the retention (and trust) of valued employees.

Beyond the "fence line"

Codes of conduct (for responsible credit or marketing) – if properly conceived and implemented by business – could certainly prevent financial over-indebtedness and its consequent adverse effects on society. If such measures are sincerely intentioned and implemented they could, theoretically, avert the enforcement of regulations or the tightening of regulations already in place.

Regulations help to level the playing field, while codes of conduct and workplace programmes help to raise the bar

The need for caring within and beyond: The rationale for packaging the two approaches

If industry cares for the financial wellness of its employees, then it also makes sense for this duty of care to be extended beyond the fence line, to the consumers of its products and services. However, the majority of responses from industry seem to be limited to workplace interventions which are voluntary in nature (as exemplified by the four company case studies featured in Section II of this book). Regulatory instruments (such as the NCA) can, therefore, play a role in addressing the "external" problem.

In addition, while regulations could help *level the playing field* (by forcing unscrupulous businesses to comply with minimum standards), well-intentioned codes of conduct and workplace programmes (implemented by early movers) could help *raise the bar* and hence incite long-term improvements (innovations) towards the "responsible" marketing and sale of products and services in the context of ensuring financial health. The expected combined effect of packaging both approaches could be the attaining of a desirable societal goal (i.e. personal financial wellness) in a cost-effective way. A rather challenging and open question that could be raised, is: How can one optimally package regulatory and voluntary instruments to ensure financial wellness in a society in a cost-effective manner, and simultaneously incite long-term improvements?

Conclusion

Different intervention measures are at work to address the issue of personal financial over-indebtedness in South Africa and around the world. These measures could be classified under three categories, namely regulatory, informative/educational and voluntary approaches which, in turn, could target the reckless behaviour of the consumer or marketeer. Furthermore, these measures could be designed as preventive or remedial, and their focus could lie within or beyond the fence line. This variation results in a matrix of instruments to work with (as illustrated in Table 1 above).

Regulatory instruments, such as the NCA, are very useful in countering unscrupulous business behaviour (causing personal financial over-indebtedness in society). In the process, they could help *level the playing field* for responsible business behaviour in respect of credit provision and marketing. Voluntary approaches (adopted by business), on the other hand, can help to further *raise the bar* on the issue, so that the 'slow movers' can follow suit. Ideally, the instruments should be optimally combined to lead to the desired goal of financial wellness, both in a way which is cost-effective, and which spurs long-term improvements. While the focus of this chapter is on the marketeer, needless to say the behaviour of the consumer should be addressed as well. This, for instance, can be done through information/education, and possibly also by giving the consumer economic incentives to prevent reckless spending (e.g. appropriate interest rates).

How to practically realise this in the South African context is an issue that needs further investigation.

These intervention methods, which can be preventive or remedial, target the reckless behaviour of the consumer market

Notes

1 By "targeted", is implied *with a view to changing its behaviour to match socially desirable goals*. With this consideration, governments and Civil Society Organisations can target both the consumer and/or industry. In turn, industry can target the consumer, e.g. its own employees. A "desirable behaviour" for industry would mean fewer unscrupulous businesses engaged in reckless credit extension or marketing. Applied to the individual consumer, it would mean fewer consumers spending beyond their means.

2 This is, for instance, the case with environmental policy (targeting industry behaviour) to which the author of this chapter tries to draw an analogy.

3 Education as an intervention measure is not evaluated here, for the simple reason that in most instances it is used to influence the behaviour of the consumer, rather than industry.

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A framework for an effective financial wellness workplace programme

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Introduction

The Employee Assistance Programme (EAP) is a workplace intervention that assists the troubled employee, thus it stands to reason that such a programme – within an integrated wellness programme – can be used to help employees who are having problems with over-indebtedness.

This chapter briefly traces the historical development of EAPs in South Africa, and in wellness programmes in particular. The author then considers a framework to address the over-indebtedness experienced by employees by means of wellness programmes.

The history of EAP in South Africa

The South African Chamber of Mines introduced Employee assistance programmes as long ago as the early 1980s

In South Africa, EAPs developed in two major contexts (Du Plessis, 1990): First, the welfare system, and second, the management of people. The first employee assistance programme in South Africa was introduced by the local Chamber of Mines (COM): It was only during the 1980s that EAPs were implemented locally, after the COM had employed the services of a consultant to research the feasibility of an externally provided EAP for the mining industry. The 1983 study represented a milestone in the development of EAPs (Terblanche, as cited in Maiden, 1992:19). In 1986 the concept was accepted in principle, and the first two of seven counselling services were introduced by the COM in the two main mining areas in the country.

Employee assistance programmes thus began to emerge in South Africa in the early 1980s (Maiden, 1992:2). Maiden (ibid:3) states that local employee assistance programmes have become the social conscience of the organisations in which they are ensconced. For the most part, employees view the EAP as an agent of change in respect of social conditions in the work environment.

Terblanche, as cited in Maiden (ibid:17), concurs that the 1980s was the period which saw EAPs developing in South Africa – something for which Terblanche offers a needs-based analysis: It indicates that due to undesirable working conditions at the Chamber of Mines, which led to alcohol/drug problems and/or mental illnesses, a social worker was appointed to help the organisation deal with such problems. (It needs mentioning, however, that other organisations had already commenced utilising social work services in the early 1960s.)

In South Africa a number of issues put the human factor high on companies' agendas, among others factors such as violence, AIDS, political transformation, the changing nature of the workforce, healthcare costs, and a call by the government for businesses to contribute to the socio-economic development of the country. Since then, many South

African companies have been reviewing and considering the role of EAPs in their infrastructure, in helping them improve and maintain employees' health and productivity (Harper, 1999:1).

Since the 1980s many South Africans companies have recognised the potential of EAPs to play a role in improving employees' performance by bettering their physical and mental health, as well as their life-management knowledge and skills. Others have considered it a form of "internal social responsibility".

In the evolution of South African EAPs there is still a tendency for organisations to primarily focus on the individual (which includes the family and small group), and to a lesser extent on the organisation. By comparison, EAPs internationally focus equally on the individual and the organisation as clients, which enables the EAP to contribute to the company's core business (Ibid:17).

Owing to strong international pressure to end apartheid and the recent period of extensive change in South Africa, the local EAP concept was developed as a strongly psychosocial model, which was not as clinical as the American version, nor was it as restricted to clinical matters. Occupational matters came to the fore a lot more strongly, and issues such as financial difficulties, domestic violence, gender-related issues, the high incidence of divorce, and other concomitant problems increased the utilisation of the EAP.

EAPs play a role in improving employees' performance by bettering their physical and mental health, and their life-management knowledge and skills

Defining EAPs

The Employee Assistance Professionals Association South Africa (EAPASA) defines an EAP as a worksite-based programme designed to assist in the identification and resolution of productivity problems associated with employees who are impaired by personal concerns. Such problems include health, marital, familial, financial, alcohol, drug, legal, emotional, stress-related or personal concerns which may adversely affect an employee's job performance (Standards for Employee Assistance Programmes in South Africa, 2005:7).

Employee financial problems and the employer

The literature has shown that a link exists between personal financial problems and employee productivity. While a few years ago employers may have been unwilling to get involved in counselling and giving advice, today (due the high numbers of employees with garnishee orders) they feel almost compelled to assist staff who are experiencing financial difficulties.

A well-designed wellness programme maintains the balance and harmony of the body, the mind, the emotions, and the soul, as well as social and occupational aspects

The establishment of an integrated employee wellness programme, using a holistic model, is one intervention that takes a positive view of managing the effects of employees' financial problems in the workplace. The author strongly believes that the intervention strategy of the model needs to be both reactive and preventive, in order to make a significant difference.

Why wellness?

One definition of wellness, as postulated by Adien van der Merwe, is as follows:

> Wellness is a fountainhead of endless possibilities, a positive, pro-active drive into a better future for all, ensuring employee wellbeing will make all the difference to the bottom line profit margin. Wellness is a sound business strategy supporting business objectives and increasing productivity and creativity by liberating the best in people, ensuring their health, happiness and growth. (HR Future. 2005:21)

According to Van der Merwe (2000), wellness is a pro-active, dynamic process whereby the individual and the group become aware of the choices they have, and then decide to make the right choices towards a life of well-being and quality. Deciding on a wellness lifestyle requires that one become actively involved in one's own health and well-being (Van der Merwe, 2000). By gaining more knowledge and insight into one's well-being, one is empowered to make the right choices to lead a healthier and more fulfilling life. It shifts the responsibility to the individual to consciously become involved in his/her own health and happiness. It is a lifelong adherence to a discipline that, with the help, facilitation and support of wellness professionals, will restore individual, family and community health in the long run (Van der Merwe, 2000, as quoted in the *GDE Health and Wellness Report*, June 2004:75). This is very apt when a company is considering helping employees to recover from over-indebtedness, and getting those employees to play a positive role in preventing their debts from spiralling out of control.

To businesses, whether they be big or small, the wellness of the people working there will make all the difference to the bottom-line profit margin. Van der Merwe (2000) sees well-designed wellness programmes as being focused on maintaining the balance and harmony of all six levels of human existence: The physical body, the mind, emotions, soul, social and occupational (including environmental) aspects. It is no longer acceptable merely to only treat diseases symptomatically: The origin of the disease process has to be found by also looking at the soul and emotions – the areas where most diseases originate. What is required, then, is a holistic approach to reverse the disease process, to prevent disease and to learn to use disease as a teacher in helping to work through the deeper levels of healing. Various tools and techniques are available to help the body and mind return to peak metabolic performance levels, and a concomitant return to vitality and health (Van der Merwe, 2000). Thus, when designing a programme to address over-indebtedness, careful consideration needs to be given to the psychological causes of this phenomenon.

What causes employees to become over-indebted?

It is now generally acknowledged that a lack of knowledge about personal finance, the complexities of financial life, a feeling of being overburdened with so many choices in financial decision making, and a lack of time to learn about personal finance often lead individuals to make ineffective financial decisions (Joo, 2000:2). Thus, the workplace is a suitable site to provide the necessary education and guidance to help employees with personal financial problems. It is becoming clear that personal financial problems stemming from inappropriate financial decisions have a direct and negative impact on employee productivity. This fact reinforces the need for the employer to take the lead in helping such employees return to previous or improved levels of productivity.

In the current South African workplace many employees who are faced with severe debts turn to loan sharks or *mashonisa* and money lenders, and when they are unable to keep their financial commitments they abscond from work, resulting in the loss of a valuable employee.

The model which the author proposes, is based on an existing model which is used in trauma management training in the workplace.

Personal financial problems stemming from inappropriate financial decisions have a direct and negative impact on employee productivity

Establishing a programme for workplace wellness

There are a few basic golden rules for getting started:

- Make sure all role players are represented on the task team.
- Have an adequate budget.
- Get management buy-in. Management needs to lead by example, and must be present at awareness campaigns. Senior management should provide continuous, visible leadership and support – and this includes budgetary support (Public Service Commission Report, 2006:61).
- Evaluate continuously, and improve and amend the programme, as required. DeFalco (in Mnisi, 2005:49) makes an important point

in noting that it is not enough to have top management's support: If the effects of the programme are not quantified and continually placed before management as a cost-saving improvement activity, management will lose interest.

- Select trainers with high energy levels, who are passionate about making a difference.
- Guard against suppliers and service providers with hidden agendas.
- Customise the programme, to meet the unique needs of your business or company.
- Market the programme to every staff level. Use technology as a means of marketing these programmes for the future, as this is cheaper and will reach a large target group of employees. Mnisi (2005:72) observed that a company he studied, namely Managed Care Concepts, recognises that every company has different needs, hence they develop promotional material in collaboration with the internal communications departments. This approach allows for greater alignment with the organisational image.

Bringing together a task team of individuals

The first step should be to bring together a task team of individuals. The task team should consist of employees from the following group of stakeholders:

- Senior management (their buy-in is critical);
- Members of the HR section;
- Employees who know about payroll administration and systems, and can track garnishee orders;
- Members from the labour relations section,
  - Employee Assistance Programmes, and
  - Organised labour;
- Experts in the field;
- Employee representatives from all categories of staff;
- A reputable outsourced service provider to link with internal personnel; and
- HIV and Aids peer-educators, as they have already developed a relationship with employees.

The various levels of engagement are illustrated by Figure 1.

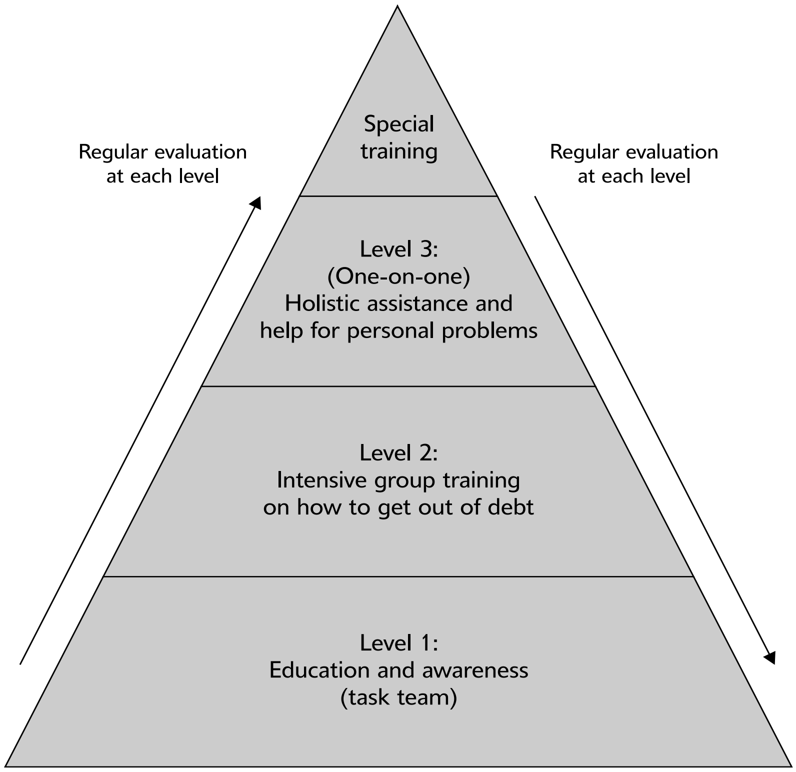

Figure 1: Levels of engagement

Level one

At Level One the task team is trained to teach personal financial management to other employees in the workplace. The suggested duration of the training is five days. The focus should be on group dynamics, and on getting team members to work together and support one another.

The content could be the following:

- Understanding the background and process of personal financial management, both internationally and more especially locally
- The psychological reasons why people over-spend
- The National Credit Act
- Budgeting and getting out of debt
- The types of resources available to help employees with this process
- Public speaking, and marketing the programme to other employees
- The need for savings and investments
- Other information deemed necessary by the employer.

The trainers would need to be very competent and skilled at imparting this knowledge. Adult learning and teaching methods should be employed, and numerous practical exercises need to be incorporated, to make learning both fun and experiential. The group dynamics will determine the pace and flow of the group. At the end of the training session there will be homework tasks, focusing on how the task team plans to spread the message (i.e. what has been learnt) to fellow employees in different work settings. A specific plan of action needs to be developed with set timelines, budgets and evaluation methods built in. This task team would need to commit to training about 50% of the workforce, depending on the size of the staff component and allotted time span.

Level two

At this level employees who have serious debt will be offered intensive training and personal advice on how to get out of debt. They will be trained by professionals in the field, who will assist with the legal ramifications of their unique situation. This can happen either on- or off-site, and the recommended group size is not more than 15 people. These employees will be mentored and coached to ensure compliance and success in alleviating their debt. Training will be voluntary. The employer will also receive a brief progress report on individuals who have attended the debt-alleviation training.

Level three

At this level employees will be referred to a professional counsellor to resolve personal or family problems that may have been exacerbated due to the employee's financial problems.

Level four

At this level the organisation will conduct regular educational and awareness talks to keep employees abreast of current financial trends. Talks will include planning and saving for retirement, general saving and investment advice, and teaching parents how to impart financial life skills to their children. This will also allow for the marketing of the programme.

Advantages of the model

- It allows a vast number of employees to access the information which is disseminated by their peers. Hence, information is delivered by a credible source and in a cost-effective way. The use of existing peer educators is a possibility.

- Employees with specific problems are referred for assistance and training.
- The employer is seen as caring and concerned with the well-being of the staff.
- The programme is constantly evaluated and adapted to meet the changing needs of the organisation and its employees.
- Integrated programmes (under the wellness-umbrella) are key to addressing employees' problems related to over-indebtedness.

Conclusion

A model of this nature, within an integrated wellness programme, can work for both large to medium-sized organisations. However, the application of this intervention model will stand or fall depending on the commitment and sustainability of the task team, and how well the members function as a team. Working with a worksite wellness programme will give the programme support and help to make it sustainable.

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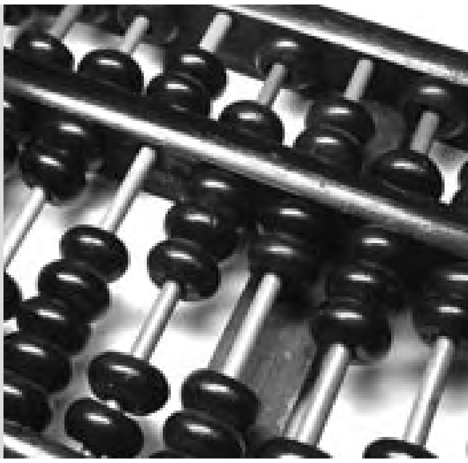

Education to promote employee financial well-being: What role for employers? Experiences from the US

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Financial distress spills over into the workplace, contributing to such work-related occurrences as personal finance–work conflict, lower organisational commitment, less pay satisfaction, work time being wasted in dealing with personal finances, greater absenteeism, and poorer health

Employees with more financial distress displayed less commitment to their organisation[5] – a situation that does not bode well for the employer

Financial distress of employees and workplace outcomes

According to the Federal Reserve Board in the United States, American consumers continue to spend more than they earn.[1] Easy access to credit has made this practice common in American society. As a result, millions struggle financially, and many of those near retirement lack the funds needed for a comfortable life. These observations were true before the October 2008 meltdown of global credit and stock markets and the ensuing recession. Now economic times are tougher – workers today increasingly face inflationary food prices, higher energy costs, rising health-care expenses, faltering home values, and decimated retirement savings balances.

Employers are feeling the effects of their employees' poor spending decisions and financial behaviours, for the outcomes manifest as financial distress. Financial distress has been described as negative feelings about and reactions to one's own financial situation.[2] Such distress over financial matters is contributing to irritability, anger, fatigue, and sleeplessness for over 52% of Americans. To ease the pain, 48% say they overeat or indulge by consuming unhealthy foods.[3] Researchers have found that financial distress spills over into the workplace, contributing to such work-related occurrences as personal finance–work conflict,[4] lower organisational commitment,[5] less pay satisfaction,[6] work time being wasted in dealing with personal finances, [4,7] greater absenteeism, [4,5,7,8] and poorer health. [5,9,10]

A number of studies have examined the relationships between financial distress and workplace outcomes. Financial distress was found to contribute to increased personal finance–work conflict – a situation described as personal financial issues interfering with one's job.[4] Examples of personal finance–work conflict include getting to work on time, and getting daily work tasks done. Clearly, such occurrences can decrease job productivity – a condition of special interest to employers.

Financial distress also has been studied in the context of its contribution to organisational commitment. Organisational commitment has been defined as psychological responses manifested through employees' feelings and attitudes about the company that employs them. Organisational commitment includes such indicators as pride in the organisation, judgements about whether the organisation is a good place to work for, and reflections about the organisation's ability to inspire best job performance.[11] Kim and Garman found that employees with more financial distress displayed less commitment to their organisation[5] – a situation that does not bode well for the employer.

Pay satisfaction is another variable that has been studied in conjunction with financial distress. The level of pay satisfaction comprises such indicators as feelings about whether one is being paid a fair salary for the work being done, judgements about the adequacy of pay increases, and feelings about whether the amount of pay reflects appreciation by the organisation.[12] Researchers have found that those who reported greater financial distress also reported lower pay satisfaction, regardless of the amount of household income.[6] Lack of pay satisfaction is a concern for employers as well as employees, as it could lead to increased employee turnover, which represents additional costs to employers in the form of recruitment, interviewing, training, and other expenses.

A number of studies have examined the relationship between financial distress and the amount of work time wasted in dealing with personal financial issues. Work time wasted is sometimes called "presenteeism", referring to the use of work time for activities unrelated to work. In the context of personal financial issues, work time wasted denotes such workplace activities as communicating with creditors about one's past due bills, talking to co-workers about personal financial problems, and spending time worrying about personal finances while at work.[4] Researchers have found that those employees experiencing more financial distress are more likely to spend an increased amount of time on the job dealing with personal financial matters.[4,7] Employees who spend work time worrying about and tending to personal financial matters certainly are less productive than they would be if all of their work time were dedicated appropriately to work-related tasks.

Employees who spend work time worrying about and tending to personal financial matters certainly are less productive than they would be if all of their work time were dedicated appropriately to work-related tasks

Study after study has supported the relationship between financial distress and absenteeism from work. Bagwell and Kim found that employees with more financial distress were absent from the workplace more often.[8] Kim and Garman found that financial distress had a direct effect on absenteeism, with those experiencing more financial distress also reporting that they were absent from work more often.[5] Other researchers found that those experiencing personal financial problems used more sick leave.[13] Jacobson and co-authors determined that financial distress represents one of the strongest predictors of illness-related absence from the workplace.[14] Obviously, employees who are absent from the workplace are not able to contribute productively to the organisation during the time they are not present.

Financial distress had a direct effect on absenteeism, with those experiencing more financial distress also reporting that they were absent from work more often

Financial distress is also related to health outcomes. Those reporting more financial distress also report poorer health.[5,9,10,15] Employees who experience poor health are not likely to be able to give 100% to their jobs, resulting in lower productivity. Additionally, employees in poor health are more apt to be absent from the workplace more often.[14]

Employers can be sure that some percentage of their workforce is experiencing financial distress at any given time

Employees would benefit most from employer-sponsored financial education

Workplace financial education and employer responsibility

Employers need to recognise that in every workplace, part of the workforce is financially distressed. According to the national norms established for levels of financial distress/financial well-being in the general population of the United States, the percentage of financially distressed citizens is 30%,[16] or nearly one third of the population. While financial distress will vary for employees in different workplaces across the country (based partially on income, education and other variables), employers can be sure that some percentage of their workforce is experiencing financial distress at any given time.

What is the responsibility of the employer to "fix" this problem? Should employers be expected to give raises to their employees, so as to ease their financial burden? For workers who may not be managing their money wisely, would such a step provide long-term relief, or would workers making more money continue to spend more and save less? Researchers and financial educators propose a different approach – instead of (or in addition to) a raise, employees would benefit most from employer-sponsored financial education.

While some employers offer comprehensive on-site financial education to their employees, most do not. Few studies have examined whether workplace financial education motivates employees to change negative financial behaviours. Kim (2004) reported that the impacts of a workplace financial education programme on employees were increased financial well-being and improved financial behaviours.[17] Other researchers noted similar findings, including increases in both personal savings[18] and savings for retirement[19] following financial education workshops.

Empirical research on the effects of workplace financial education has been sparse, but researchers have studied outcomes following financial education in other venues, such as that offered through credit counselling agencies which provide debt management programmes. Such financial education has produced positive outcomes, including a decrease in financial stressor events (incidents that reflect financial hardship, like wage garnishments, the repossession of goods, and home foreclosures). Additionally, credit counselling has an indirect effect on financial well-being and health, that is, credit counselling helps reduce the incidence of financial stressor events, which in turn leads to increased financial well-being and better health. [9, 20] Such changes affect employers as well as employees; the processing of wage garnishments, for example, costs employers money. Better health can mean fewer health insurance claims being filed by employees, and subsequent reduced health insurance premiums for employers who provide health insurance. Since financial education changes the financial behaviour of employees, and reduces financial distress and the accompanying negative workplace behaviours, would it not pay employers to offer on-site financial education? The next sections will explore this question.

Financial education programmes in the workplace

In order to understand the current workplace financial education practices of American employers, one must know a bit about the history of employer-sponsored retirement plans in the US. To that end, this section will provide a brief background on the topic.

Today's employer-sponsored retirement plans in the US include both defined-benefit and defined-contribution plans. For many years, however, defined-benefit plans were the only type of retirement plan provided by employers, and a high proportion of employees was covered. Such plans promised retiring employees monthly cheques for life, and the risk of investing rested with the employer. Today, defined-benefit plans are provided by approximately 20% of employers – a percentage that has declined from 80% over the past 25 years.

Defined-contribution retirement plans constitute the most popular type of retirement plan on offer today. Defined-contribution plans provide employees with a lump sum at retirement. Contributions to defined-contribution plans may be made by the employee, by the employer, or by both. Employee participation in defined-contribution plans is voluntary rather than all-inclusive, and as a result only two out of every three eligible employees participate in and contribute to a plan. Non-participants will receive no lump sum at retirement to manage and draw upon for living expenses during retirement. Moreover, the shift from a defined-benefit retirement plan to a defined-contribution plan shifts the responsibility for enrollment in and management of retirement plans from employers to employees.

The Employee Retirement Income Security Act (ERISA) and regulations of the US Department of Labor were enacted to protect the interests of retirement plan participants. These government regulations require the disclosure, to participants, of financial and other information concerning employer-provided retirement plans, and so mandatory workplace financial information and education programs were born. While the provision of defined-contribution retirement plans is optional for employers, the provision of retirement information and education by those who do offer such plans is mandatory.

More than half of large and mid-size US employers offer workplace retirement-planning-focused financial education to employees. Nevertheless, such employers are finding it challenging to motivate employees to participate in voluntary retirement programmes or to take advantage of the educational programmes. Fewer than half of American workers contribute to any type of defined-contribution retirement programme, including both individual and employer-sponsored plans. In addition, many employees who do participate do not contribute enough to create a sum sufficient to fund a financially successful retirement. Thus, while the burden of saving and investing for retirement has largely shifted from employers to employees, many employees are not saving at all or not saving enough for retirement.

The burden of saving and investing for retirement has largely shifted from employers to employees

Employees could benefit from a variety of financial education offerings, including budgeting, managing credit, and saving, but most employers who provide financial education offer only retirement planning programmes. Most retirement plan sponsors (i.e. employers) seem to operate on the false assumption that employees earn more than they spend, and thus are both able and willing to save for retirement during their working years. Yet millions of Americans report that they are unable to save for retirement – they say they cannot afford it. One reason which is frequently offered, is too much credit card debt. "More and more families are running harder and harder to stay in the same place or to reduce the amount they are falling behind."[21]

A meta-analysis of 11 major national research studies, including MetLife, Principal Financial, American Express, Cigna, AARP, Caravan, Roper, and Gallup, as well as ten published academic research studies has revealed that 30 million American workers – 1 in 4 – report they are seriously financially distressed and dissatisfied with their personal finances.[22] This has negative consequences for workers, their families and co-workers, as well as their employers. It also constitutes a serious social problem. Consumers, government, and employers need to recognise the sizeable nature of the financial distress problem and well as its ramifications, and take appropriate actions.

Lack of basic financial literacy is the major reason why employees do not save for retirement

Clearly, employees do not know how to help themselves prepare for retirement. But the major failure of financial education programmes associated with defined-contribution retirement plans is the lack of focus on basic financial literacy, including knowledge about spending plans, credit management and savings. Lack of basic financial literacy is the major reason why employees do not save for retirement. If employees are overly indebted and are spending more than they earn, they will find it difficult to save for their retirement. Good decision making on basic personal financial issues means people can control their financial destiny despite the challenges of economic turmoil. Employees who take charge of their basic personal finances not only are living well today, but also are positioned to save and invest for a financially successful retirement tomorrow.

Should employers offer financial education programmes in the workplace?

It has never been more important for employers to recognise that employees with financial problems negatively affect profits. With petrol prices rising, health costs soaring and consumer confidence seriously challenged, many employees are struggling with financial woes that threaten job productivity. Financially unwell employees do not make the best decisions for themselves … or for their employers. Such employees often are passive, distracted, confused, and anxious. These are not characteristics of productive employees. Employees with money problems are like sharks swimming around the workplace, taking bites out of the bottom line.

More profits – while representing an important benefit for employers – should not constitute the sole reason for offering employees financial education. Perhaps the most important reason is that it is the right thing for employers, as stewards of employee well-being, to do. Employers who offer easy access to quality financial education programmes are communicating a critically important message to employees: We know some employees are struggling financially; we care about you; we want you to live a better life financially, both today and tomorrow, thus we will help you champion your financial interests. Employers who back up such claims with action and high-quality financial education programmes will reduce turnover, and increase organisational commitment as well as profits. Investing – not spending – $150 to $250 per employee per year in financial education programmes will reap substantial rewards for employers as well as employees. Those rewards will come from an investment of a mere ¼ or ½ of 1 per cent of an employee's income.

The Personal Finance Employee Education Foundation (PFEEF) argues that the return on investment for employers who offer employees easy access to quality financial programmes is 3:1 or more; thus, for an employer who invests $250 in a financial education programme, the expected return is $750. The foundation suggests that financially healthy employees can save employers up to $2 000 a year through increased productivity, reduced health-care costs, better choices among employee benefits, and through a variety of other ways.

Employees with money problems are like sharks swimming around the workplace, taking bites out of the bottom line

The return on investment for employers who offer employees easy access to quality financial programmes is 3:1 or more

Do not just give employees a raise – offer help with money management challenges through high-quality financial education programmes

Components of a high-quality financial education programme for employees

Employers need to bring together the basic financial resources that truly can help employees because collectively they reduce financial distress and increase financial well-being. Employees will experience such changes in financial wellness as a result of making better financial decisions. The components of a high-quality financial education programme typically include comprehensive offerings through individual coaching and counselling, as well as department-wide seminars which are open to live audiences of employees and their spouses. In addition to retirement planning and investment education, topics should include education on spending plans (budgeting), credit use and misuse, savings (especially an emergency savings account), wealth management, tax preparation, mortgages and lending decisions to facilitate home-ownership goals, insurance, estate planning, and post-retirement planning. A variety of credit union and bank affiliations providing preferred services to employees also is typical of high-quality programmes.

Employers can expect improved employee outcomes from high-quality financial education programmes. For example, employees will begin to report lower financial distress and increased financial well-being. Employers will note less work time being wasted as employees spend less work time tending to personal financial matters. Job performance and productivity will increase, as will organisational commitment and pay satisfaction. Employees will enjoy better health, resulting in less absenteeism. So, take heed, employers: Do not just give employees a raise – offer help with money management challenges through high-quality financial education programmes.

The Personal Financial Wellness (PFW) scale

The Personal Finance Employee Education Foundation offers employers free use of its research-based *Personal Financial Wellness (PFW)* scale[2] and encourages its use to measure employee financial distress/financial well-being. The PFW scale is a peer-reviewed, published, valid and reliable measure (over 25 years in development) with national norms;[16] the 8-item online questionnaire takes only 3–4 minutes to complete. Employees can use the instrument to benchmark the financial health of their employees. They can insist that financial education providers design and deliver programmes to help employees reduce financial distress and improve financial well-being. One year later, employees can be surveyed again to evaluate the programme's effectiveness in reducing financial distress.

Use of the PFW scale is free with permission (see the online permission form at www.PersonalFinanceFoundation.org). The instrument has been adapted for use in several countries, including Australia, The Gambia, Malaysia, India, and Mexico. There are over 80 approved users, including financial programme providers, financial planners, employers, researchers, government agencies, universities, schools, consultants, extension professionals, insurance providers, legal services, credit unions, community counselling agencies, and health promotion professionals.

The Personal Finance Employee Education Foundation website also provides an array of free research, marketing and other educational materials for financial educators. The foundation aims to be the "Better Business Bureau" or "Good Housekeeping" seal of approval for high-quality financial education programmes that reduce employees' financial distress and improve their financial well-being. High-quality financial education programmes should change employees' personal financial behaviours in a positive direction, while contributing to the employer's bottom line.

High-quality financial education programmes should change employees' personal financial behaviours in a positive direction, while contributing to the employer's bottom line

The website also demonstrates how the foundation determines its return on investment (ROI) projections, using eight PowerPoint slides. The foundation works with its 12+ "Best Providers," and is currently conducting research with six employers. Research results will be available via press releases, trade publications, and refereed academic journals to document that the provision of comprehensive high-quality financial education in the workplace benefits both employees and their employers.

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The National Credit Act: Experiences so far

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Introduction

When the National Credit Act (NCA) was implemented in 2007, it was stated that this was bigger than the Y2K phenomenon. It would appear that this statement was correct. The NCA has had a profound effect on many role payers in the credit industry, and in many cases additional resources have been brought in to manage the process.

The National Credit Act 34 of 2005, has been implemented in its entirety for the past 15 months. In this article we will review the role of the NCA in addressing the financial over-indebtedness of consumers, the impact this has had on different role players, as well as the current effectiveness of the process.

The debt review process

Debt review is a remedy created by the NCA in terms of section 86 of the Act, according to which the consumer can be declared over-indebted and have his or her debt obligations rearranged. After reviewing the consumer's budget, the debt counsellor can make proposals to the relevant credit providers, which they can either accept or reject. In the event of the credit providers rejecting the proposals, the debt counsellor must refer the matter to the Magistrates' Court for adjudication, i.e. to issue an order on the acceptability of the proposal set out in terms of the referral.

In terms of the preamble and section 3 of the National Credit Act, the objective of consumer protection is specifically mentioned and, as set out in section 86 of the Act, the intention is to provide the consumer with

- protection; and
- a second chance to stay part of the economy without having to go down the road of litigation, judgments and execution sales.

The debt counselling process, which is still new, requires the participation of many role players, including the consumer, the National Credit Regulator (NCR), debt counsellors, credit providers, the courts, and employers.

The consumer

The consumer is central to the process of debt counselling. Increases in the cost of living will increase consumers' financial stress levels. The sharp slowdown in the growth of real disposable household income has declined from 9.5% in the fourth quarter (Q4) of 2006, to 1.2% in Q4 of 2008. This decline in disposable income has been particularly visible in consumers' spending patterns: The shift in spending patterns, as measured by the *Money Sense* spending index of Octogen (Pty) Ltd, has indicated that the average household committed 97% of its monthly budget in Q4 of 2008, against 87% in Q4 of 2006. This increase in committed spending is a direct result of the increase in monthly expenditure which is needed to repay debt, and of the increased cost of living. The index for committed monthly debt repayments has increased from 38% in Q4 of 2006 to 49% in Q4 of 2008. This increase makes it increasingly difficult for debt-stressed households to balance their monthly budget. Although the recent *Quarterly Bulletin* of the South African Reserve Bank (SARB) indicated that the rate of debt expansion has dropped to below that of disposable income, with the ratio of disposable income declining to 76.7% in Q2 of 2008 from 78.2% in Q1 of 2008, this will not have a major impact on the number of debt-stressed consumers.

It is estimated that there are currently more than 16 million active credit consumers in South Africa, and of this 350 000 consumers (2.2 per cent of all active credit consumers) are currently over-indebted and require immediate assistance. To date, 27 500 (0.17 per cent of all active credit consumers) have already applied for formal debt counselling. We estimate that this number will grow to 200 000 by September 2009, which will require an efficient and effective debt counselling process to be in place.

In many cases, it requires huge levels of courage on the part of consumers to contact debt counsellors. Normally, because their financial stress levels are very high, consumers report that their productivity is far below par. In the majority of cases, consumers wait too long before approaching a debt counsellor, but repeated calls from credit providers play an active role in their eventual decision to do so. Much more consumer education is required to encourage consumers to commence with the process much earlier. Where contact is made earlier it is normally much easier for a debt counsellor to assist the consumer, and the recovery time span is reduced substantially. It is a fact that most consumers will acknowledge that they had a financial problem months before applying for debt counselling, but that they incorrectly assumed that incurring more debt would resolve their debt problem, only to find that it exacerbated their financial stress.

An analysis of the applications received to date indicates that the credit rush prior to June 2007 is one of the main reasons for the current consumer debt crisis. The average debt counselling applicant has 15 credit agreements, which normally include three to four credit cards, and four to five personal loans. In value, more than 80 per cent of the debt is attributable to the five mainstream banks. The record number of credit agreements per consumer stands at 48, and the record amount for a single

Counselling and ongoing financial education are therefore critical success factors in completing the debt counselling process

consumer (for clothing and jewellery debt) amounts to R2.4m. The oldest consumer under debt review is 88 years of age.

Once the consumer has applied, it is very unusual for him or her not to be willing to make sacrifices to change their financial lifestyle. In most cases consumers welcome the fact that a new budget is drawn up for them, and they willingly reduce their spending on food, cell phones, entertainment, clothing, and other non-essential items. The fact that a repayment plan is developed also helps to reduce financial stress. For the process to be successful it requires ongoing counselling, with the consumer having to exercise the required financial discipline. Counselling and ongoing financial education are therefore critical success factors in completing the debt counselling process.

The aim of the process is to help consumers repay their debts, but some confused consumers assume this as a debt cancellation process, or a step which will offer them a place to hide. Those consumers who are unwilling to pay are easily identifiable, and they are excluded from the process by debt counsellors and credit providers.

The role of the National Credit Regulator (NCR)

The NCR sees the debt counselling process as a critical area, and for that reason it has dedicated a significant amount of its resources to this process. Given the fall-out as a result of the sub-prime crisis in the US, there is much greater acceptance of the need for a mechanism or tool – such as debt counselling – to assist consumers with debt stress.

To date the NCR, which has registered more than 500 debt counsellors, has recognised the fact that the implementation of debt counselling makes huge demands on all role players, and that the implications are daunting, given that debt counselling is in effect a new profession which is being created.

The support provided by the NCR to improve the debt counselling process has been impressive. It has played a leading role in providing training for debt counsellors via approved service providers. Although the NCR has also facilitated a process between credit providers and debt counsellors to streamline debt review processes, its biggest and most challenging role was (and still is) engaging credit providers to improve the process. This new process has required continuous intervention from the NCR, with process-stressed credit providers and debt counsellors. It has also made an impressive start in the process of enforcing the NCA, which should have a positive effect on improving the debt counselling process.

In addition, the NCR has committed additional resources to uplift the skill levels of debt counsellors. This will be achieved with the implementation of practical training and a debt counselling process helpline. The NCR has also approved additional Payment Distribution Agencies (PDAs) which – when implemented – should improve the distribution of payments by consumers.

The ongoing support and active commitment of the NCR to ensure the effective implementation of the debt counselling process, is a given fact – and something which is most welcome.

The role of the debt counsellor

The role of the debt counsellor in the entire debt counselling process, is critical. Though matric/Grade 12 is the minimum educational requirement for entering this new profession in South Africa, most registered debt counsellors have tertiary qualifications – 43% have degrees while 24% have diplomas. It is also true that this new profession is measured by its weakest link, and some credit providers have used the poor performance of a few debt counsellors to discredit the process. However, during the past 15 months most poor performers have left the profession, or have become inactive.

We have also seen the creation of the Debt Counselling Association of South Africa (DCASA) – an initiative which will improve the professionalism of the debt counselling process. DCASA has acknowledged that some debt counsellors require additional skills, and the active participation of debt counsellors in the regular DCASA meetings plays a huge role in skills and process development. In addition, debt counsellors are actively interacting with one another, to up-skill.

In practice, the debt counsellor has a very difficult task. Any new profession brings with it unique processes and systems, and during the past 15 months many changes and improvements have been identified and implemented. Interaction with (and ongoing counselling of) the consumer has been one of the most rewarding aspects of this profession.

There are, however, a number of challenges which debt counsellors face:

- Whilst the credit industry, at a high level, actively supports the debt counselling process, the same cannot yet be said at operational level. The first major challenge is the perceived lack of trust in the process on the part of some credit providers who, at operational level, create the impression that they see debt counselling as a gratuitous intervention.
- In terms of the NCA, the debt restructuring process has to be finalised within 60 business days. Some major credit providers do not adhere to the timelines, as required and agreed, which makes it

difficult for the process to progress to the intended conclusion on time. In many cases the same credit providers who do not keep to the timelines are quick to enforce the termination of the debt review at the first opportunity that the NCA allows.

- The lack of timeous processing frustrates the successful implementation of debt counselling, and it is increasingly difficult to understand why the major credit providers are unwilling to commit the required resources. Many of the smaller credit providers and the majority of retailers have been able to implement the required process and systems to provide excellent and timeous interaction with debt counsellors. The fact that smaller credit providers and retailers embrace the process is a clear indication of their recognition that debt counselling is an efficient and cost-effective method of collecting outstanding debt.
- Another challenge facing debt counsellors is the lack of training of credit provider employees at branch and product house level, in respect of the legal requirements and operational implications of debt counselling. In particular, the practice of refusing to accept debit order cancellations and stop payment instructions, as well as unauthorised debits to consumer accounts, plays havoc with the process, utilising unnecessary time and effort. Some credit providers (with many different product houses) also find it difficult to cease their debt collecting efforts once the consumer has applied for debt counselling. This is difficult to explain to the consumer who has engaged with a debt counsellor.
- The collection and distribution of payment by consumers is seen as a key success factor, and much improvement is required in this area. Credit providers are rightfully annoyed by the lack of action in this regard.
- The last major challenge facing debt counsellors concerns the legal process, which is described in more detail below.

The role of the credit provider

For the process to be effective, the role of the credit provider is crucial. The NCR reports that it has registered 2 535 credit providers with 27 139 branches. The successful implementation of the NCA at all levels will therefore remain a challenge for some time to come. Some credit providers have centralised the debt counselling process, and those debt counselling departments with a clear mandate and clear authority appear to operate more effectively. This is obviously more difficult to implement at credit providers with a large number of autonomous product houses.

The role of the courts

One of the biggest challenges to the effective implementation of the debt counselling process is the capacity of Magistrate's Courts to interpret and apply the NCA. The NCR has brought an application to the High Court for a Declaratory Order to address uncertainty on the interpretation and application of the NCA, in respect of the debt counselling process.

To illustrate this point, the NCA does not clearly stipulate the process to be followed when referring a matter to the Magistrate's Court. In terms of the NCA, the consumer and debt counsellor are only faced with the word "referral" (to a Magistrates' Court), but there is no real indication of how the referral must be done. Should the referral be done in terms of Rule 55 of the MCA or Magistrates' Court Act (that being the rule governing the method of bringing an application to the Magistrates' Court), or should the referral be brought in terms of the NCA alone, or perhaps both?

The reason why this point is important, is outlined below.

In terms of the Magistrates' Court Rules, there are specific rules governing the following:

- Which court (with reference to area) should have jurisdiction over a specific party by reason of the party's address;
- Which court (with reference to area) should have jurisdiction over a specific party by reason of the cause of action;
- Whether the Magistrates' Court should have jurisdiction at all, as the amount of the issue in dispute may have a value of more than South African Rand (R)100 000.00 (this amount being the limit of the court's jurisdiction in most instances); and
- What the application (that is brought) should look like; how it should be served; and (in most instances) what the supporting affidavits should contain.

These issues have not been adequately addressed in the NCA, and the following will illustrate the problem:

> Say a consumer has 24 credit agreements with eight different credit providers. The total value of the credit agreements is approximately

> R800 000.00. The credit providers are in three different provinces and in five different magisterial districts, if the rules governing jurisdiction in the Magistrates' Court Act are to be used.
>
> In terms of the rules in the MCA, the consumer cannot bring the debt review application before a single Magistrates' Court, due to the fact that five different courts have jurisdiction and in some instances the credit agreements in the application to be declared over-indebted, exceed the R100 000.00 mark, making the Magistrates' Court unable to rule on them at all. The consumer will, in that instance, have to go to the High Court.
>
> The second challenge is how the referral should be served on the credit providers affected. If the referral has to be served by a sheriff, the cost implications for the consumer are enormous.
>
> If the MCA rules are used, the consumer will have to bring five applications relating to one issue – over-indebtedness – to a High Court. This could never have been the intention of the Act.

Some magistrates contend that the NCA does not sufficiently address those issues regarding the nature and process of the application or referral by the debt counsellor to the Magistrates' Courts. This is especially problematic as the kind of referrals envisaged by the NCA does not fit any procedure set out by the MCA. The Magistrates' Courts are faced with these issues, but they argue that is not for them to correct as they are creatures of statute and cannot fix anything which the legislature is supposed to do.

From their actions, the credit providers know about these issues. Credit providers address the courts on these issues on an ongoing basis, with the intended consequence that the debt review is not heard at all. These delays make it difficult to complete the debt review process within the time frame contemplated in the NCA.

In some cases credit providers continue to litigate, regardless of the fact that the consumer is registered as being under debt review in terms of the NCA, thereby forcing the consumer to defend each time to avoid getting a judgment against him or her.

Clarity is required on these issues. Until this happens, some credit providers will continue to point out these anomalies to delay the process. The lack of clarity and the actions of some credit providers on this issue do not help those over-indebted consumers (who are already in dire straits) to get closure on the process, but make it increasingly difficult to take on, in the words of Judge J. Bertelsmann, "well-monied" credit providers. The fight is just not fair. It is, however, noticeable that some credit providers prefer not to frustrate the legal process and would rather accept that a fair, proposed debt repayment plan be implemented, to enable debt repayment.

The role of the employer

The role of the employer in the debt counselling process is also important, and we have noticed a major shift during the past 15 months. Most large employers have an effective corporate well-being programme to respond to the diverse well-being needs of employees in the workplace.

These programmes normally cater for employees' psycho-social lifestyle and medical needs. It is, however, a fact that one of the factors that affects productivity negatively is the financial over-indebtedness of employees. Consumers who receive debt counselling reported an immediate reduction in stress levels, and a concomitant increase in productivity.

Over the past 15 months we have seen increasing numbers of employers actively assisting employees in the following ways:

- Providing proactive exposure to financial well-being programmes, to help employees understand and manage their personal finance;
- Actively encouraging employees to improve their personal financial education through ongoing use of financial wellness programmes;
- Engaging with unions for their support in improving personal financial skills;
- Actively removing easily accessed loan schemes from the workplace;
- Implementing compulsory financial literacy training for employees;
- Identifying and referring debt-stressed employees to debt counsellors.

Many effective corporate well-being programmes cater for employees' psycho-social lifestyle and medical needs, but offer no debt counselling

Conclusion

The debt counselling process has already had a positive impact on the lives of 25 000 consumers, despite the abovementioned challenges. We have witnessed a massive improvement in the debt counselling process since its implementation, and we can, with certainty, say that more changes and improvements will happen. Debt counselling is a new process and profession, and during the next 24 months we expect most of the current challenges to be resolved. The NCR has made it unequivocally clear that debt counselling is here to stay – which is in line with the terms of the preamble and section 3 of the NCA.

Conceptualising and implementing a financial wellness programme: Practical suggestions

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Employees' personal financial problems manifest in the costs of medical stress-related conditions, injuries on duty, absenteeism, poor quality, low morale and also in the administration costs of the pay office which receives, processes and manages garnishee orders

Introduction

The World Health Organisation defines health as a "state of complete physical, mental and social well-being and not merely the absence of disease or infirmity". Each state of well-being is itself informed by a complex set of environmental and psychological stress factors that influence behaviour and productivity in the workplace.

A significant stress factor contributing to ill health, absenteeism, poor productivity and low morale is that caused by personal financial problems.

Personal financial problems can affect productivity both directly and indirectly. These issues affect family, marital relationships, physical and emotional health, and can have an influence at the micro level of the workplace, as well as at a macro level in communities and social structures. At a macro level the effect of personal financial problems has far-reaching consequences – especially where there is inadequate preparation for retirement, a lack of savings reserves to cater for crisis situations, and the acute financial demand of caring for extended family structures.

Garman, Leech and Grable[1] estimate that approximately 15 per cent of employees have personal financial problems which negatively impact on their productivity at work. In South Africa limited research has been done to measure the impact of personal financial problems on productivity. Most employers are totally unaware of the magnitude of productivity losses associated with personal financial problems.

Employees' personal financial problems manifest in the costs of medical stress-related conditions, injuries on duty, absenteeism, poor quality, low morale and also in the administration costs of the pay office which receives, processes and manages garnishee orders. In addition, the current economic climate – with soaring interest rates and the ever-increasing cost of fuel and food, as well as the demand for salary hikes – has resulted in increased costs related to protracted wage negotiations.

Debt and personal financial problems can also force employees into working long hours and having to rely on overtime payment just to meet basic needs. There is also a reluctance to go on "disability pension" when employees are too ill to work, or the demand to return to work prematurely from "disability pension" further compromises the health status of many employees.

In 2001 a study commissioned in the automotive industry of South Africa[2] demonstrated that there were no or limited specialist financial counselling or support services in any companies in the industry at that stage. However, interviews conducted with social workers working in that industry indicated that 70 per cent of cases with alcohol- or drug-related problems, mental and psychological problems, as well as other chronic diseases were debt induced or related to personal financial problems.

The same study showed that 17 per cent of the industry's net pay was absorbed by financial service providers such as banks, insurers, and others. 63 per cent of participants cited issues related to a lack of financial knowledge as the main cause of their debt, whilst 61 per cent indicated that the reasons for their personal financial problems were the result of them living beyond their means.

The participants in the research proposed possible solutions that included education sessions and one-on-one counselling sessions, rather than group workshops. Some members in the industry responded by instituting financial education programmes: These often demonstrated success in pre- and post-evaluation assessments, but fell short of measuring long-term sustainable behavioural change.

63 per cent of participants cited issues related to a lack of financial knowledge as the main cause of their debt, whilst 61 per cent indicated that the reasons for their personal financial problems were the result of them living beyond their means

Implementing a financial wellness programme (FWP)

The concept of personal financial problems is a complex social and behavioural issue, and this section attempts to provide a step-wise pragmatic approach to implementing a financial wellness programme.

The lessons learnt from the model used are as a result of the collective wisdom of employees of a large automotive manufacturer located in Gauteng (namely BMW SA), local and international academic institutions, and a the German Development Cooperation, GTZ. The FWP was launched just before the promulgation of the National Credit Act.

Step 1: Establish the need for an FWP

A participatory approach in the design and development of an FWP creates greater awareness and a willingness to be involved.

The need for the intervention is established through

- asking employees which main factors cause stress;
- conducting focus-group discussions with cross-functional teams involving employees at different levels in the organisation. Organised labour and union members should be an integral part of focus-group discussions; and
- a review of organisational baseline indicators, such as the following:
  - The payslip landscape;
  - The number of garnishee orders against an individual;
  - The number of judgements against an individual;

– Requests for personal loans;
– The number of employees who are adequately prepared for retirement;
– An investigation into the causes of absenteeism;
– The outcome of counselling sessions following poor performance (as provided by either managers or HR consultants);
– The health profile of the workforce and the reasons underlying stress-related conditions;
– Exit interviews; and
– Anecdotal evidence from employees.

An intervention based on education alone is not sufficient to change behaviour, therefore life skills need to be part of the programme

Step 2: Establish foundation principles

The success of any workplace programme is determined by the degree of trust that exists between the service provider, the employee and the employer. Collated data from focus-group discussions suggest that the FWP should be modelled on the principles of a comprehensive, well-run workplace HIV programme.

The key principles cited, include:

– Confidentiality must be ensured;
– The programme to be individualised and targeted to meet the needs of the individual employee;
– It has to involve the family;
– The intervention has to be long-term and sustainable;
– Financial houses are not to be involved in running the programme. Many financial houses promote a specific product that in many ways exacerbates the financial problem;
– An intervention based on education alone is not sufficient to change behaviour, therefore life skills need to be part of the programme (such as the capacity to negotiate a reduction in debt, or the ability to resolve conflict around issues of finance with family members or debtors). A behavioural science approach to an FWP is advised;
– The programme could be bundled within the Occupational Health Service offering, in order to avoid any issues of stigma or discrimination associated with frequent visits to the service provider. The service provider is ideally suited to be geographically located in the same venue as the Occupational

Health Service. Appointments for access to the service can be made through established clinic systems or staff.

Step 3: Ensure leadership and commitment

The successful implementation of any FWP is subject to the same conditions that govern change in an organisation. A high-level commitment is needed to drive the programme.

The ideal is that a cross-functional multidisciplinary team be established to determine the design, and to coordinate and ensure commitment to the success of the programme. The "action team" is required to:

- Understand the need for a financial wellness programme.
- Provide leadership in directing the programme around specific needs.
- Ensure that an action plan is developed.
- Determine a communication strategy.
- Monitor the budget required for the programme.
- Design the monitoring and evaluation indicators of success.
- Determine the return on investment (ROI).

This action team could be the same team that makes up the HIV committee. Personal financial problems can lead to high-risk behaviour, and is a contributory factor to the spread of HIV/AIDS. Often, young girls cohabit with older males for financial gain. Women's financial dependence on their male counterparts makes them vulnerable in that they are not able to negotiate safer sexual practices within a relationship. The disease burden that HIV places on the finances of the individual, the financial hardship associated with the consequences of ill health and premature death, and having to care for extended family members makes it necessary for an HIV programme to be integrated with an FWP.

HIV peer educators should ideally be part of the financial wellness action team and should be trained to deal with financial matters as a primary prevention tool.

Step 4: Select a provider

In South Africa there are a range of financial wellness providers that offer services in running an FWP. These services bring expertise from:

- Financial institutions;
- Financial consultants / groupings;
- Social workers;

A cross-functional multidiciplinary action team should design and coordinate a financial wellness programme

The disease burden that HIV places on the finances of the individual, the financial hardship associated with the consequences of ill health and premature death, and having to care for extended family members makes it necessary for an HIV programme to be integrated with an FWP

- Debt counsellors;
- Psychologists;
- HR consultants; and
- Individuals with a background in Psychology.

If a behavioural science approach is to be followed, it is easier to train social workers or behavioural scientists in the legal and financial issues than to train financially competent experts in counselling and behaviour change issues. Debt counsellors are currently being trained in South Africa, but are not readily available. A counsellor who is trained only in debt counselling, is unable to cope with the complex set of social factors required when managing personal financial problems.

If a behavioural science approach is to be followed, it is easier to train social workers or behavioural scientists in the legal and financial issues than to train financially competent experts in counselling and behaviour change issues

Financial wellness counselling should be incorporated into an Employee Assistance Programme (EAP), but current EAP practitioners may not have the necessary competency to specifically address issues relating to the legal aspects of debt reduction, or the competency to provide guidance on financial matters. In selecting a provider, cognizance must be taken of the time required for an intervention. This ranges from four to six counselling sessions per person (or longer, depending on the nature of the crisis).

The service provider's remuneration needs to be negotiated in terms of what would be the best option for the organisation, such as: a) the employer pays, b) the employee pays, or c) a co-payment is negotiated. There is some concern with the employee paying: In a situation of indebtedness, this may aggravate the position of an already financially compromised individual.

The techniques and methodology used by financial wellness counsellors are presented by Engelbrecht and co-authors in one of the chapters in this book. The service provider's performance can be monitored by means of ongoing monitoring and evaluation tools.

Step 5: Handle the logistics

It is a business imperative to have employees productive and present at the worksite. It will have to be negotiated upfront as to when the employee will be allowed to interact with the financial wellness counsellor. This issue can be amiably resolved if there is limited impact on working hours, and if managers realise the benefits of employees participating in the FWP.

Having a financial wellness counsellor on site makes such services accessible and convenient, and reduces the drop-out rate. For a mass intervention (e.g. the Financial Wellness Industrial Theatre developed and used for the BMW SA FWP), collective negotiations are required to ensure appropriate planning, and to limit the impact on production.

Step 6: Obtain supplementary support for the FWP

Before commencing an FWP it is essential to establish referral resources. The financial wellness counsellors will determine the need to refer to the following:

- Legal expertise;
- A psychologist;
- A psychiatrist;
- An ombudsman; and
- A medical doctor.

Referral networks need to be established, and their credibility should be determined before commencement of the programme.

TransUnion, a service provider, provides free annual credit reports, and assists employees in determining their credit track record as well as their current credit status. The organisation also serves as a "mirror" to indicate to employees the need for self-referral to a financial wellness counsellor. The service, which is free and confidential, is conducted professionally.

Step 7: Establish communication

The "action team" needs to develop a structured communication plan that keeps the programme alive. Effective communication requires the constant application of as wide an array of communication media as possible. Simplicity of content is preferable, as financial wellness messages are complex and most employees do not read complex material. It is critical to time the communication initiative correctly – find a balance between not being an irritation to the workforce, and maintaining a high level of interest.

It is critical to time the communication initiative correctly – find a balance between not being an irritation to the workforce, and maintaining a high level of interest

Step 8: Use monitoring and evaluation (M & E)

A number of monitoring and evaluation indicators can be used to measure the success of the programme. Participation figures should be tracked on a monthly basis, but the impact of the intervention can be monitored six-monthly to give role-players adequate time to measure behavioural change.

Monitoring and evaluation indicators can be classified into the following categories:

- Individual indicators;
- Counselling performance indicators;
- Process indicators; and
- Organisational indicators.

Each indicator can further be categorised into specific measurements, as indicated in Table 1 below:

Table 1: Categories of indicators

Individual indicators	Counselling performance indicators	Process indicators	Organisational indicators
Income : Expenditure Number of creditors Number of loans Size of debt Employee loans Number of current judgements Satisfaction with life Physical health Locus of control Financial knowledge	Satisfaction with counselling process	No. of appointments Drop-out rate Long-term follow up	Payslip landscape: % of salary being paid to associate % associates with adequate preparation for retirement – trend % associates who withdraw vs. those who reinvest pension fund on termination Return on Investment

In order to complete an M & E system, there has to be a contract upfront in terms of the accuracy of data captured, who collects the data, and by when. Cognizance also needs to be taken that the data provided by the employee need to be verified by the financial wellness counsellors.

Data change constantly, and there needs to be contracting upfront with all stakeholders in gathering such data (e.g. with the pay office). Issues of confidentiality have to be managed in cases where an employee sees a financial wellness counsellor, and the financial wellness counsellor is required to gather information from the payroll to which he or she does not normally have access.

The calculation of return on investment and the measuring of productivity are tools that require further exploration, in order to factor in all parameters that contribute to productivity.

Conclusion

A Financial Wellness Programme should be part of an integrated, comprehensive health offering to employees in any workforce.

The programme needs to operate on a foundation of trust, it should impart basic knowledge and should constantly promote sustained behavioural change aimed at social and economic upliftment on a macro level.

Many aspects and details of the BMW SA FWP have not been discussed. Further information is provided in the BMW SA case study (featured in this book) and on the website of the Financial Wellness Forum: www.financialwellness.org.za.

Notes

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2 Mongi Mali Solutions. 2002. Research report for the Automobile Industry National Bargaining Forum on the debt burden of auto workers. http://www.financialwellness.org.za/files/mongi_mali_report.pdf

The monitoring and evaluation of employee financial wellness programmes

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Introduction

Monitoring and evaluation (M & E) form a significant part of the quality management of any system implemented in a company. If efforts are not monitored, how would you know whether you are doing well, and whether you are still on the right track?

There are many reasons for carrying out monitoring and evaluation activities:

- Debt counsellors and other stakeholders (including donors) need to know the extent to which the progamme is meeting their objectives, and leading to the desired outcomes.
- Monitoring and evaluation build greater transparency and accountability in respect of the use of resources.
- Information generated through M & E provides project staff with a clearer basis for decision making.
- Future planning and development are improved when guided by lessons learned from project experience.

The monitoring and evaluation of financial wellness programmes

When a financial wellness programme is established, it is mandatory to decide how monitoring and evaluation will be conducted. These are an integral part of the programme, and should not be adopted later, but should be considered from the outset.

You need to consider different aspects:

1. Which goals do we want to achieve with the programme?
2. Which are the critical indicators of success that tell whether we have reached our goal?
3. How can these aspects be measured?
   - Which measurement instruments can we use?
   - Who will apply these instruments?
   - How can the collected data be analysed and interpreted?

Critical indicators of success

Clients approach the financial wellness programme with different expectations. Some may want to get rid of their debt, others would like to save money for their retirement or for purchases they need to make. All of them will be unhappy or dissatisfied, and their quality of life will not be as good as it could be.

Financial wellness counselling has two basic goals that belong together:

1. The improvement of the client's financial situation;
2. The improvement of the client's psychological and social situation, well-being or quality of life.

These two aspects are two sides of the same coin, as people who join the programme are often unhappy with their financial situation. In a financial wellness programme both aspects are considered, and thus results can be expected on both levels.

That means we have to look at different sets of success indicators.

Indicators of financial success

First, there are the figures that indicate the client's financial situation:

Amount of debt

How deeply in debt is the client, when he becomes a programme member? It is necessary to look at the total amount of debt. However, that total may not even be known to the client, as he may have no overview of his own financial status. In such cases, the total amount of debt is only known after several meetings with the counsellor, when all relevant information has been gathered.

Number of creditors

The more creditors there are, the more difficult it is to get an overview of the individual's financial situation. At the start of the counselling process it is important to find out how many people have lent money to that client.

Number of judgements / garnishee orders

Judgements and garnishee orders are written proof of a bad financial situation. It is important for these to be diminished, in order for the client to regain credibility and lead a life of financial well-being.

Income:expenditure ratio

In order to obtain this figure, it is necessary to draw up a list of any income as well as regular expenses or obligations the client has. However, it is very likely that the counsellor will do this anyway during the counselling process, because he has to get a picture of the client's financial situation and needs to convey this picture to the client as well.

If his expenses regularly exceed his income, the client is in deep trouble. In this case, the income:expenditure ratio is below 1. During the counselling process, the counsellor and his client will try to raise the ratio above 1, otherwise no debt can be paid off and no savings can be built up.

Other financial aspects may be considered success factors, such as the amount of savings, or the client's contribution to a pension fund. Depending on the programme's goals, one needs to decide which factors have to be measured.

Furthermore, there are psycho-social success factors to be considered.

Indicators of psycho-social success

Quality of life

Recent studies have shown that people who are faced with an adverse financial situation are likely to become ill. Conversely, financial wellness might lead to a better health, which is closely related to quality of life

Quality of life cannot be measured as easily as mere financial aspects. However, there are ways to measure soft data with figures. To do so, you need a questionnaire with a rating scale. The authors of this chapter recommend that you use no more than eight or ten questions that should be answered on a five-point-scale (Example 1).

Example 1:	Never	Rarely	Sometimes	Frequently	Always
	1	2	3	4	5
Life has meaning and purpose					

With statements like "I would describe myself as being happy" you get a picture of the client's well-being, and you can measure improvements. Although, a question about the client's health should be included ("I feel well physically") because recent studies have shown that people who are faced with an adverse financial situation are likely to become ill. Conversely, financial wellness might lead to a better health, which is closely related to quality of life.

It is important to measure financial as well as psycho-social aspects, although they very often appear in combination. However, it is possible that improvements will happen only in one area at first, which would mean that the counsellor has to shift his attention to another area.

Further success indicators

Changing financial behaviour is another of the programme's goals, as it is the prerequisite of a sustainable outcome of the counselling process. Only if the client changes his attitudes towards money as well as his behaviour, can he successfully overcome the barriers that have kept him from being a wealthy and financially successful person.

The authors of this chapter also recommend that you ask the client five or six questions, to be answered on a five-point- scale (Example 2).

Example 2:	Never	Rarely	Sometimes	Frequently	Always
	1	2	3	4	5
I draw up a monthly budget					

Furthermore, the counsellor can be a valuable source of assessment, because he interacts with the client during a number of sessions (Example 3).

Example 3:	Never	Rarely	Sometimes	Frequently	Always
	1	2	3	4	5
The client is very active in fighting his/her debt situation					

The counsellor completes the section on financial aspects, while the client supplies information on his quality of life and financial behaviour

Instruments for measuring financial wellness

The main instrument you need for measuring financial wellness is a questionnaire that touches on all the relevant aspects. This questionnaire has to be designed by the programme directors. In the BMW SA FWP, a questionnaire was designed by the project team, with the help of experienced consultants. However, it was notable that the debt counsellors were also asked what they regarded as important, because they were the ones to apply the instruments.

Who applies the instruments?

The authors of this chapter recommend that the section on financial aspects be filled out by the counsellor, as he will have relevant data at hand in his file. Furthermore, the counsellor can assess the client's behaviour during the counselling process.

The questions about quality of life and financial behaviour should be filled out by the client, if possible. Only if the client is illiterate or has serious trouble understanding the questions, should the counsellor conduct an interview and ask him these questions. It is important that the client himself answer the questions, not the counsellor. Please keep in mind that people who are in financially challenging situations often do not have a diploma or even a high school qualification. In some cases they may not have seen a questionnaire before. Formulate simple sentences and use language that is easy to understand.

Incomplete data sets lead to an imperfect view of reality, and thus to incorrect conclusions being made

For every client and every question you need at least two data sets to make an assessment: One pre- and one post-test figure

How much data do I need before analysing it?

The authors again recommend that you do not take a random sample, but collect data from every client who participates in the programme. The reasons for this recommendation are:

1. Most of the data required for monitoring and evaluation are needed to provide good advice in the counselling process anyway, so the effort of data gathering is limited.
2. It is not easy to collect data from a real "random sample". If you take only limited data for the M & E process, it is more likely that the counsellors will ask the people they get along with, or the most successful clients, so that the data will show deviations.

Furthermore, it is important that every set of data is truly complete. Incomplete data sets lead to an imperfect view of reality, and thus to incorrect conclusions being made. Be careful to retrieve all the important questions from a client. Make sure that questionnaires are completed in full.

When should data be collected?

Data collection should generally happen at the start of the counselling process, and after one year of counselling. If the counselling process finishes earlier, data collection can happen at the end of the process. If the process takes two years, you might take another set of data.

Data analysis

Once the data have been gathered, these must be entered on an Excel sheet and analysed. The BMW & GTZ Financial Wellness Programme has established a software programme in cooperation with the University of Pretoria that facilitates this process.

For every client and every question you need at least two data sets to make an assessment: One pre- and one post-test figure. If you only have the pre-test figures for a client, these cannot be included in the analysis. This may be the case if the client has dropped out of the programme by not showing up anymore, thus giving you no opportunity to do post-tests. Be sure to include only data from clients who have taken the pre- as well as the post-test.

Displaying results

Excel and/or PowerPoint provide useful ways to display the programme's results by creating diagrams. Figure 1 below shows that after one year of counselling, the average total debt has decreased by more than 15 per cent.

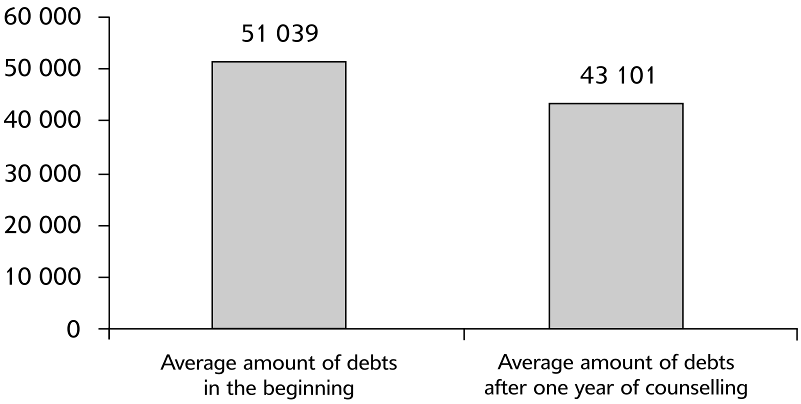

Figure 1: Decrease in average total debt

Interpreting data

How can the results of the data analysis be interpreted? The first question you have to ask yourself is: Did the client's situation improve? The situation has improved if the amount of debt or the number of creditors has decreased. Even if, for some clients, these numbers have increased, the average should indicate an improvement. If this is not the case, the financial wellness programme is not working effectively and may need to be redesigned.

Figures that indicate success if they *increase*, include quality of life and the income:expenditure ratio.

Figures that indicate success if they increase, include quality of life and the income: expenditure ratio

But even if the figures are improving, how do we know whether we are doing well, or exceptionally well?

In the first year of data collection, you will have no reference values against which to compare your results. From the second year on, you can use the data of the first year's clients as reference figures. Furthermore, you can compare follow-up samples to a sample that includes all previous programme participants.

If you enter into an agreement with other financial wellness programmes to use the same monitoring and evaluation tools, you can even use another programme's results as a benchmark against which to compare your own.

You can even use benchmark figures from international studies. In a study in Cologne, Germany, with 239 participants, a decrease of the amount of debt of 15.55 per cent was achieved within one year of counselling. The decrease in number of creditors was even higher: it amounted to 21.16 per cent. This is because counsellors always try to get rid of those creditors with small amounts of debt, first. Because every single creditor is a burden to the debtor, this leads to a higher-than-average relief for the debtor.

Additional successes

For an overall assessment of the programme, ensure that you use measurable success indicators

Depending of the individual goal of the client, there could be more success indicators in any individual case. You can add up the amount of savings the client has set aside so far, or determine whether or not he has a savings plan. You can also measure the monthly sum he will receive at retirement, given that this amount is calculated regularly. However, these figures may be something that the counsellor and his client monitor frequently, during their meetings. In order to use them for the overall assessment of the programme, the figures must meet the following requirements:

1. They have to mirror the general goals of the programme;
2. They must be important for all clients;
3. They have to be collectable. Some figures may be a topic the client would prefer not to talk about, e.g. his savings, or figures that are not available, e.g. the amount he will receive as a pension.

For an overall assessment of the programme, ensure that you use measurable success indicators. For instance, if you want to measure a client's satisfaction with the counselling process, you have to reduce his statement to a figure (Example 4).

Example 4:	Not at all	A little	Somehow	Very	Completely
	1	2	3	4	5
I am satisfied with the financial wellness programme					

By collecting statements from every client and calculating the average, you have a number you can refer to, e.g. the average satisfaction rate of our first year's clients was 3.8 out of five.

However, if you ask clients: "How did you like the financial wellness programme?" you might get a wide range of answers, such as: "It was useful", "I wish I had come earlier", "Gorgeous", "I am glad my financial situation has improved" or: "Not bad, but I would have loved to learn more about dealing with creditors". You cannot reduce these answers to a single figure. They are valuable, though, because you get good hints about areas of possible improvement, but these statements only supplement your evaluation.

Conclusion

When setting up a monitoring and evaluation system, keep the following in mind:

1. **Establish the M & E system from the beginning**
   Monitoring and evaluation is a vital part of the programme, not an appendix.
2. **Measure hard as well as soft factors**
   In financial wellness, both kinds of factors are important. Do not reduce your measuring to the easily measurable, thus omitting the soft factors.
3. **Give counsellors thorough training in the use of questionnaires**
   At the start counsellors might feel obliged to do a lot of additional paperwork. They will soon learn that monitoring the success of their efforts helps them in their daily work, in addition to contributing to the reputation of the programme.
4. **Ensure that the relevant data are completed for every client**
   Only complete data sets lead to meaningful conclusions.
5. **Leave the data analysis to a trained statistics specialist**
   Although it is not extremely complicated, non-specialists might make mistakes with data entry and analysis. Ask a specialist to provide you with a PowerPoint version of the results, or use the software programme developed for the GTZ–BMW FWP.
6. **Do not hesitate to use your results to justify your programme**
   Financial wellness is important to everyone, but these issues are generally viewed as private. If there are other stakeholders and donors, they need to know how well the programme is doing, because they pay for it and want to see results. Give them a regular overview of the programme's results and make sure that the programme is sustainable.

The role of financial and psycho-social counselling in an integrated financial wellness programme: A practical insight

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Introduction

Over-indebtedness is a common cause of physical and emotional ills, which lead to a strained personal and family life, while also affecting productivity. The problem of over-indebtedness in South-Africa has taken on such serious proportions that it needs to be addressed on three levels: Personal, organisational and governmental. In June 2007 the National Credit Act of 2005 replaced the Usury Act of 1968 and the Credit Agreements Act of 1980, to become the umbrella legislation that controls credit in South Africa. Although the impact of the Act remains to be seen, it brings with it immediate and significant changes that could help tremendously in our fight against over-indebtedness.

Financial wellness is a relatively new concept for South Africans. Research has shown that very few employers focus on financial matters when dealing with employee wellness.

In 2005, BMW South Africa took the initiative to address indebtedness amongst workers in the automotive industry, and approached the German Development Cooperation (GTZ) to become involved. GTZ agreed that there was greater benefit in developing a comprehensive Financial Wellness Programme (FWP) for the corporate sector and undertook, amongst others, to finance the development of a system to measure and evaluate the FWP.

In light of the above, a public tender was published in 2006 for a service provider to become involved in the development and implementation of an FWP for BMW South Africa. PROCARE (a national association of social workers and related professionals) was selected as the most suitable service provider due to its psycho-social expertise, and its practical experience in offering employee wellness counselling and presenting financial life skills training in South African companies for over 13 years.

This article provides practical insight into the role of financial and psycho-social counselling in an integrated FWP. Some of the results that were achieved at BMW SA over the past two years, are also indicated.

How the current debt climate and economic stressors impact on individuals, families and the workplace

People's quality of life is affected by economic stress or the lack of available economic resources. Threats to income, such as job loss, divorce, retirement, etc., can contribute to economic stress because of the changes in individual or family status, wrought by such issues.

The current debt climate and economic stressors impact negatively not only on individuals and families, but also on the working environment.

Impact on the individual

Economic stress can have a negative psychological and social impact on individuals. There seems to be a correlation between economic stress and increased levels of anger, depression, anxiety, somatic complaints and poorer health. Social costs due to economic stress can include diminished relationship quality through strain, disruption, and changes in social networks, activities and support. The manner in which individuals define their situation is important, as is the availability of resources and support structures.

Impact on families

Marriage

The quality of relationships can decline due to increased financial disputes and discord, increased hostility, decreased emotional support and warmth, increased low self-esteem, growing competitiveness between spouses, etc. However, communication and problem-solving skills can reduce conflict. Satisfying relationship and effective money management strategies (goal-setting practices, strict record-keeping etc.) can improve people's ability to deal with economic stress.

Parents and children

The quality of parenting may decline as parents become less involved, less nurturing, and less consistent in exercising discipline. Parents seeking additional income can result in children taking on more responsibilities at home, and those children may feel isolated from their parents. This may not only inculcate a sense of responsibility in them, but also a pessimistic attitude as regards their future career opportunities. Children often worry about what will happen to them, as they fear having no place to stay or no food to eat, they worry that their parents will divorce or become violent, that they will lose peer status, etc. Financial problems are perceived as personal failures in a society that places a high premium on success and possessions.

Impact on the workplace

The following effects are observed in the workplace severe stress; lack of concentration, decreased productivity; poor decision making; absenteeism; low morale and motivation; emotional outbursts, interpersonal conflict; constant lending; andeckless spending.

The goal and purpose of counselling as part of an integrated FWP

The goal of financial and psycho-social counselling is to assist employees with debt-related problems, and to counsel them towards achieving sustainable economic and psycho-social stability.

The purpose of such counselling can be described as follows (these aspects can also be seen as indicators of a successful intervention):

- Increase financial knowledge and contribute towards a positive change in financial attitudes;
- Change financial and contributing psycho-social behaviour;
- Improve income:expenditure ratio;
- Decrease debts, creditors and judgements;
- Improve quality of life and physical well-being;
- Facilitate living within the constraints of current income;
- Encourage self-empowerment and financial “ownership” which can promote emotional well-being, satisfaction, conviction to handle debt, self-confidence and stamina;
- Improve the employee’s support system, creating an atmosphere of well-being in the family; and
- Assist employee in achieving goals.

The target group

The target group of our intervention comprised employees at all levels of the company, who were either over-indebted or under undue financial pressure – something which impacted on their productivity and general psycho-social functioning.

The counsellors

Social workers were considered the ideal candidates to provide counselling in the FWP due to their knowledge and practical skills not only as counsellors in the psycho-social field, but also as networkers in the community. In the case of the BMW SA FWP, the social workers were trained in basic debt counselling and related legal and financial issues.

Phases in the counselling process

The following steps, which were followed in the counselling process, can be utilised as guidelines for counselling:

Phase 1

Goals: Obtain an overview of the financial and psycho-social situation of the client; conduct crisis intervention if necessary, e.g. rescission of judgments; discuss goals and action steps

1.1 Establish a working relationship with the employee.

1.2 Listen to his/her story and deal with emotions/feelings.

1.3 Ask relevant questions in order to obtain a complete understanding of the facts and to ensure that the feedback is clear and chronological.

1.4 Clarify the employee's expectations of counselling and motivation towards finding a solution. *Assess whether this is realistic. Formulate action steps to be taken by the employee and/or counsellor.*

1.5 Gather information regarding the employee. *Collect biographical information, e.g. income, dwelling, dependents, who contributes to the household?*

1.6 Gather financial information:

(1) Examine income and expenditure situation.

(2) Get names and number of creditors, outstanding balances and arrears balances.

(3) Assess over-indebtedness.

(4) Explore the main financial problems and their causes, and ask the employee how he/she perceives the situation.

(5) Assess the employee's financial behaviour, e.g. borrowing money to pay other loans, skipping payments on some accounts in order to pay others, having numerous judgements against them.

(6) Assess whether the employee has a credit report and if not, help to apply for one. This is a good indicator of the employee's financial habits. Explore listed judgements and defaults, and clarify – with the employee and creditor – current balances, as well as the employee's financial behaviour regarding them.

(7) Explore whether any garnishee orders (emoluments attachment orders) are deducted (i.e. appear on employee's payslip).

(8) Explore whether the consumer's debt is administered by a debt collector.

(9) Explore number of loans – especially possible micro loans (high capital on interest).

(10) Explore the number of insurance policies and affordability.

(11) Assess the possibility of reckless lending.

1.7 Explore the employee's financial goals: *What financial position does he/she aim for? How and when does he/she want to achieve this? Who does he/she go to for financial advice?*

1.8 Explore the employee's financial attitude towards *saving, retirement plan, delayed gratification, teaching children financial principles, coping with monthly or weekly income, debt or cash, what happens when he/she needs money urgently (quick-fix mentality).*

1.9 Assess the employee's financial knowledge regarding *assets, liabilities, budgeting, good and bad debt, fixed expenses etc.*

1.10 Assess the employee's well-being, quality of life and support systems: *Meaning of life, depressed feelings, relaxation time and activities, physical wellness, where to turn when in need.*

1.11 Assess general financial wellness: *How often is he/she under high stress due to finances; or worry about not meeting obligations? How does he/she deal with this?*

1.12 Establish whether there is money for emergencies: *Is money available for emergencies? How often is money spent on personal enjoyment and luxury items even when he/she is unable to afford it? Is he/she living from payday to payday?*

1.13 What is the employee's locus of control? *Internal locus of control: The employee takes ownership/responsibility for his financial position; External locus of control: The employee blames others for his financial position. There is a belief that luck (external factors) plays the most important role in life and that personal efforts cannot really make a difference.*

1.14 Obtain a deeper understanding of the employee's situation: *Listen and interpret facts, feelings, needs, intentions. Give direction. Remember that the effect of indebtedness is felt both on a financial and psycho-social level.*

1.15 Ensure that the employee's daily expenses are covered: *What is the minimum amount the employee needs for his daily expenses? What maintenance and social grants can be claimed?*

1.16 Who can support the debt relief process? To whom can the employee be referred?

1.17 Agree on further proceedings and plan for steps to be taken: *Remember the employee's priorities and further action steps depend on his/her abilities and readiness for change.*

Phase 2

Goals: Emotional & financial stabilisation of the employee; assessing appropriate action and giving advice

2.1 Reduction of expenses: *Exemption from or reduction in school fees; cut general costs of living (e.g. DStv).*

2.2 Develop a budget plan.

2.3 Develop a debt relief strategy *e.g. formal debt review as a lifeline; personal debt payment plan*

2.4 If the employee battles to pay his/her home loan: *Advise him or her to negotiate with the bank to restructure that debt by, e.g. extending the loan period.*

2.5 Pay off debt – plan: *Assist the employee in executing the plan, and monitor regularly. Decide on steps needed with each creditor to pay off the debt: It may require negotiation with a creditor. Ask creditor whether they have a solution. The counsellor can become the creditor's most important and reliable partner in getting his money. Keep in mind the creditor may have legitimate expectations. Possible options to consider: Payment by installment, exemptions, moratorium/delay of payment, deductions, extension of payment period, defence against unlawful claims, e.g. prescription.*

2.6 Assist the employee in the rescinding of a judgement if a debt has been settled.

2.7 Address the individual psycho-social needs of the employee:

(1) Improve the employee's financial behavior.

(2) Involve the family in the counselling process.

(3) Teach necessary financial knowledge, e.g. interest charges, financial management principles.

(4) Discuss attitudes which promote helpful and evaluative behaviour.

(5) *Empower the employee to act as a responsible owner of his financial situation. Encourage and communicate trust.*

(6) *Enable the employee to look at his financial situation with a long-term perspective.*

(7) *Encourage the employee to develop a long-term financial wellness plan, e.g. retirement plan, plan for possible disability or death, savings and investments. Refer to a broker in this regard.*

The evaluation process

In the case of the BMW SA FWP, the counselling process and progress status were monitored through the use of questionnaires, interviews and the obtaining of credit reports and other financial information.

Over the past two years, 199 employees at BMW SA took part in the FWP. PROCARE helped them achieve a total debt reduction of 57%, a 32% reduction in judgements, and a 50% reduction in creditors.

An average of five to six sessions (usually 60–90 min per session) was spent per employee, but this varied depending on the nature of the situation. The process was time-consuming, in that it also required much time to be spent telephoning and engaging with creditors.

In 155 of the 199 cases (78%), we managed to either resolve the problem/enquiry of the employee after a short intervention (one to two sessions), or we entered into counselling and successfully addressed the employee's financial situation through mediation, budgeting, practical assistance, planning and/or a debt-reduction strategy. 14 of the 199 cases (7%) left the company before the intervention process could be completed. 30 of the 199 cases (15%) dropped out of the programme without any progress being made, due to a variety of reasons, amongst which are employees repeatedly failing to attend appointments, or lacking the motivation to continue with counselling.

Because monitoring and evaluation through the use of questionnaires proved difficult, resistance developed on the part of both counsellors and employees. The questionnaires utilised during the first year were perceived as being too long and time-consuming. After being shortened during the second year, this process met with much less resistance.

Conclusion

The social workers involved in the BMW SA FWP demonstrated that not only financial counselling, but also psycho-social counselling forms part of an effective financial wellness programme. The importance of a holistic approach was highlighted throughout the counselling process. The success obtained was due to continuous and sustainable support, practical assistance, and a focus on behavioural change. The need for an on-site service in this regard, became evident.

Networking with resources in the community was an important task, although the lack of registered debt counsellors and affordable legal assistance still remains a challenge in addressing this issue effectively.

Sustainable financial behavioural change will be achieved if a financial wellness programme becomes part and parcel of a company's overall employee wellness strategy, where the focus is placed on general physical and psycho-social well-being. Care should be taken not to stigmatise the process by offering it as a service for "over-indebted" employees.

The programme should include some form of wealth creation, as well as prevention and awareness strategies.

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The emoluments attachment order and the employer

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Over-indebtedness can be defined as the inability of a consumer to meet his financial obligations in a timeous manner

Introduction

Personal credit extension in South Africa has more than quadrupled in the past five years, rising from R289.8 billion to R1.1 trillion in 2008![1] Of the 17.14 million credit-active consumers, 6.59 million (38.44%) had an impaired credit record at the end of March 2008.[2] The latest available statistics from Statistics South Africa show that in July 2008 alone, 112 942 summonses for debt were issued and 58 962 judgements were granted, compared to 109 259 summonses and 57 306 judgements in the preceding month.[3] These figures all point to over-indebtedness, which can be defined as the inability of a consumer to meet his financial obligations in a timeous manner.[4] Over-indebtedness often causes stress and depression – something which has serious implications for both the employee and the employer.

Absenteeism, stress-related illnesses, pilfering, theft, violence, family problems, reckless gambling, alcohol abuse, unfounded demands for pay increases, resignation from employment in order to obtain access to pensions, etc are some of the possible consequences of over-indebtedness.[5]

The debt-collection process and the employer

The debt-collection process can be described as those steps, judicial and extra-judicial, taken by the creditor for the collection of debt. The employer is often the last to know that these steps (letters of demand, telephone calls, SMSes, summonses, default judgements, attachment and the sale in execution of property, as well as appearances in debtor's courts, etc.) are being taken against his employees: It is often only upon the service, by a sheriff, of an emoluments attachment order (often erroneously referred to as a 'garnishee order') on the employer, that he becomes aware of the situation the employee finds himself in. The emoluments attachment order, which forms part of the debt collection process, is one of the methods used to extinguish debt.

This order usually follows a default judgement (i.e. a judgement granted by a court in the absence of the employee) based on either of the following: A consent to judgement signed by the employee in terms of section 57 or 58 of the Magistrate's Court Act 32 of 1944, or as a result of the employee's failure to defend the action instituted against him by way of a summons served on him.

The emoluments attachment order[6]

The word "emoluments" basically refers to a wage or salary. An emoluments attachment order grants the judgement creditor the opportunity to receive weekly or monthly installments from the judgement debtor, through a process of deductions made from the judgement debtor's wage or salary by the judgement debtor's employer (this is done before the judgement debtor receives such wage or salary). The debtor's employer, who is obligated by court order to make such deductions, in this instance is referred to as the 'garnishee-employer' (hence the confusion with the true garnishee order, which refers to the attachment of a debt owed to the employee by a third party). Deductions made by the garnishee-employer are paid directly to the creditor or his representative, e.g. attorney, until the original debt has been extinguished.

An emoluments attachment order grants the judgement creditor the opportunity to receive weekly or monthly installments from the judgement debtor, through a process of deductions made from the judgement debtor's wage or salary by the judgement debtor's employer

Anecdotal evidence and complaints abound regarding irregularities in the obtaining, serving and applying of emoluments attachment orders, and the concomitant exploitation of debtors. The authors led a research team of the Law Clinic of the University of Pretoria (commissioned by Business Enterprises at the University of Pretoria (BE@UP), in terms of an agreement with GTZ) to conduct investigative research into the incidence of garnishee orders in South Africa, focusing on undesirable processes, practices and possible remedies. In the process qualitative and quantitative research, which focused on the legal framework, practices and procedures, were undertaken. Case studies were recorded, and interviews with court officials, consumers and employers were conducted. A statistical analysis was done of the payroll particulars of more than 86 000 employees from different industries, and more than 500 employees whose salaries were subject to deductions by way of emoluments attachment orders. Towards the end of 2007, the Public Service Commission reported on the gravity of emoluments attachment orders within the public sector. These results and findings were incorporated into the report,[7] as far as they were applicable.

The majority of the findings contained in the report, as well as the recommendations pertaining to legislative reform, procedural irregularities, judicial oversight etc, fall outside the scope of this article. For the purposes of this article, we will restrict ourselves to some remarks concerning the statutory duties of the employer in the garnishee or emoluments attachment order procedures, and the practical implications for such employers. We will also suggest ways in which the employer can assist over-indebted employees, and draw attention to some of the irregularities we came across in our study, which employers should take cognisance of.

The statutory duties of the employer

The Magistrate's Court Act authorises the issuing of an emoluments attachment order from the court in the district where the employer of the judgement debtor resides, carries on business, or is employed. If the judgement debtor is employed by the state, then the order must be issued from the court in whose jurisdiction the judgement debtor is employed.

An emoluments attachment order shall attach the emoluments at present or in future owing or accruing to the judgement debtor by or from the employer. The latter is known as the 'garnishee'.

The garnishee-employer is obliged, in terms of the order, to pay the specific amount deducted from the debtor's emoluments to the judgement creditor by way of installments, until such time as the relevant debt and legal costs have been paid in full.

In addition to utilising the emoluments attachment order procedure to secure payment of a debt for which a judgement was obtained, this procedure may also be used to make payments to the administrator of an employee whose estate has been placed under administration.[8] Likewise, the Maintenance Act[9] also provides for the use of an emoluments attachment order for payment in terms of maintenance orders granted against the employee.

The legal relationship created by garnishee procedure and by the emoluments attachment order is not that of debtor and creditor – in other words, the judgement creditor does not become a creditor of the garnishee employer.[10] There is no transfer or cession of the debt to the creditor.[11] Payments made by the employer serve as a partial discharge of the employer's obligations towards his employee, the judgement debtor.[12] Failure on the part of the garnishee-employer to make payment to the judgement creditor constitutes a breach of his obligations to his employee, who may sue him for breach of contract.[13] It is submitted that the employee may also have a delictual claim based on negligence of the non-paying employer against such an employer.

Furthermore, the judgement creditor, having obtained the emoluments attachment order directing the employer to pay over the specified amount to be deducted, may have a warrant of execution issued by the court against the employer who fails to give effect to the emoluments attachment order, thereby attaching the movable property of the employer.

If the garnishee pays the judgement creditor on a monthly basis, the first deduction and payment must be made at the end of the month following the month in which the emoluments attachment order was served on him. If the garnishee pays the judgement creditor on a weekly basis, the first deduction must be made at the end of the second week of the month in which the emoluments attachment order was served. Payments to creditors, however, must still be made at the end of each month.

Statutory offences

The Magistrate's Court Act 'creates' criminal offences of which employers should be aware.[14] Any employer who, by reason of an emoluments attachment order having been served on him, dismisses or otherwise terminates the services of such a judgement debtor, shall be guilty of an offence; except if such a judgement debtor occupies a position of trust, in which he handles or has at his disposal moneys, securities or other articles of value. Such an employer shall, upon conviction, be liable to a fine not exceeding R300 or imprisonment for a period not exceeding three months.

An employer could, upon conviction, face similar fines or imprisonment if he, having been requested by an employee to furnish a written statement containing full particulars of such employee's emoluments, fails or neglects to do so within a reasonable time, or wilfully or negligently furnishes incorrect relevant particulars.

The statutory offences created by these legislative provisions are aimed at 1) preventing an employee from being dismissed as a result of an emoluments attachment order being served on the employer (save in specific circumstances) and 2) compelling an employer to furnish complete and correct particulars of emoluments at the request of the affected employee.

Practical implications for employers processing emoluments attachment orders

The processing and administration of emoluments attachment orders place a huge burden on the employer. In the course of our research, the following were mentioned as tasks associated with the processing of emoluments attachment orders:

- Attending to and perusing orders;
- Notifying employees of garnishee orders;
- Spending time in discussion with employees;

The garnishee may recover from the judgement creditor a commission of up to 5% of all amounts collected on his behalf from the amount payable to him

- Writing or printing of cheques;
- Faxing through proof of payment to creditors or their attorneys;
- Attending on banks to deposit payment;
- Creating payment schedules for attorneys;
- Faxing or posting schedules and posting cheques to attorneys or collectors;
- Maintaining outstanding balances on garnishee orders;
- Keeping records of payment history;
- Reconciling between wage and finance departments;
- Reconciling discrepancies between attorneys and employer records;
- (In many cases) negotiating with creditors or their attorneys;
- (In some instances) recalculating balances and challenging the correctness thereof;
- Reinstating garnishee orders after payments were stopped;
- (In certain instances) instructing legal departments or attorneys to negotiate or apply to the court for relief for employees;
- Training staff members to execute all of the above.

It is precisely for these reasons that larger companies often choose to outsource this function to payroll and emoluments attachment order administrators.

The statutory rights of the employer

The right to a 5% deduction in fees

In collection matters, the collecting attorney is entitled to a 10% collection commission, capped at an amount of R300.00 of each installment collected. In terms of section 65(J)(10) of the Magistrate's Court Act the employer (garnishee) may recover from the judgement creditor a commission of up to 5% of all amounts collected on his behalf from the amount payable to him. In practice, however, a situation regularly occurs where the employer deducts his 5% over and above the 10% commission collected by the attorney. This implies that commission of 15% is deducted, instead of 10%. In the case of larger companies which have outsourced the administration of garnishee orders, the arrangement with the garnishee administrator is that it receives the 5% administration fee provided for in the Act. However, companies clearly felt that it was not worth their while to administer garnishee orders against the 5% commission.

It needs to be mentioned that the garnishee-employer is not entitled to the 5% collection commission in the case of maintenance orders being enforced through emoluments attachment orders.

The right to a free statement of account

Section 65J only provides for the furnishing of a statement at the request of the employer and does not compel creditors and /or their attorneys to render statements on a regular basis. Employers should request creditors or their agents to furnish these statements of account on a regular basis, and reconcile these with their own records. Irregularities (mostly with regard to additional costs or the incorrect calculation of interest) should be taken up with the creditors or their attorneys. In fact, in most of the case studies undertaken, creditors had overcharged debtors and frequently had to reimburse them. Employers who do not have the capacity to do this may benefit from appointing a reliable agency, which deals with similar matters, to investigate these emoluments attachment orders.

The right to have the emoluments attachment order rescinded or amended

Any emoluments attachment order may, at any time, on good cause shown, be suspended, amended or rescinded by the court which granted it. When suspending any such order, the court may impose such conditions as it deems just and reasonable. The employer, employee or any interested party may dispute the existence or validity of the order or the correctness of the amount claimed.

An emoluments attachment order may be rescinded or amended if the judgement debtor can prove that the portion of his wages left after the installment has been deducted, is insufficient for the purposes of providing for himself and his dependents. This may result in the order being set aside, or the installment amounts being lowered – this will have to be done by way of a court application.

While the emoluments attachment of a state employee's salary is capped at 40%, no such cap exists for debtors employed in the private sector.[15] The onus is on the employee to apply to the court to have the order amended. In this he should be supported by the employer.

An emoluments attachment order may be rescinded or amended if the judgement debtor can prove that the portion of his wages left after the installment has been deducted, is insufficient for the purposes of providing for himself and his dependents

Detecting irregularities: Some guidelines for employers

The issuing of emoluments attachment orders

Every document purporting to be an order should be scrutinised very carefully. We came across some of these "orders" that at first glance looked like court orders, but were in fact never issued by a competent court. Each page of the original court order, of which a copy is handed over to the employer by the sheriff, should have the court's stamp/endorsement and bear a case number.

However, even that may not be sufficient proof of the authenticity of the document. In one of the case studies which we reported on, and which attracted wide publicity, a firm of debt collectors had caused more than 800 emoluments attachment orders to be served on unsuspecting employers – without ever having obtained judgements.[16] Fictitious case numbers and a forged court stamp were used on forms "signed" by non-existent clerks of the court.

Jurisdiction

Although section 65J(1)(a) of the Magistrate's Court Act clearly states that the emoluments attachment order must be issued from the court in whose jurisdiction the employer of the judgement debtor resides, carries on business or is employed, this is often not applied. It is clear that this provision was inserted for the benefit and convenience of the employer and / or employee who wishes to apply to the court for the amendment, suspension or rescission of such an order.

This provision is circumvented by creditors obtaining consent from ignorant consumers with the intention of having the case within the jurisdiction of specific other courts. In other instances, this provision is simply not enforced by clerks of the civil court. The research team found that a staggering 56.37% of clerks of the court interviewed either did not know the provisions of the Act, or gave the incorrect answer to a question concerning jurisdiction.

Issuing the emoluments attachment order from a court often situated far away from the employer / employee makes it extremely cumbersome and unlikely for the debtor or his employer to challenge the order.

In cases where the employee or employer wishes to challenge the validity of the order, the lack of jurisdiction of the court which issued the order should be brought to the attention of the attorneys instructed.

Service

The Act requires the emoluments attachment order to be served on the employer by the sheriff, in person. Alternatively, in cases where the judgement debtor has consented thereto, the service may be effected by the sheriff by way of registered mail. The emoluments attachment order is not served on the employee, but on the employer. Employers should not accept emolument attachment orders unless they are served by the sheriff of the court – either in person, or by registered mail. The employer would do well to have designated staff members assigned to accept the service of all legal documents.

Service is often effected at the head office of the employer, while the employee could be working at a branch office in a different province. The opposite scenario has also been known to occur: The order is served on the branch where the employee works, while the payroll is administered at a provincial or national office (or even outsourced). This creates delays in payment. Further legal costs are also incurred when a warrant of execution is served on the employer.

The most prevalent irregularity concerned the overcharging of consumers by creditors, or their collection agencies and attorneys

The duplication of orders on the same debt

We came across a number of cases where more than one judgement and /or more than one emoluments attachment order (for the same debt) was obtained under different case numbers. In some instances, judgements and emoluments attachment orders were obtained from different courts. Employers should carefully scrutinise every emoluments attachment order served on them, rather than just mechanically implementing any and all such orders.

Overcharging

The single-most disturbing aspect in the study undertaken, and the most prevalent irregularity concerned the overcharging of consumers by creditors, or their collection agencies and attorneys. In many instances emoluments attachment orders were obtained legally and the amounts claimed were in accordance with the judgement. However, going one step back, the consent to judgement preceding the attachment included claims for interest and costs that the judgement creditor was not entitled to. Consents to judgement were, in some instances, falsified or fraudulently obtained. Strictly speaking, this issue falls outside the scope of this article, but employers would do well to caution their employees – who are often financially and legally illiterate – not to sign blank forms, not to consent to judgement or, for that matter, to enter into credit agreements without first obtaining legal or financial advice.

Employers would do well to caution their employees not to sign blank forms, not to consent to judgement or, for that matter, to enter into credit agreements without first obtaining legal or financial advice

The employer should be able to calculate the correct interest and outstanding balances, and to reconcile these with the balances provided by the creditor or his attorney. Where employers lack this capacity, the function may be outsourced to companies specialising in the recalculation of accounts.

The way forward: The role of the employer

The following provides some steps that an employer, who is concerned about the financial wellness of his employees, can take. These are suggested in the hope of stimulating further discussion and action – both on the individual and collective levels.

Prevention is better than cure

Utilise employee wellness programs to assist employees – especially those who are over-indebted – both reactively and proactively. Financial literacy programmes, debt counselling and open channels of communication with employees could help prevent the exploitation of such staff.

Increase the capacity of payroll administrators

Increase employees' knowledge of emoluments attachment orders – especially amongst Payroll and HR managers and their personnel. Where this is not feasible, outsource the administration of emoluments attachment orders to agencies with a good track record. A word of caution in this regard: We have, unfortunately, also come across individuals and organisations which made impressive claims regarding giving assistance to individuals or companies, but which could not substantiate those claims.

Compile a database

Employers could compile a database on the incidence and characteristics of the emoluments attachment orders they administer. This could be a valuable tool when seeking to address the problem of over-indebted employees, and when planning training schedules.

Communicate with the employee concerned

This should go much further than merely informing the employee of the pending deduction (before the next payday on which said deduction commences). This is an opportune moment to discuss the employee's financial situation, and to offer assistance.

Form strategic alliances

It is suggested that employers form strategic alliances with reliable debt counsellors, financial advisors and attorneys.

Support further research into all aspects of employee wellness

Mere sympathy for or moral indignation about the plight of employees – valuable as that may be – is not enough to effect change which both employer and employee can benefit from. Solid, useful evidence is needed in order to win court cases or to effect legislative change.

Support strategic impact litigation

Rather than dealing with individual cases on an ad hoc basis, identify an appropriate case (or cases) that could set precedents, to pursue in court.

Lobby government for legislative change, where necessary

We believe we made a compelling case for legislative reform in the report on garnishee orders. Employers, through their chambers of commerce and other employer organisations, could lobby government and regulatory bodies to bring about legislative reform.

Conclusion

We firmly believe that, in light of the serious irregularities identified and the on-going injustices that prevail, employers and employees, employer organisations and trade unions as well as a host of other stakeholders should (and could) work together to address the problems faced by the over-indebted consumer. This is of particular importance in as far as the matter is exacerbated by abuses associated with emoluments attachment orders.

Notes

1 Gabriel Davel, CEO National Credit Regulator, as quoted in *Business Day* May, 2008.

2 *Credit Bureau Monitor*, March 2008, based on statutory required quarterly reports submitted by credit bureau to the National Credit Regulator.

3 Statistics South Africa: *Civil cases for debt – key indicators*. Publication P0041 released on 18 September 2008.

4 Section 79(1) of the National Credit Act 34 of 2005 defines over-indebtedness as: "A consumer is over-indebted if the preponderance of available information at the time a determination is made, indicates that the particular consumer is or will be unable to satisfy in a timely manner all the obligations under all the credit agreements to which the consumer is a party, having regard to that consumer's – (a) financial means, prospects and obligations; and (b) probable propensity to satisfy in a timely manner all the obligations under all the credit agreements to which the consumer is a party, as indicated by the consumer's history of debt repayment."

5 Swanepoel, Haupt & Coetzee: "Employee financial wellness as part of a corporate citizenship agenda." Unpublished paper presented at the

Employee Wellness Stakeholder Forum held at the University of Pretoria during 2007, commissioned by GTZ.

6 Section 65J Magistrate's Court Act 32 of 1944, as amended.

7 Coetzee, Haupt, et al *The incidence of and undesirable practices relating to garnishee orders*. This report (in press) was commissioned by GTZ.

8 Section 74D, Magistrate's Court Act 32 of 1944.

9 Act 99 of 1988.

10 Van Loggerenberg, Jones & Buckle: *The civil practice of the Magistrates' Courts in South Africa.* Juta Vol 1 [S.1] 281.

11 *African Distillers Ltd v Honniball* 1972 3 SA 135 (R) 136G.

12 *Paramount Furnishers v Lezar's Shoe Store and Outfitters* 1970 3 SA 361 (T) 364–365.

13 *Reichenberg v Röntgen* 1983 3 SA 745 (W) 748F–H.

14 Section 106A & B.

15 Regulation 23.3.6 in terms of the Public Finance Management Act 1 of 1999.

16 *The Council for Debt Collectors v Kochnel, Bantjes and Partners (Pty) Ltd* reported on in Coetzee, Haupt et al. *The incidence of and undesirable practices relating to garnishee orders* – a report commissioned and published by GTZ.

BMW SA: Effecting sustained behavioural change

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Executive summary

As an important player in the local automotive manufacturing industry, BMW SA was made aware (in 2001) of industry-wide research that revealed that debt was a significant challenge among a third to half of all workers in the automotive sector. An investigation into its own employee base revealed the need for an employee financial wellness programme that went beyond the education and awareness campaigns that the company had offered in the past.

Driven by the Occupational Health Services team, the BMW SA Financial Wellness Programme (FWP) is based on a behavioural sciences approach that takes into consideration the many psycho-social factors that interact with individual financial difficulties. Drawing on international success stories, particularly from the city of Cologne in Germany, the company has evidence to suggest that such a model is best aligned to tangible and sustainable behavioural changes when it comes to managing debt.

Entering into a Public–Private Partnership (PPP) with the German Technical Cooperation (GTZ), BMW SA engaged both internal and external stakeholders to determine the most appropriate way to structure the programme. Such engagement, coupled with rigorous monitoring and evaluation tools and specially trained debt counsellors, resulted in a programme that has enjoyed healthy uptake rates and delivered significant results in terms of reducing overall employee debt.

Underpinned by a strong knowledge-sharing ethos, the BMW SA FWP is well positioned to provide other companies and industries with a successful example of a working model for dealing with employee over-indebtedness.

Background

Biographical data: BMW SA (Pty) Ltd

- ***Sector:*** Manufacturing
- ***Industry:*** Automotive
- ***Number of employees:*** Approximately 2 800
- ***Leadership:*** Mr Bodo Donauer, Managing Director of BMW SA
- ***Turnover:*** Group revenues of €56 018 million in 2007, with 1 276 793 BMW brand vehicles sold in 2007

- ***Occupational Health and Protection Services GM:*** Dr Natalie Mayet
- ***Scope of financial wellness programme:*** Financial wellness counselling, debt administration, financial management education

BMW SA profile

Part of the global BMW Group, BMW SA first established a presence in South Africa in 1968 when the first BMW vehicles were manufactured at the Rosslyn plant outside Pretoria, in Gauteng. The BMW Group's first foreign location, the Rosslyn plant today employs around 2 800 people and manufactures up to 250 units of the BMW 3 Series a day. Around 75% of these vehicles are exported, with the remaining 25% being distributed to the South African market.

Employee wellness is a priority

In order to meet the BMW Group's goal to be "the leading provider of premium products and services for individual mobility," BMW SA strives to create a working environment that fosters excellence and promotes the highest level of attention to quality and standards.[1]

The organisation recognises the importance of holistic employee wellness in achieving this goal, and as such has mandated the Occupational Health Services (OHS) team to run a comprehensive wellness programme targeted at all employees. This programme, which exemplifies the 'BMW Cares' motto, includes an array of confidential services, ranging from physiotherapy and on-site exercise facilities, to voluntary HIV testing and counselling and the provision of antiretroviral medication. The majority of these services are provided free of charge, or are covered by the BMW SA Employees' Medical Aid Society.

In administering this programme, the company's approach is based on the public health model. Dr Natalie Mayet, Head of Occupational Health and Protection Services of BMW SA, explains, "This entails identifying, diagnosing and treating the underlying health issue, instead of merely treating the symptom with which the patient initially presents." In addition to providing health and wellness services, Occupational Health Services also place a strong emphasis on encouraging employees to take responsibility for their own health and wellness. Because confidentiality is a hallmark of all its interactions with employees, this has fostered a culture of trust which in turn has increased employee usage rates of the wellness services on offer.

The company's employee Financial Wellness Program (FWP), established in 2006, is the most recent addition to the Occupational Health Services' offering, and forms the focus of the case study that follows. The design and development of the programme was coordinated with the efforts of a multi-disciplinary Financial Wellness Team of BMW SA employees, that included union representation.

History

An industry-wide debt challenge is identified

In 2001, the National Union of Metal Workers of South Africa (NUMSA), which represents the interests of employees in the automotive sector, identified personal financial debt as a significant factor affecting many of its members.[2] In response to this challenge the Automobile Industry National Bargaining Forum commissioned Mongi Mali Solutions – an independent company that offers customised employee debt rehabilitation programmes in government departments, parastatal and private sector workplaces – to conduct research on the burden of debt among auto workers.

All plants surveyed had between 10 and 200 employees who took home negative pay balances

This research included a payroll audit and focus group discussions with management and union representatives at each of the seven automobile assembly plants in South Africa (including BMW SA, Volkswagen, Ford, Delta, DaimlerChrysler, Toyota and Nissan).[3]

The results of the survey revealed the extent of the debt problem among employees in the automotive industry. All plants surveyed had between 10 and 200 employees who took home negative pay balances.[4] A third to half of the industry workforce had debts of between 20% and 25% of their net pay, and at least 17% of industry net pay was absorbed by financial service providers and garnishee orders.[5]

"BMW SA responded to the findings of the report by implementing a financial wellness and literacy education campaign for all employees, detailing the basic principles of personal financial management," says Dr Mayet. However, feedback from participants, coupled with the organisation's deep concern over the extent of the problem, prompted BMW SA to start researching additional ways to remedy existing employee debt issues and prevent employees from incurring unmanageable debt in future.

Research

Recognising that education and awareness alone could not solve the employee over-indebtedness challenge, BMW SA sought to identify a programme model that would be effective in changing the behaviour of employees when it came to incurring debt.

As Dr Mayet explains, “What we were looking for was a model based on a behavioural sciences approach that would take into consideration the many psycho-social factors that interact with individual financial difficulties. We strongly believed that such a model would deliver the kinds of behavioural changes we were hoping to see.”

The stated objectives for the programme were as follows:

- Reduce individual debt among BMW employees
- Assist BMW employees in effective planning for retirement
- Create long-term wealth among BMW employees
- Develop a model that could be shared with the automotive and other industries to reduce the burden of employee over-indebtedness.

The Cologne Model was noted for its strong monitoring and evaluation tools, its demonstrated success and its holistic behavioural science approach

The Cologne Model is identified

Although the research conducted revealed a general lack of well-coordinated financial assistance programmes, one programme in particular was noted for its strong monitoring and evaluation tools, its demonstrated success and its holistic behavioural science approach.

Administered by the City of Cologne in Germany during 2001 to 2002, the Cologne Model aimed to reduce the personal debt and reliance on social welfare among clients of the Social Workers for Catholic Men organisation, better known by its German acronym, SKM.

According to a report compiled by Kuhlemann, Walbrühl & Partners (KWuP), in collaboration with SKM Cologne and the University of Mainz, Germany, after one year of consultation with debt counsellors, the average debt of the sample group had decreased by more than 15%, while the number of creditors had decreased by over 21%.[6]

In addition, the social welfare assistance required by the sample group had been reduced by nearly one third (31.61%), as 70% of people counselled managed to find secure employment, and the number of unemployed people decreased by 20%. The return on investment for the City of Cologne was considerable, amounting to a monthly saving of €12 062.43.

Over and above an improvement in their individual financial situation, programme participants also derived benefits from psycho-social aspects of the Cologne Model. They reported a significant improvement in their overall understanding of financial issues, insight into the reasons that led to their over-indebtedness, and increased confidence in their ability to manage their personal finances in future.

"The proven effectiveness of the Cologne Model in bringing about sustained behavioural change, together with its holistic behavioural science approach and robust monitoring and evaluation tools, made it an ideal model on which to base BMW SA's employee financial assistance programme," says Dr Mayet.

In 2005, BMW SA engaged Business Enterprises at the University of Pretoria to conduct research into other financial assistance programmes and to support the monitoring and evaluation of the programme. The company had an existing relationship with UP, having engaged with the School of Public Health in doing the initial research for the Knowledge, Attitude and Practice (KAP) survey of BMW SA's HIV/Aids programme.

Employees reported a significant improvement in their overall understanding of financial issues, insight into the reasons that led to their over-indebtedness, and increased confidence in their ability to manage their personal finances in future

A public–private partnership is established

As part of its intervention strategy BMW SA concluded a Public–Private Partnership (PPP) with German Technical Cooperation (GTZ). GTZ recognised the multiple benefits to be derived from the establishment of an FWP model and resourced, among other, the development of the monitoring and evaluation system for the FWP. It also assisted by setting up a suitable Knowledge Management (KM) system for documenting and sharing the overall process, lessons learned and tools developed in the BMW SA FWP. As part of the KM system, GTZ also commissioned and supervised a number of research studies on issues relevant to financial wellness.

GTZ also helped to set up the Financial Wellness Forum and its website, to provide a platform for information and knowledge-sharing amongst stakeholder groups, and to spur businesses to engage in collective action in support of personal financial wellness. To this effect, two seminars were organised in February 2007 and August 2007 respectively; the third and final seminar took place on November 14, 2008.

Engaging internal and external stakeholders

In addition to conducting research into successful financial assistance programmes, BMW SA held internal focus groups and established an external 'think tank' focus group during 2005, in order to determine the precise need for financial intervention.

Run in conjunction with BE at UP, the internal focus group discussions involved 50 associates from Human Resources, the

Change Management Forum, shop stewards, team leaders and union representatives. The external workshop was attended by delegates from the Financial Planning Institute, Wholesale and Retail SETA, Kaya FM, Alexander Forbes, the Micro-Finance Regulatory Council, the South African Savings Institute, BE and Financial Task Team members from BMW SA.

Focus group findings[7]

Causes and results of financial difficulty

"Overall, everyone shared the same sentiment about debt – that it's a huge problem both locally and globally and that tackling it requires a multi-pronged, multi-disciplinary approach," reports Dr Mayet of the focus group finding.

Participants in the focus groups and 'think tank' session agreed on a list of common causes of financial problems. These can be summarised as follows:

- Lack of self-discipline, knowledge and education regarding financial matters;
- An inability to negotiate around financial issues;
- Difficulty in resolving conflict when balancing need and demand on the part of family members;
- Lack of long-term planning and monthly budgets;
- Family-related issues, including single-parenting and caring for the needs of the extended family;
- Personal needs of the "I want it now" culture with regard to material possessions;
- Budgeting according to what can be borrowed instead of what is earned; and
- The ease with which credit can be obtained from formal institutions, micro-lenders and *mashonisas* (informal sector loan sharks).

The groups also identified the common coping mechanisms employed by different people experiencing financial difficulties, which include applying for additional credit and using debt to service debt, as well as addictive and destructive behaviours such as substance abuse, violence and gambling. In addition, many people develop health-related problems which in turn result in high levels of absenteeism.

Common coping mechanisms employed by different people experiencing financial difficulties include applying for additional credit and using debt to service debt, as well as addictive and destructive behaviours such as substance abuse, violence and gambling

The HIV/Aids programme helped us establish an excellent relationship of trust with employees, guaranteeing confidentiality and a sensitive approach

Suggestions

"People felt that the initial financial education campaign that we ran was effective in raising awareness of financial indebtedness and providing basic tools for financial management," says Dr Mayet, "but this was not adequate to effect behavioural change for most participants. Participants highlighted the need for an ongoing, sustainable programme that would involve practical techniques and strategies to address employees' individual financial difficulties."

Participants noted the success that the BMW SA Occupational Health Services team had achieved with the implementation and roll-out of the company's HIV/Aids programme, through which some 96% of employees had participated in voluntary testing and counselling.[8]

"I believe that the HIV/Aids programme played a pivotal role in establishing a foundation on which to build the FWP. It helped us to establish an excellent relationship of trust with employees, who knew from experience that they would be guaranteed confidentiality and a sensitive approach when they came to us with difficult personal problems," notes Dr Mayet.

For these reasons, it was suggested that the same team take responsibility for the FWP, and draw on the assistance of external experts – including financial planners, lawyers, psychologists and social workers. The focus groups agreed that the programme should also empower individuals to take control of their financial problems and impart skills that would enable them to plan more effectively in future.

In particular they supported the need for

- confidentiality;
- an individualised approach that provided customised advice to employees;
- involving family members in the programme (if necessary, and with the agreement of the employee);
- an integrated approach that considered all contributing factors; and
- the adoption of a lifestyle / behavioural approach rather than one that focuses exclusively on finance.

Service providers

Finding a suitable service provider

Recognising that its own Occupational Health Services team did not have the requisite expertise to offer debt counselling to employees, BMW SA issued a public tender to identify a suitable service provider. The tender required a 'service provider with a behavioural science background (either social worker or psychologist), with sound financial skills, and with a strong referral network to legal services, psychologists and / or financial advisors.'[9]

"This presented us with a significant challenge," relates Dr Mayet, explaining that those contractors with financial planning and debt management skills did not posses the behavioural science approach needed for counselling, while social workers who were trained in counselling lacked the specific financial knowledge needed to assist employees with financial wellness counselling. "Whilst there were a number of suitable financial experts, it was decided in the end that it was more practical and easier to train behavioural scientists in financial knowledge than to train financial professionals in behavioural science and counselling skills," she adds.

Therefore, in May 2006, PROCARE Psycho-Social Services was awarded the contract to provide counselling services. The organisation's established track record in administering corporate employee assistance programmes and life skills training, as well as its diverse team of psycho-social specialists, were strong contributing factors to its selection as service provider.

Legal knowledge is a critical component of any debt counselling programme, as counsellors need to be able to determine the legality of garnishee orders, negotiate with debt collection agents, provide advice to employees on their legal rights and, where necessary, refer them to appropriate legal experts

Service provider training

Although PROCARE's social workers were equipped with basic financial counselling skills, they required more comprehensive training. BMW SA approached SKM Cologne to share their knowledge about the Cologne Model and practical counselling skills during a one-week social worker training course.

"Legal knowledge is a critical component of any debt counselling programme, as counsellors need to be able to determine the legality of garnishee orders, negotiate with debt collection agents, provide advice to employees on their legal rights and, where necessary, refer them to appropriate legal experts," says Dr Mayet.

Bearing this in mind, BMW SA engaged the University of Pretoria Law Clinic to provide training on the legal aspects of debt counselling and also on the South African laws governing general financial matters. Particular attention was paid to the provisions of the new National Credit Act. Counsellors also received UP Law Clinic's comprehensive *Debt Counsellors* booklet, which outlines the pre-consultation, consultation and post-consultation procedures.[10] In addition, training covered the following:

- The historical background of BMW SA;
- The HR processes in place;

- The structure of benefits, e.g. fleet, medical, provident;
- Legal aspects;
- Financial aspects;
- Monitoring and evaluation; and
- Case-studies, role-plays and practice.

Outcomes of the debt counselling training programme

Debt counsellors should

- understand the debt recovery process;
- be familiar with all pre-consultation, consultation and post-consultation procedures;
- consider all relevant factors when assessing debtors' liability;
- know how to negotiate debt relief with the various credit bureaux and legal structures;
- identify and recognise relevant forms and precedents;
- be fully conversant with the National Credit Act of 2006;
- know when to advise and when to refer.

Monitoring and evaluation (M & E)

Formulating tools

BMW SA, working in collaboration with BE at UP and KWuP Organizational Development Consultants (from Germany), formulated the monitoring and evaluation tools shown in Figure 1, the measurement results of which would act as key success indicators for the FWP. The monitoring and evaluation system is administered by PROCARE and BE at UP.

Collecting baseline data

Before the roll-out of the FWP, BMW SA collected baseline data to establish trends. All participants were asked to complete a set of M & E questionnaires, which were issued as part of the initial engagement with the financial wellness counsellor. The questionnaires were aimed at determining the baseline indicator data, as listed above in *Formulating tools*.

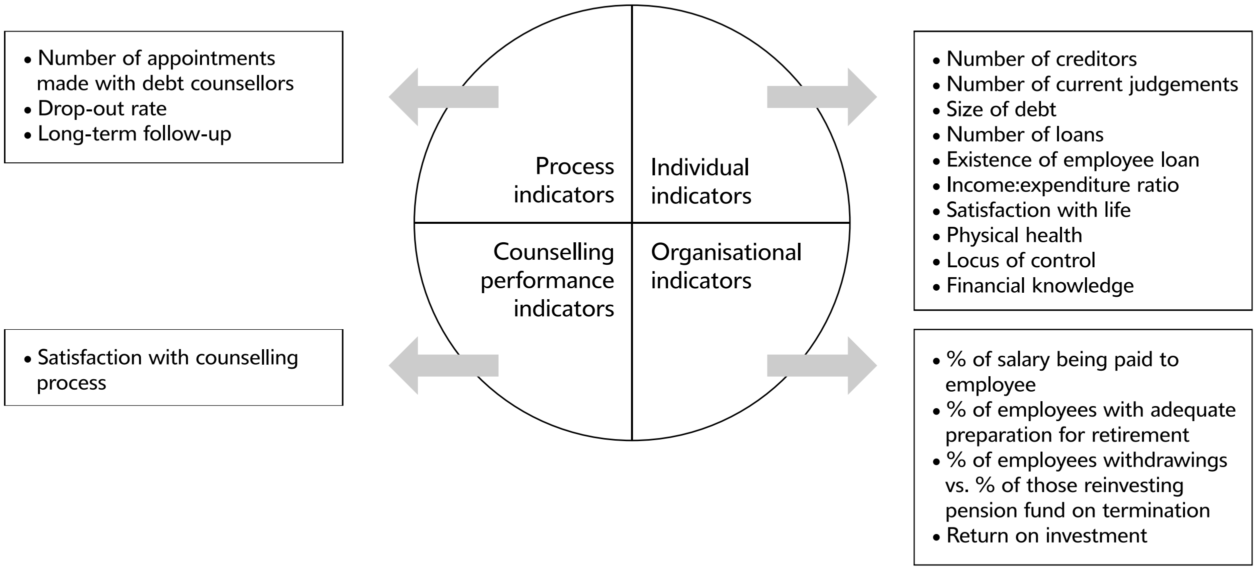

Figure 1: Success indicators of the BMW SA FWP

Raising awareness

Creating awareness of risky financial behaviour is an important part – and in many respects the first step – to establishing financial wellness among employees.[11] In order to achieve this goal and raise awareness of the existence of the FWP (and thereby increase its utilisation among employees), BMW SA has initiated an ongoing awareness campaign. Key awareness activities include:

A questionnaire

BMW SA developed a self-questionnaire 'pop quiz' to help employees determine their financial wellness profile. Distributed via the company's in-house publications and through team leaders on the shop floor, the questionnaire comprised 16 multiple choice questions grouped into three categories, which sought to establish

- dangerous financial behaviour;
- money management; and
- investment and financial planning behaviour.

Each multiple choice answer type (a, b or c) was weighted with 0, 3 and 5 points respectively. Respondents were thus able to add up their scores and determine their financial wellness in each of the three categories.

In addition, simplified information material on garnishee orders was developed and distributed via the various in-house publications.

Free Credit Report Days

BMW SA organised Free Credit Report Days in collaboration with ITC TransUnion, an external company which tracks individual consumer credit. This allowed employees to review their true debt status and credit history.

Between April 2007 and July 2008, four such events were held at the BMW SA plant in Rosslyn, and two at the head office in Midrand, comprising a total of nine days. Overall, 1 135 employees (approximately 45% of the workforce) participated in these events and received their credit status free of charge. "This intervention was well received and is seen as an effective prevention tool in identifying the current risks to employees accumulating debt," says Dr Mayet.

Industrial theatre

Run by Viva Hecate Productions (henceforth known as Hecate) and with an offering entitled Money Matters, this industrial theatre sought to educate and entertain; create excitement about the prospect of achieving financial wellness; raise self-awareness about the principles of financial wellness; and focus on the behavioural change necessary to avoid or change financial ill-health.[12] The script was designed by Hecate and informed by the already-identified financial problems facing employees.

The key message, targeted at the audience of both blue- and white-collar workers, was 'My money, my choice'. Topic areas included

- the culture of immediate gratification regarding material goods;
- the need to save;
- where to seek help when in financial trouble;
- how to prevent getting into financial difficulties;
- how to cope with supporting an extended family;
- the effects of HIV/Aids on families and their financial well-being;
- the effects of personal habits on debt (and vice versa);
- the confidentiality of the FWP;
- the emotional effects of being in debt and the relief to be gained from clearing debt.

BMW SA helped compile the script. "We wanted to ensure the inclusion of real-life examples of debt problems experienced by employees who were utilising the services of a debt counsellor as part of the FWP," says Dr Mayet. The 35-minute theatre piece portrayed two main characters in a range of recognisable contexts and situations. One industrial theatre session was run at each of the Midrand and Rosslyn locations, and was delivered to a combined audience of 575 employees (around 23% of the total workforce).

Programme components, uptake and referral

Counsellors

The BMW SA FWP was officially launched in mid-June 2006 with three on-site counsellors. One is dedicated to the BMW SA plant in Rosslyn, another to the head office in Midrand, while a third works on a rotation basis between these two locations. Counsellors spend an average 110 hours per month with clients in sessions lasting half-an-hour to one-and-a-half hours, depending on the needs of the individual and the complexity of each case.

Uptake and usage

Between July 2006 and August 2008, 202 employees participated in the financial counselling process, with the number of participants increasing steadily month on month (Figure 2). Of the total group, 63 participants were used as a baseline sample, and their progress was tracked over 2006 and 2007. An additional 30 participants were added to this sample group for tracking in 2007 and 2008.

Referral update

Sources of referral to the FWP varied, but 58% of participants were self-referred – a figure that speaks to the success of the various awareness activities taking place to promote the programme. After self-referral, the Occupational Health Services team accounted for the next biggest group, namely 19% of referrals (Figure 3).

"Our approach to the treatment of on-site walk-in patients is to uncover the reasons behind the symptoms they present with, instead of simply treating the presenting symptom. In many cases what we have found is that stress lies at the heart of such symptoms as high blood pressure, recurring headaches, stomach complaints and muscular tension," says Dr Mayet. By engaging employees in confidential discussions about the factors which possibly contribute to their stress levels, the OHS

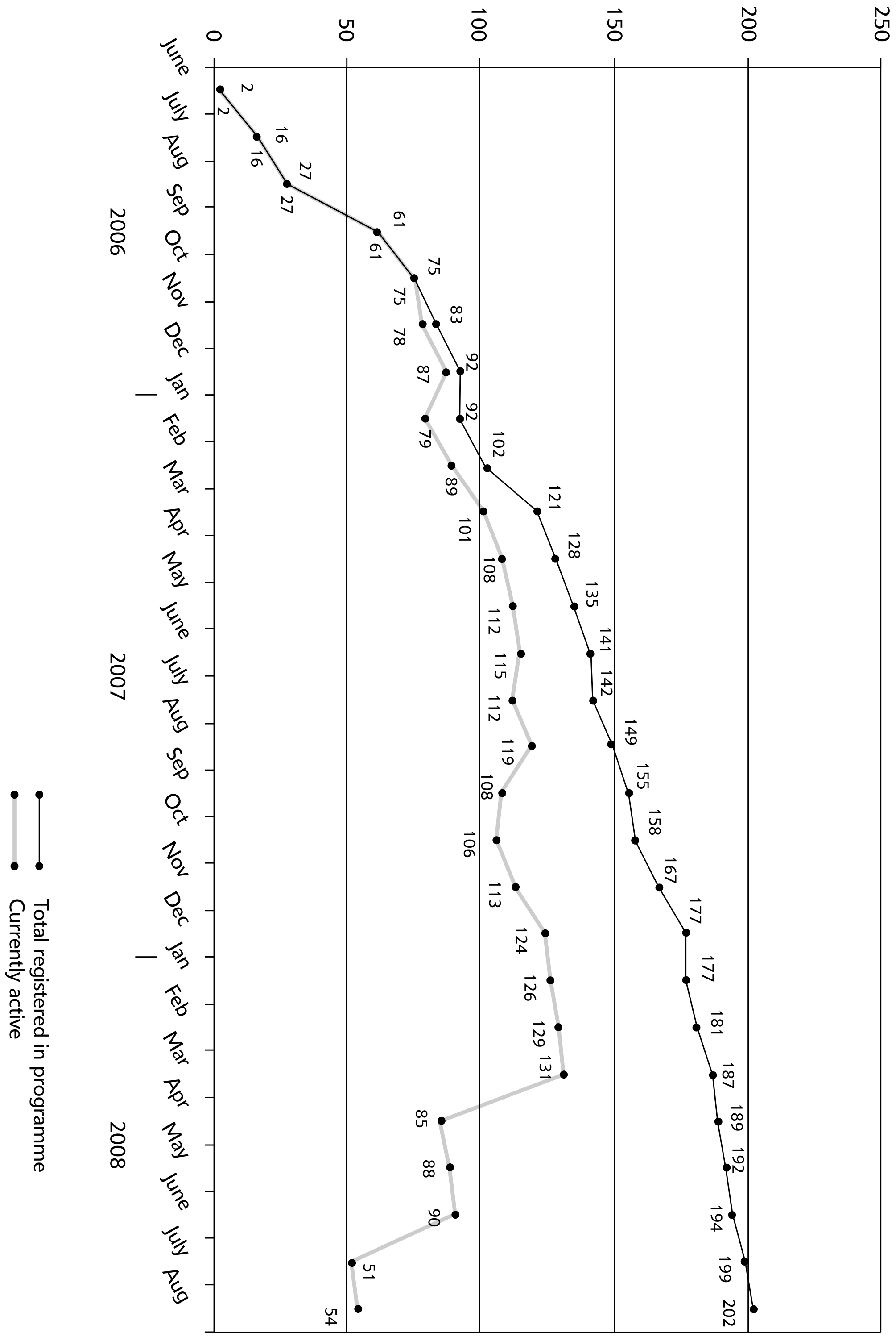

Figure 2: Financial Wellness Programme Participation: Current & Closed cases 2006–2008

team discovered that a significant portion was experiencing financial difficulties, and these cases were referred to the FWP.

In all instances where an employee is referred to the programme – whether by the OHS team, a manager, supervisor or shop floor steward – care is taken not to pressure the individual into joining. "Research conducted on the Cologne Model shows that voluntary participation is a significant contributing factor to buy-in, ongoing participation, behavioural change and overall success – which is what we want to achieve," Dr Mayet explains.

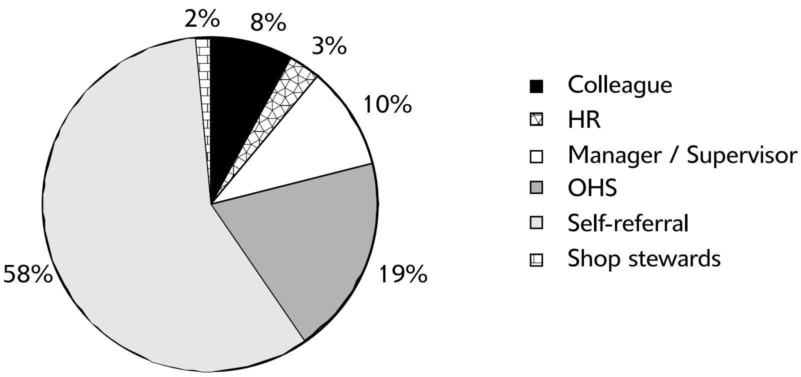

Figure 3: Sources of referral 2006–2008

In 2008 similar referral statistics were recorded, with 58% of participants self-referring and 20% being referred by OHS for the period January to July 2008.

Reasons for seeking help

While 61% of participants made use of the FWP's services for financial reasons only, 22% indicated in their initial interviews that their reasons for seeking help involved financial and other contributing factors. (The remaining 17% sought help for a range of reasons listed as 'other'.)

"These figures reflect what our research had indicated, namely that financial difficulties and over-indebtedness are often inextricably linked to a range of other individual and social problems," explains Dr Mayet. Anecdotal evidence from the FWP counsellors and the OHS team indicate that these span a wide range of factors. Chief among them are the following:

- Pressure from children and spouses to purchase material goods (clothes, furniture, appliances), often on credit;

- The pressure of supporting an extended family, often due to illness or death as a result of HIV and Aids.

Solving financial issues often necessarily involves addressing the social and family issues that have caused, or are exacerbating, the employee's debt situation. Debt counsellors involve family members in the programme, but only at the request and initiation of the participant. Where necessary, they also refer an individual or family with marital problems or substance abuse issues, to an appropriate counsellor.

Principal causes of over-indebtedness

The causes of over-indebtedness varied, but some common themes were identified. Dr Mayet notes that "in particular, people had over-extended themselves on long-term credit items such as home loans and vehicles, and this emerged as a key factor driving many employees' financial difficulties".

As South African interest rates rise, this area of debt is expected to increase. The cost of transport (which is closely linked to the recent rise in the petrol price) was another significant contributing factor. The cost of education – both for children currently attending school and for investment products that will allow them to attend tertiary education institutions – also contributed significantly to employees' financial difficulties.

Progress

The individual progress of each programme participant is tracked on a monthly basis, against stated individual indicators of success. In addition, BMW SA also tracks organisational and process indicators each month. Statistics and reports are obtained from the FWP debt counsellors. Since each participant is assigned a number for this purpose, the programme is therefore able to adhere to its strict policy of confidentiality. Overall, the M & E questionnaires and records – which the social workers kept – indicated that within a year significant progress had been made in reducing the debt of clients in the counselling programme.

Individual success indicators

Number of creditors

The number of creditors is a strong indicator of the financial wellness and debt profile of an individual. A decrease in the number of creditors is therefore a critical success indicator, as it reflects both the remediation aspect of the programme (debt is paid back) as well as the progress being made with regard to long-term sustained behavioural change (former creditors are not simply replaced with new ones).

The 63 baseline cases recorded in 2006/2007 had a total of 276 creditors between them on intake (June 2006). A year later, this number had been reduced by 50% to 156 creditors and in 2008, to 139. A total of 93 new cases in 2007/2008 showed a similar reduction in the number of creditors, from 351 on intake to a current level of 186.

This represents an average reduction of between 47% and 50%. "On its own, this shows significant success, but when considered in light of the fact that the reduction was made and maintained over the current 'credit crunch' period, the figure takes on even greater significance," says Dr Mayet.

Size of debt

Similarly, the size of debt experienced a commensurate 57% reduction between intake in 2006 and last recorded statistics in 2008. Overall, the 63 baseline cases had a collective debt of R2 351 898, which was reduced to R1 388 322 in 2007 and again to R1 013 401 in 2008. This represents a total debt reduction of R1 338 497.

The 93 cases tracked from 2007 to 2008 showed a 53% reduction (R1 513 565) in debt, from R2 849 070 to R1 335 505. (This debt excludes home loans.)

Number of judgements

The number of judgements against an individual is another powerful indicator of financial wellness and the ability to manage debt. The baseline group of 63 participants showed a 32% drop in the number of judgements against them, while the additional 93 cases tracked from 2007 to 2008 showed a 42% decrease in judgement orders.

Number of loans

As employees learn more about personal financial management and debt avoidance, and have fewer creditors and judgements against them, one would expect to see a decrease in the number of loans they require.

BMW SA tracked the number of loans on the company's books, from July 2007 to June 2008, and noted a decrease from 855 loans to 708 (7.9% compared to 6.04% of the workforce). In addition, the number of garnishee orders on its books decreased from 0.35% to 0.15% during the same period – a decrease which is to be expected, given the drop in the number of creditors and the number of judgements. This decrease may be influenced by the implementation of the National Credit Act, which makes it more difficult to access loans.

Satisfaction with life

On their first visit, all programme participants were asked to respond to a 'satisfaction with life' statement questionnaire by assigning a 1–5 value to each question, from a scale in which 5 represented 'Always' and 1 represented 'Never'.

The statements that showed the most significant increase in score (i.e. an increase in satisfaction) were:

- "I don't worry about living expenses"
- "I am not stressed about finances"
- "I have friends to help me."

However, an analysis of these improvements should be tempered by the fact that most of them were small (only representing one increase on the scale) and that participants showed a high degree of satisfaction with life in the initial questionnaire.

Locus of control

Baseline data on participants in the programme revealed a strong internal locus of control, although it should be noted that this result has a self-selection bias due to the fact that participants were self-referred and had already acknowledged that they "had a problem".

Organisational indicators

While BMW SA is strongly committed to the wellness of its employees, its sense of corporate social responsibility in this regard is balanced with the need for programmes such as the FWP to deliver a meaningful return on investment to the company. "BMW SA believes that the business case for investing in such a programme is strong," says Dr Mayet, outlining the following reasons:

- Stress related to financial matters impacts on employee productivity at work, and on the ability to adhere to the high standards of production set by the company;
- Financial stress and its associated physical health problems increase employee absenteeism rates;

- Employees who are too ill to work opted to come to work despite not being fit enough to do so. The risk of injury to themselves and to others therefore increased.

The company tracked this return on investment by measuring absenteeism rates as well as the proportion of employees who reinvest their pension fund upon resignation.

Reinvestment in pension fund

In 2007, none of the participants in the FWP reinvested their pension provident fund money, while in 2008, 23% of employees who left the company, did. This is no doubt the combined result of relief from debt, greater understanding of financial management and, in particular, the importance of savings and investments to ensure long-term financial wellness and security. "This is an important indicator for us and we hope to see a year-on-year increase in this figure as more people are exposed to the educational aspects of the programme, and the size of their debt decreases," says Dr Mayet.

Return on investment – absenteeism

Many factors influence absenteeism rates, and absenteeism cannot be solely connected to the presence or absence of financial wellness. However, due to the fact that financial difficulty is a contributing factor, absenteeism rates were tracked for participants of the FWP. For 47% of participants, absenteeism rates remained unchanged, with 21% showing an increase in absenteeism and – significantly – a 34% decrease in absenteeism.

Process indicators

Counselling statistics and activities

Counselling statistics were gathered for the 2006/2007 period, as well as for the 2007/2008 period. These statistics – recording the number and time spent in counselling sessions, telephonic contact, meetings and consultations, and client administration – reflect the increased usage of the FWP from one year to the next, and while there is a decrease in the average number of counselling sessions required per client (5–6 in 2006/2007 compared to 3–4 in 2007/2008), the time spent per session, and the total hours spent on counselling, have increased.

The difference in the average number of sessions from one year to the next could be explained by anecdotal evidence provided by counsellors.

They report that when the programme first started, participants presented with dire financial difficulties that required immediate resolution to prevent their assets from being attached. A number of sessions were therefore required to 'fight fires'. However, over time and as awareness of the programme grew, participants started to present with earlier-stage financial problems that required less 'fire-fighting' action. In addition, as counsellors gained experience, it is possible that they became able to identify and resolve cases in fewer sessions than when they first began.

Resolution of cases and attrition rate

> Anecdotes from participants in the BMW Financial Wellness Programme:
>
> "It has given hope"
>
> "More empowered with knowledge"
>
> "I know my rights and obligations"
>
> "Challenge is to take ownership"
>
> "It's not BMW's fault"
>
> "With more facts we have more control of the situation"

In total, the FWP experienced a drop-out rate of 15%. The reasons for this include participants repeatedly failing to keep appointments and being unmotivated for counselling. These reasons reinforce the strong belief held by the BMW SA FWP and OHS teams that internal motivation on the part of individual participants is a key contributing factor to the success of the programme. In some instances, the cause of drop-out is unknown.

In total 148 cases were closed, either because the problem was solved (78 participants), the case was referred for further assistance (five participants) or the participants left the company (27). Six cases were reopened, due to the following reasons:

- Came back for budgeting skills (1)
- Closed after no contact, but then came back again (3)
- Came back with new financial issues (1)
- Came back for further assistance (1).

In 46 of the cases, the problem could be solved after a short intervention.

The future

Future roll-out plans

Given the research conducted, the uptake among employees and the fact that economic conditions look set to remain difficult for the foreseeable future, BMW SA believes there is a strong, ongoing need for the FWP.

"We want to maintain an avenue where people can access help – but we want to extend the programme beyond remediation and basic financial education, to include a wealth-creation aspect that will focus on retirement planning and raising awareness of and access to various investment options," says Dr Mayet. BMW SA has plans to continue with the counselling process and to integrate it with a broader employee assistance programme. The programme aims to help all employees to draft a will during the coming year, as this will help secure the financial wellness of their families and dependents. The company's pension fund administrators will oversee this process.

Knowledge sharing

Since its inception, the Financial Wellness Programme has sought to establish a working model that can be utilised by other corporates and organisations which are concerned about employee over-indebtedness. BMW SA is currently engaged with the South African Business Coalition on HIV/Aids (SABCOHA) to explore ways of incorporating the FWP into an integrated life-skills model for use by peer educators, and to incorporate a an FWP into the primary prevention component of an integrated workplace HIV/Aids programme.

Challenges ahead

Looking to the future, Dr Mayet comments on some of the challenges the BMW SA FWP will need to overcome, "The biggest ongoing challenge is reducing the length of time it takes to achieve sustained behavioural change, other challenges relate to our plans for improvement and expansion in the future. Further upskilling of the financial wellness counsellors in computer literacy is required so that they can manage and maintain data without support from an academic institution. The capacity of these counsellors should be increased so that they can offer counselling to include family members as well as employees."

Dr Mayet concludes that BMW SA remains convinced of the clear business case for the FWP, and is committed to supporting its further growth and development.

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Notes

1 BMW Group website: http://www.bmwgroup.com/bmwgroup_prod

2 Interview with Dr Natalie Mayet, Head of Occupational Health and Protection Services, BMW SA.

3 *Mongi Mail Solutions Research Report for the Automobile Industry National Bargaining Forum on the Debt Burden of Auto Workers*, 2002.

4 http://www.financialwellness.org.za

5 *Mongi Mail Solutions Research Report for the Automobile Industry National Bargaining Forum on the Debt Burden of Auto Workers*, 2002.

6 The Cologne Model – Social, economic and individual benefits of debt relief programmes, Drs Astrid Kuhlemann & Ulrich Walbrühl.

7 *Financial Wellness: BMW Focus Group Findings*, http://www.financialwellness.org.za

8 Interview with Dr Natalie Mayet, Head of Occupational Health Services at BMW SA.

9 Case studies: BMW- GTZ PPP on Fighting Employee Financial Over-indebtedness in South Africa (Tender Document), http://www.financialwellness.org.za

10 Case Studies: BMW- GTZ PPP on Fighting Employee Financial Over-indebtedness in South Africa (Toolkits), http://www.financialwellness.org.za

11 Case Studies: BMW- GTZ PPP on Fighting Employee Financial Over-indebtedness in South Africa (Awareness), http://www.financialwellness.org.za

12 Script and positioning document on “Money Matters” for BMW South Africa (Pty) Ltd., compiled by Viva Hecate Productions (Pty) Ltd.

Ernst & Young: The case for effective prevention

JULIET PITMAN
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Ernest & Young interventions increase employee awareness of the existing financial wellness assistance on offer, and provide additional support to employees so that they are able to identify debt problems before they arise

Executive summary

A key player in the South African and global financial services sector, Ernst & Young is a prime example of a company that has made effective use of awareness campaigns and education to mitigate the risk of employee over-indebtedness.

The company has a long history of including financial wellness education as part of its People Well-being Programme (PWP), but in the past few years this element has been expanded to address the growing problem of debt in South Africa. Although Ernst & Young employees appear to be facing far fewer debt problems than employees in other corporate and industry sectors, the company was nevertheless recently made aware of the fact that some employees are experiencing increased financial difficulty. The evidence for this is largely based on an increase in employees' requests for financial loans.

In line with its ethos of providing holistic employee assistance, the company has implemented a range of interventions that increase employee awareness of the existing financial wellness assistance on offer, and provide additional support to employees so that they are able to identify debt problems before they arise. In addition to a strong preventive focus, Ernst & Young also includes wealth creation and long-term financial planning in its financial wellness basket of services to employees.

Background

Biographical data: Ernst & Young

- ***Sector:*** Financial services
- ***Industry:*** Financial services
- ***Number of employees:*** Approximately 2 500
- ***Leadership:*** Mr Philip Hourquebie, Chief Executive Officer, Ernst & Young
- ***Turnover (2007):*** R1 147 817 112
- ***Wellness programme coordinator:*** Mrs Pat Harding, Associate Director: People Services
- ***Scope of financial wellness programme:*** Basic financial management education, call centre for assistance with financial issues, face-to-face counselling on financial issues, financial well-being workshops, retirement planning workshops, estate planning and wills, information on home loans

Background to the company

Ernst & Young South Africa is part of the world's second-largest audit and business advisory firm. With 153 directors and approximately 2 500 employees in offices around the country, the company is divided into Ernst & Young Inc., Ernst & Young Advisory, and Ernst & Young Services. Its services include audit and assurance, business advisory, business risk, transaction advisory, fraud investigation and dispute, technology and security risk services, secondments, governance and sustainability, and tax.

Ernst & Young has a strong culture of knowledge sharing and thought leadership, and the company contributes insight and expertise to debates on topics of assurance, risk, tax, transactions, and other finance-related issues facing businesses. Its clients hail from a broad range of business sectors, including biotechnology, black economic empowerment strategic services, financial services, government and the public sector, mining, oil and gas, retail, technology, telecommunications, and utilities.

Driving a people-centred culture

Ernst & Young has, for three years running, been placed in the top ten of the Corporate Research Foundation's (CRF) Best Companies to Work for in South Africa, achieving first place in 2006, tenth place in 2007 and fifth place in 2008 (when the award changed its title to Best Employers™ South Africa).[1] The award recognises those companies that have established themselves as employers of choice by implementing a range of best practices in human resources.

This accolade reflects the people-centred culture that characterises Ernst & Young. One of the company's key strategic goals is to "sustain an energetic, exciting, transparent, inclusive and successful environment" which will afford employees the opportunity to develop meaningful careers and gain valuable experience both in South Africa and abroad.[2]

Jackie Tong, Director and People Leader at Ernst & Young, explains the company's approach to its people, "Ernst & Young views its differentiator to be its people. [It] is built on the skills and knowledge of the talented people it employs and we continually strive to be an employer of choice; both through our commitment to our values and culture, as well as through appropriate benefit, reward and recognition programmes."

Pat Harding, Associate Director for People Services at Ernst & Young, elaborates on what these benefits include, "Ernst & Young offers competitive remuneration packages, supplemented by an impressive array of benefits including a performance-based incentive scheme, medical aid, provident fund and life cover for the employee and his/her life partner. In order to help employees achieve work–life balance, the firm houses an onsite health and wellness facility (with services such as a massage therapist, yoga and pilates lessons, a dietician, biokineticist and beauty therapist) and has implemented a People Well-being Programme (PWP)." As part of its wellness offering, the company also offers flexible working arrangements which include flexitime, flexiplace and reduced work-weeks. An onsite homework centre and Holiday Club for employees' children form part of the firm's family assistance programme.

It is significant that all employees who presented with financial issues during the 2007/2008 period were self-referred to the PWP – an indication that the company's call for early detection, action and self-responsibility is being heeded

People Services – resourcing the PWP

Ernst & Young's PWP falls under the company's People Services division (of which Harding is Associate Director) which, in turn, falls under the broader Human Resources function. This department makes an annual budget available for people benefits and wellness, and it is through this that the PWP is funded. While Harding leads the People Services team, the People Benefits component thereof is driven by Maxine Bizjak and Lynn Emmanuel.

Although the PWP is administered by a private consulting and service firm, ICAS, Harding and her team make the decisions governing what components should be incorporated into the programme, and drive the initiation of any new aspects to be added.

The People Services division is recognised for providing assistance on all matters relating to the wellness of Ernst & Young's people. Employees regularly approach the staff with requests for help and information on a variety of issues. Harding and her team use this information to identify key wellness needs and issues in the organisation, and then incorporate appropriate initiatives into the PWP to address these matters.

Their goal is to encourage early awareness and the identification of wellness-related problems among employees, so that the company can offer suitable assistance that will prevent such problems from spiralling out of the employee's control.[3] This "early detection and preventive treatment" strategy is a hallmark of Ernst & Young's approach to all aspects of employee wellness. (It is significant that all employees who presented with financial issues during the 2007/2008 period were self-referred to the PWP – an indication that the company's call for early detection, action and self-responsibility is being heeded.)[4]

The history of the PWP's development

"Employee financial wellness is something that has always been a priority at Ernst & Young. Financial wellness has long constituted a part of the benefits and assistance we offer our employees," says Harding. Over time, the wellness offering has evolved to meet the changing needs of employees. As Harding adds, "We aim to be both pre-emptive and reactionary in our approach to helping employees manage their health and well-being, and as we have become aware of a problem, or have perceived that something might develop into an issue, we have added appropriate programmes and interventions along the way."

In 2006, the company contracted ICAS to manage the PWP on its behalf – a decision that Harding outlines as follows, "The market in which ICAS operates is very similar to ours and they provide support to many financial institutions. This allows us to appropriately benchmark our programme and its results against what other players in our industry are doing. It provides us with useful comparisons." However, the PWP existed prior to the contracting of ICAS, and was previously run by a different contractor.

In addition, in 2007 Ernst & Young contracted the services of Interface – a bond origination company – to help employees with financial issues, and to access home and other loans. "They have relationships with various financial institutions and a wealth of financial knowledge, so we also used them to conduct financial wellness workshops for employees," says Harding. Since the company was contracted by Ernst & Young to be a service provider, Interface subsequently partnered with ICAS, and now offers these same services under the Interface ICAS brand.

Ernst & Young's staff provident fund trustees have historically presented workshops on retirement and estate planning – something which they continue to do, although they now target a broader employee audience (see the paragraph on Retirement planning).

An increased focus on financial well-being

There is evidence to suggest that, comparatively speaking, Ernst & Young employees do not face the same levels of over-indebtedness that affect employees in many other organisations.[5] Particularly noteworthy is the fact that the company is not issued with high numbers of garnishee orders – a key indicator of employee over-indebtedness. In total, there are less than 40 garnishees, which indicate that they affect a small percentage (under 2%) of employees. "Because garnishee orders do not present a significant problem and because we are ever mindful of the importance of not intruding in employees' private matters, these garnishee orders are dealt with confidentially by our Payroll Department. If employees who have garnishee orders against them wish to seek financial assistance through the PWP, they are encouraged to do so, but the company does not insist on them into doing so," explains Harding.

But in spite of the relative financial health of Ernst & Young employees, Harding points out that there has been a recent increase in concern about over-indebtedness. "We have seen an increase in the

There is an indication that the two biggest drivers of employee over-indebtedness are vehicle finance, home loans and unanticipated 'emergency' costs

number of requests for loans from employees. These range from requests for advances on salaries and requests to borrow money, through to requests to access their provident funds. In extreme cases where people are really desperate, they have asked whether they can resign in order to access their provident funds, and then continue working for the company on a contract basis," she explains, adding that Ernst & Young has a strict policy of not granting loans of any kind to employees.

In addition to an increase in internal requests for loans, there has also been an increase in the number of employees using the company's PWP for financial and debt-related matters. "ICAS provides us with quarterly reports on trends and usage, and they have indicated that although money management does not make up a large portion of the presenting problems (only 2.52%), there has been a significant increase in employees requesting assistance for financial issues.[6] There is also an indication that other presenting problems such as stress, health issues and relationship difficulties are underpinned by financial difficulties," says Harding.

According to a summary of utilisation statistics presented by ICAS, of the financial problems for which employees sought assistance, the most significant portion related to issues of debt administration and consolidation, debt management and budgeting, and financial coaching.[7]

Collectively, there is an indication that the two biggest drivers of employee over-indebtedness are vehicle finance, home loans and unanticipated 'emergency' costs. "Undoubtedly, the increase in interest rates and living costs are important contributing factors to the current debt problems facing employees. We are made increasingly aware of employees who cannot service debt that they accumulated in a lower interest rate environment," explains Harding. She adds that while the problem appears to be concentrated among employees with a lower earning capacity, it is not confined to this group. "We have had requests for loans from higher-earning employees as well," she notes.

"Overall, our sense is that debt is making itself felt more and more as an area of financial concern among our employees, and it is for this reason that we've intensified our focus and programmes relating to financial well-being," concludes Harding.

In addition, the company recognises the importance of remaining sensitive to the fact that different groups of employees have different earning potential, and different financial means. Harding illustrates this with an example, "Recently, we were approached by a luxury car manufacturer who wanted to showcase its vehicles on our premises and provide senior people with the chance to test-drive them. But after discussions with our chief operating officer, it was decided that doing so might prompt financially unrealistic aspirations among staff and even encourage employees who cannot afford such vehicles to over-extend themselves financially in order to buy one.

"Our feeling was that, given the current economic climate and credit environment, now is definitely not the right time to be encouraging employees – however indirectly – to take on debt they cannot afford. This is especially true given the fact that our research shows that vehicle purchase contributes significantly to over-indebtedness."

Ernst & Young's approach

Taking an holistic approach

Ernst & Young's PWP provides professional, confidential assistance for any type of personal problem that full-time employees or household family members may be facing.[8] Although Ernst & Young remains mindful of its responsibility to provide employees with an environment that will support their holistic well-being, this is balanced by an emphasis on the individual's responsibility for taking charge of his or her own well-being, as outlined in the PWP policy document:

> Employees are responsible for their performance and for taking constructive action to resolve any personal problem that affects or threatens to affect their on-job behaviour. Employees are encouraged to seek assistance through the PWP on their own before performance has been negatively affected.[9]

While this highlights the clear business case for the implementation of a well-being programme and its ability to address the risk of under-performance among employees, Harding points out that Ernst & Young's reasons for offering the PWP extend beyond this. "Employees who are less stressed are undoubtedly more productive, but we recognise the need to treat people holistically and therefore consider their overall happiness and well-being. It is not possible for such a programme to only tackle issues of productivity – one needs to consider all the issues affecting the whole person and then implement interventions that deal with these issues," she says.[10]

Although Ernst & Young remains mindful of its responsibility to provide employees with an environment that will support their holistic well-being, this is balanced by an emphasis on the individual's responsibility for taking charge of his or her own well-being

Key features of the PWP

As such, the PWP is underpinned by the belief that personal problems affecting employees should received the same careful consideration and professional, confidential assistance as that offered to staff members experiencing physical health problems. Key components of the PWP are outlined in Figure 1.

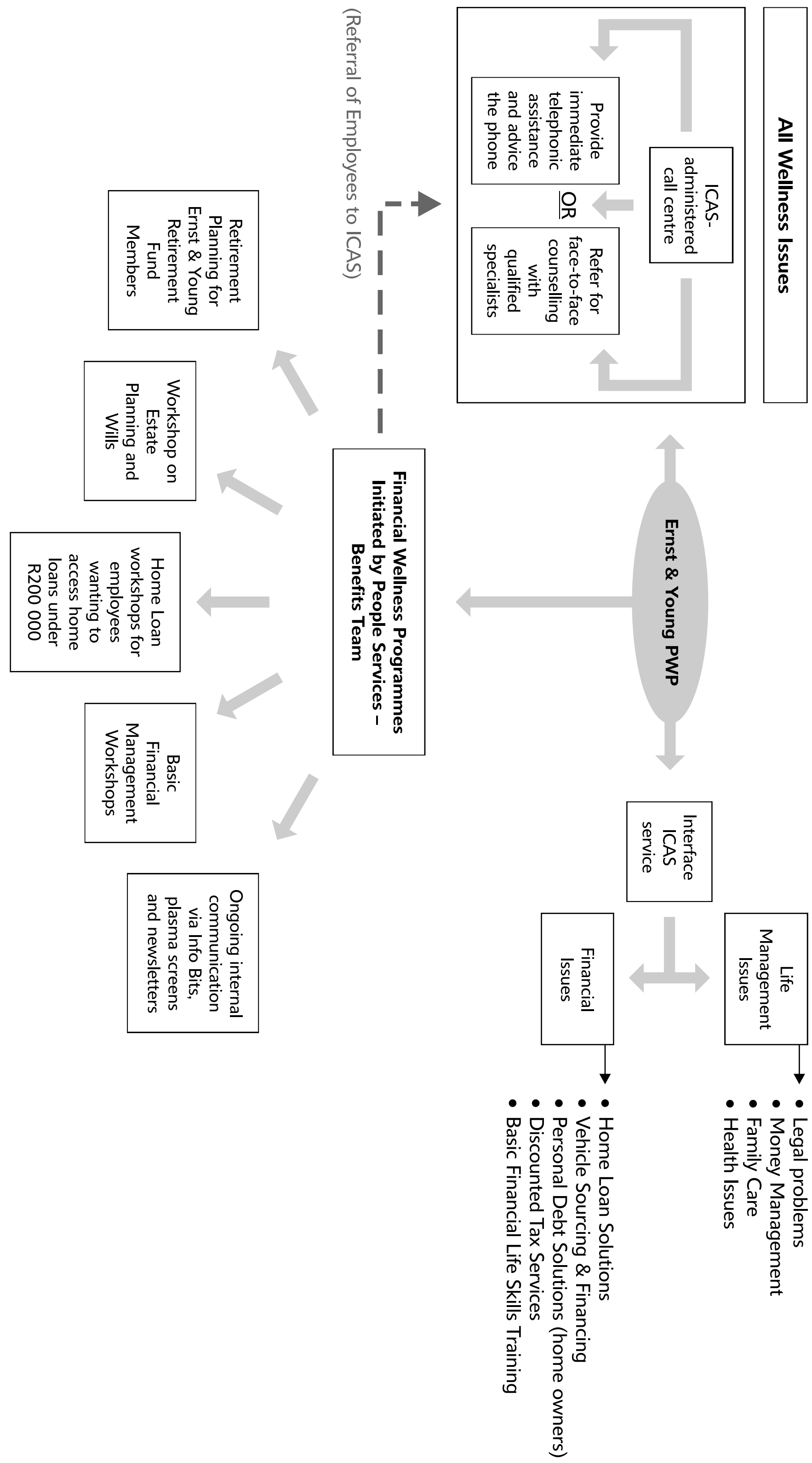

Figure 1: Key features of the PWP

Confidentiality

Ernst & Young remains mindful of its responsibility to preserve the confidentiality of its employees, and the PWP policy makes provision for this. ICAS retains all records of interactions with employees and has a strict policy of not disclosing information about individuals, except if the employee's consent is obtained in writing, if the law requires disclosure, or if it is believed that failing to disclose such information would threaten the lives or safety of people.

In addition, utilising the services of the PWP does not in any way affect the job security or advancement opportunities of employees.

Referral procedure

Some 2 045 employees are covered by the PWP, and utilisation rates are at around 25%.[11] There are a number of different ways in which they can gain assistance through the programme. These include the following:

Self referral: Employees call the PWP call centre directly, of their own initiative.

Manager recommendation: An employee approaches his or her manager with a personal problem and the manager recommends the services of the PWP. This typically occurs when work performance and attendance are within acceptable standards, but there is an indication that the employee might need some assistance in managing the problem.

Manager referral: When performance and attendance are below par, or the manager has observed an on-the-job incident or has received a request from an employee for assistance, he or she may make a referral to the PWP. However, the manager needs to have a full discussion with the employee about the problem, and should outline the services of the PWP. The manager can arrange for a counselling session between the PWP counsellors and the employee, but the ultimate decision about whether or not to accept assistance, remains with the employee.

Mandatory (formal) referral: Such referrals are only warranted under certain extreme circumstances. These include the voluntary disclosure of a substance abuse problem by an employee, a positive drug or alcohol test, or an incident which is serious enough to warrant disciplinary action or termination of employment. In such cases the manager will discuss the situation with the PWP and the PWP will meet with the employee. The manager is entitled to be informed about whether the employee keeps appointments and follows the counsellor's recommendations for addressing the problem.

Medical referral: When a manager identifies a medical symptom which is commonly associated with a personal problem, or receives a request from an employee for advice regarding such a problem, he or she can make a medical referral. However, the decision whether or not to accept assistance is left up to the employee.

Family member referral: Eligible family members can contact the PWP call centre for confidential assistance with a personal matter, and are entitled to the full range of services available to employees. This includes all family or individuals who are living with and/or are financially dependent on the employee.

Marketing and raising awareness

"Usage of the PWP has increased substantially over the past two years," says Bizjak, who adds that this is due in part to the marketing campaign initiated by Ernst & Young to raise awareness of the programme's existence and services among employees.

The People Services team make use of a variety of media and communication channels to raise such awareness. "It starts when employees enter the company. As part of their induction, they are made aware of the services available to them via the PWP, and ICAS delivers a presentation to them as well. They are also provided with all the relevant numbers and contact details in their induction pack," explains Bizjak.

Ernst & Young also sends mail shots directly to employees' homes, detailing the services of the PWP, in order to make family members aware that the benefits extend to them, and to provide them with the necessary contact numbers and procedural information which will allow them to access assistance, should they require it.

Internal communication vehicles include plasma screens in the workplace, posters, screensavers, internal newsletters, information snippets and intranet marketing – all of which cross-reference the PWP and include the relevant contact details.

People Services – Benefits also organises annual Health Days which serve, amongst others, to highlight all the health and wellness services available to employees. Managers play an important role in raising employee awareness of the PWP, and ICAS provides them with information on how to detect problems in their employees, as well as the appropriate ways to refer them. Such information is reinforced in the *ICAS Managerial Intervention* booklet.

Towards financial wellness

Financial wellness, which forms an important component of the PWP, is addressed by different components of the programme, as follows:

ICAS call centre

Employees can access assistance on a broad range of wellness issues, including financial concerns, from consultants at an ICAS-administered call centre via a toll-free hotline. Consultants provide immediate telephonic advice or, where necessary, will refer employees to a qualified professional (such as a debt counsellor or clinical psychologist). All permanent Ernst & Young employees are entitled to six sessions of face-to-face counselling, per incident, with such professionals.

Interface ICAS workshops

While Interface originally ran workshops for Ernst & Young employees to help them understand and access home loans, this service has expanded, particularly since Interface joined forces with ICAS. Interface ICAS now

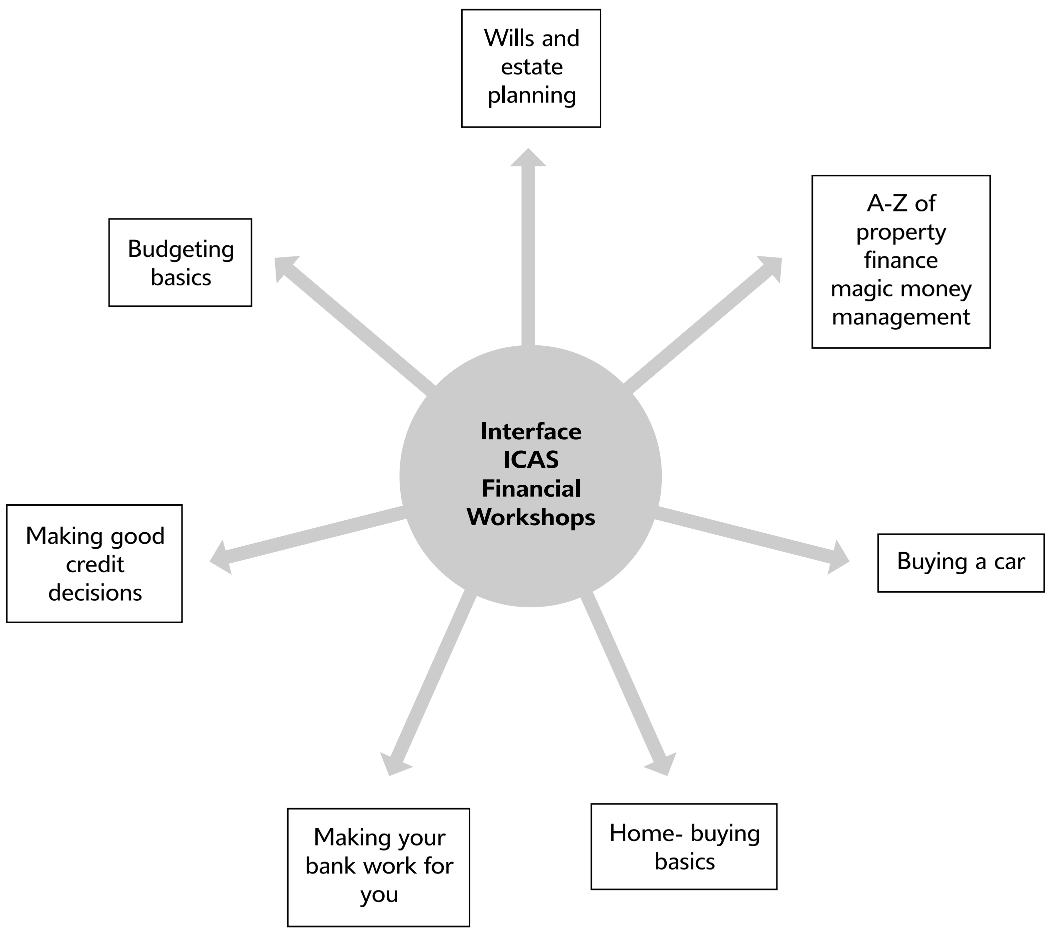

Figure 2: ICAS's financial workshops

provides workshops for employees on a range of lifestyle management and financial issues (Figure 2).

The purpose of the finance-related workshops is to educate employees on their personal finances, the property market, bond interest saving techniques, debt consolidation, bond analysis and home buying in general. The aim is to provide employees with the information necessary to make informed financial and credit decisions, which in turn will protect them from acquiring unmanageable debt. Workshops, which are conducted on-site, are open to all employees.

Workshops reflect Ernst & Young's strong focus on

- *preventing debt problems from arising;*
- *identifying potential bad debt situations early and providing employees with the tools to take corrective action; and*
- *wealth creation*

While all of these workshops have a core of financial management, they also all contain an element of how to manage debt or how to avoid getting into debt. As such, they reflect Ernst & Young's strong focus on

- preventing debt problems from arising;
- identifying potential bad debt situations early and providing employees with the tools to take corrective action; and
- wealth creation.

The workshop on basic budgeting highlights the importance of putting together a monthly budget and managing finances effectively. It also provides hints on how to save money on variable expenses, and how to use a home loan to greater effect. Importantly, it also explores how short-term debt affects a monthly budget, and provides insight and advice on personal debt management. The workshop on making good credit decisions, which is preventive in nature, focuses on helping employees to obtain or maintain a clean credit record. It draws on the expertise of TransUnion, a significant player in the South African credit bureau market. A workshop on banking solutions provides insight into transactional banking products, cheque accounts, credit cards, personal loans and the various bank charges relating to these, and encourages employees to make prudent decisions about the use of such products.

As indicated by Harding, over-extension on motor vehicles and home loans are the two biggest drivers behind employee over-indebtedness at Ernst & Young. Interface ICAS runs workshops that cover all aspects of buying a car or taking out a home loan, including how to budget effectively for these expenses, the importance of buying within one's financial means, the full costs of making these purchases and the choices available that may help employees save money.

Workshops on property finance, and wills and estate planning, make up the wealth-creation component of Interface ICAS's offering. Through these, employees learn about property investment and the benefits estate planning hold for long-term wealth creation.

Internally-driven financial wellness programmes

In addition to the various programme components offered by Ernst & Young's service providers, the company – through the People Services Division – has initiated other financial wellness elements in response to employee needs. Bizjak explains, "We remain in close contact with employees as well as managers and meet on a monthly basis as a team to identify key issues employees are facing. From a financial wellness perspective this necessarily means staying in touch with what's happening in the economic market and trying, wherever possible, to implement initiatives that pre-empt employees' need for information and assistance."

Home loans for first-time and under-R200 000 buyers

One of the more recent initiatives implemented in response to employee needs was a workshop on home loans for employees wishing to access housing bonds of R200 000 or less. "We started to receive a number of requests from employees for assistance in accessing home loans, and also from first-time home buyers. But we know that over-extension on home loans is one of the key contributors to over-indebtedness, so before we refer any employee to a financial institution, we believe we have a responsibility to ensure that they understand what they are getting themselves into, and we provide them with all the information necessary to make an informed credit decision," says Harding.

Bizjak adds, "This particular home loans workshop helps employees to understand what is involved in taking out a home loan, what the interest rates are, and what the implications are if you happen to miss a payment – all the things that contribute to situations of over-indebtedness." The workshop is run by a financial institution, FNB, although Harding points out that Ernst & Young does not have a preference for one financial institution over another, and has considered using other banks to provide employees with the same information. "This is not about marketing the products of the bank concerned – it's about providing people with information that is applicable across the board in the home loans market," she explains.

Retirement planning

All new Ernst & Young employees receive information on retirement fund options upon induction into the company. Historically, the company has always provided soon-to-retire employees with retirement planning workshops. But, as Harding explains, the People Services team has identified a greater need to focus on this area of financial wellness, "Our experience over the past ten years or so shows that very few people are ready, financially, to retire. The problem has increased more recently with the credit crunch and the increased cost of living. So while in the past we targeted the retirement planning workshops at employees who were within five years of retirement, we are now extending them to those who are within ten or fifteen years of retirement," she says. Retirement planning is a long-term objective, and by providing people with information early, the company aims to improve the post-retirement financial prospects of more employees.

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This workshop is run by Alexander Forbes Financial Services, the company that administers Ernst & Young's provident fund, as part of the trustees' service-level agreement. It outlines the basics of retirement and what constitutes adequate retirement provision, including the effects of inflation, specific costs to bear in mind (such as healthcare) and tax issues relating to retirement. The workshop also makes employees aware of the different retirement options (provident fund and pension fund) available, as well as the various annuity options. Alexander Forbes also makes a financial advisor available to Ernst & Young employees to assist them in making the right retirement plan decisions.

"There is also an online tool available to employees, called Integrated Personal Financial Management. It enables them to determine how much they should be saving each month towards their retirement, and in this way helps them to identify early on (before it is too late) if they are not making sufficient provision for retirement," adds Bizjak.

Estate planning and wills

Closely aligned to the retirement planning workshop is another initiative that helps employees with estate planning and the writing of wills. Also run by Alexander Forbes, this workshop provides employees with insight into the legislative environment governing estates, the tax implications, estate duty, capital gains tax and possible problem areas that may arise. It also covers the various estate planning mechanisms, the implications for married couples, the importance of having a will, the implications of an intestate estate and how to choose an appropriate executor.

There is a strong emphasis on the fact that there is no 'one-size-fits-all' solution, and that employees need to make estate planning (and retirement) decisions based on their individual needs and financial position

There is a strong emphasis on the fact that there is no 'one-size-fits-all' solution, and that employees need to make estate planning (and retirement) decisions based on their individual needs and financial position.

"Again, the aim with these workshops is not to tell people what decisions to make, but rather to highlight the importance of taking control of their retirement and estate planning. We aim to provide them with as much information and assistance as they might need, and in so doing empower them to make the decision that is right for them," notes Harding.

Providing relevant financial information

In addition to the above, Ernst & Young also provides employees with ongoing communication and information about various aspects of financial well-being. These are communicated via plasma screens situated throughout the company's premises, through *Window on wellness* (a monthly internal health and wellness newsletter available to employees who register on the ICAS e-care site), the intranet, and Info Bits (short, topical snippets of information sent out on a regular basis).

Some of this information is of a general financial nature, and includes topics like the basics of budgeting, responsible debt management, and money-saving tips. But much of it also relates directly to changing economic conditions in the country.

"Our aim is to provide information that's topical and relevant to the challenges that employees might be facing when they leave the work environment each day. So we take into consideration things like the rise in fuel prices, the jump in prime lending rates, and the increased cost of food – and then tailor the information we send out to help employees manage these financial challenges," says Harding.

Relevant topics covered over the past year include the implications of interest rate hikes on the cost of living and credit, tips on how to cope with increased living costs, how market turmoil affects retirement benefits, and advice on coping with the psychological stress which is often associated with difficult economic conditions.

"From time to time we also run basic financial management workshop sessions for any employees who wish to learn more about this topic. These are implemented as and when the need arises, and we target them at employee groups or geographical areas where managers have highlighted such a need," concludes Bizjak. In addition, an online e-care programme provided by ICAS allows employees to fill in a self-profiling questionnaire and to request information and assistance specific to their individual needs. Such tailored information is then emailed to them on a regular basis.

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Evaluation and future plans

Indicators of success

ICAS's quarterly reports include a breakdown of the percentage and type of employees presenting with financial / money management issues, which allows Ernst & Young to identify potential risks and implement initiatives to manage these. In addition to tracking these statistics, the company measures the success of its financial well-being interventions

Contributing to public awareness of the risk of debt

In its role as a provider of expert knowledge, Ernst & Young also contributes valuable information about current market conditions and the potential for over-indebtedness, via reports, articles, training workshops and opinion pieces. Such information makes an invaluable contribution to commercial organisations about the business risks that over-indebtedness presents, and also heightens public awareness of the problem of debt and the importance of general financial well-being.

For example, in a recent article published in the company's Summer 2008 issue of the online newsletter, In Touch, Mandla Moyo, Director: Risk & Advisory Services at Ernst & Young, outlines how increasing interest rates in South Africa can be linked to the rising incidence of fraud.

He writes: "Certain economists suggest that the debt servicing costs of households have increased to over 9% of disposable income.

according to the number of employees who make use of the various other programmes and workshops on offer.

"Fortunately we don't find ourselves in a situation where issues of over-indebtedness are hampering the performance or productivity of employees on a general scale, and the maintenance of this situation will be a further indicator of success," says Harding.

Bizjak adds a more general point about overall employee well-being, "Our financial wellness programme definitely contributes to employees' general wellness, and employees who experience a holistic sense of well-being are happier in their workplace as well. This has been reflected in our inclusion in the top ten of the CRF's Best Companies to Work for in South Africa, and in other employee satisfaction surveys."

In addition to the use of the PWP and maintenance of the company's position as an employer of choice, a further indicator of success will be a decrease in the number of employees requesting loans. Although the programme in its current form has only been running for two years, these indicators have been tracked by ICAS since their inception, and Ernst & Young will continue to monitor the situation, responding to needs and challenges as they arise.

Looking to the future

Looking to the future, Harding says, "There is the possibility that we will start tracking employee absenteeism trends more closely and use these figures as an additional indicator of success. In the immediate future, there is a need to address the concerns of employees who have money invested in the stock exchange."

She concludes, "Overall, we will continue to remain aware of economic conditions and the challenges they may pose, and keep lines of communication open with employees, so that we can pre-empt, prevent and treat problems as soon as possible after they arise."

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Notes

1 Best Employer South Africa website: http://www.bestcompaniestoworkfor.co.za

2 Ernst & Young website: www.ey.com/za

3 Ernst & Young People Well-Being Programme Policy document, July 2008 (subsection of National People Policy).

4 ICAS summary of statistics for 2007/2008 period.

5 Interview with Pat Harding, Associate Director: People Services.

6 ICAS summary of statistics for 2007/2008 period.

7 Ibid.

8 Ernst & Young People Well-Being Programme Policy document, July 2008 (subsection of National People Policy).

9 Ibid.

10 Interview with Ms Pat Harding, Director: People Services, Ernst & Young.

11 Information provided by *ICAS Utilisation Report*.

12 "Increasing interest rates in South Africa and the rising incidence of fraud", by Mandla Moyo. Summer 2008 issue of *In Touch*. http://www.ey.com/Global/assets.nsf/South_Africa/In_Touch_-_Summer_2008/$file/In%20Touch%20Summer%202008.pdf

The recently enacted National Credit Act avoids a deceiving reprieve; where previously such individuals would have recklessly accumulated more credit to pay off older debts, their options are now limited by more prudent banking practice. At the same time, the societal push and shift in values towards affluence pushes individuals who are lagging behind in terms of accumulating assets, such as vehicles, to close the gap by, in some instances, crossing the legal line."[12]

Ernst & Young will continue to remain aware of economic conditions and the challenges they may pose, and keep lines of communication open with employees, so that we can pre-empt, prevent and treat problems as soon as possible after they arise

Practising what they preach: Facilitating financial wellness in the finance sector

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Liberty's programme offers the dual benefits of reactive independent assessment and intervention, as well as an on-site prevention-oriented unit

Executive summary

In its various forms, the Liberty Group has been providing financial guidance and services to South Africans since 1957. Through simultaneously monitoring external sector trends and in-house employee stress profiles, the company identified financial stress as a significant threat to the wellness of its employees.

In line with its value focus on balance and empowerment, and in response to the financial wellness needs of employees, the Group implemented its Financial Wellness Programme (FWP) in July 2007. Through investing in the financial wellness offerings provided by its overall employee wellness programme (EWP), and initiating its own financial wellness centre, the company's programme offers the dual benefits of reactive independent assessment and intervention, as well as an on-site prevention-oriented unit.

Operating in tandem, these intervention vehicles have gone a considerable way in effectively addressing financial stress in this work environment. This case study shows that Liberty has more than an external role to play in addressing financial stress; its innovative use of partners and technologies provides an example of how to ensure financial health in the financial sector. Such health must be fostered, in order to ensure sustainable financial service provision to South Africa in the long term.

Background

Biographical data: Liberty Group Limited

- ***Sector:*** Financial Services
- ***Industry:*** Insurance, investment and wealth management
- ***Number of employees:*** Approximately 7 161. However, 4 641 staff members are presently covered by the FWP
- ***Leadership:*** Bruce Hemphill, Chief Executive
- ***Wellness programme coordinator:*** Mrs Kate Aldhouse
- ***Scope of the financial wellness programme:*** online financial assessments, direct financial wellness consultation, immediate debt-counselling, and a walk-in advice centre that provides regular financial wellness workshops

Backround on the Liberty Group

The Liberty Group Limited (hereafter referred to as Liberty) is amongst the largest wealth management companies in South Africa. Beginning with the registration of Liberty Life, a life insurance company in 1957, Liberty now comprises a number of operations that range from traditional life insurance product offerings to corporate property and asset management.

In 2007, the company administered approximately two million individual policyholders and managed more than 9 000 pension funds, yielding more than R30 billion in insurance premiums. Its combined assets under management amounted to R 561 billion by the end of that year.[1]

Organisational structure

The Liberty Group was originally structured as a domestic, life-insurance-focused company. Guided by its vision to become a leading wealth management company in Africa and other select emerging markets, the company has been expanding into the broader wealth market. A restructuring and vision review exercise, undertaken in 2007, has meant that traditional life business now forms just one aspect of a broader wealth management strategy.[2] This has been achieved by converting individual life and corporate benefits (traditionally the central pillars of the structure which drove all other activities) into separate business units. Together with Properties, Africa, Health and STANLIB, these units draw on the expertise of centralised marketing, distribution, capital management and other Group services.[3]

This new structure will afford Liberty the opportunity to meet its growth plans. As Liberty Group Chief Executive, Bruce Hemphill, explains, "Our growth plans will require us to restructure our business at the group operating company level, where currently the listed company is a life company. The flexibility necessary to deliver on our growth strategy is better achieved through a listed holding company for a family of operating companies, than through a listed life company as the holding structure."[4]

The Employee Wellness Programme

One of the values underpinning Liberty's approach to its employees is the belief that the attraction and retention of "talented and skilled people representing the diverse society in which [the company] operates, will drive business success over the long term".[5]

It is a sobering truth that only 5% to 6% of South Africans save enough money to be financially independent when they retire. Liberty offers two free programmes to help encourage its employees to be among this small minority

As part of its employee value proposition, the company strives to create a physical environment that

- positions the group as an employer of choice and makes for an attractive place to work;
- provides access to non-financial services that assist employees in balancing their work-life demands;
- provides access to services that allow employees to maintain their physical, social, occupational, spiritual, emotional and mental health and well-being; and
- provides access to relevant information that enables employees to make informed decisions about their lives, including their health and well-being.[6]

These goals are met, in part, by the company's employee wellness programme, administered since 2005, via a number of strategic partnerships, through the Independent Counselling and Advisory Services (ICAS).

Financial wellness forms an important component of this overall wellness offering and, as a company that promotes financial well-being and wealth creation, it is not surprising that Liberty recognises the importance of helping its employees manage their own financial wellness. This concern for employee financial well-being is summed up in the Liberty Group's Sustainability Report 2007, as follows, "It is a sobering truth that only 5% to 6% of South Africans save enough money to be financially independent when they retire. Liberty offers two free programmes to help encourage its employees to be among this small minority."[7]

These programmes include use of the staff financial advisory centre, which provides employees with access to experienced financial advisers to help them with all aspects of financial wellness (including needs analyses, financial counselling, budgeting, the drafting of wills, and debt management). STANLIB savings and investment products are also available commission-free through the advice centre. In addition, the company provides a fully subsidised, independent, confidential money management service to all Liberty employees and their households. Known as Money Sense, the programme was launched to coincide with the implementation of the new National Credit Act. It gives insight into an individual's spending habits and offers appropriate financial advice, where required.[8]

The Employee Financial Wellness Programme

In addition to being driven by a company commitment to fostering financial wellness among employees, Liberty's FWP was initiated by a number of catalysts.

Origins: A company response to sector trends

The conceptualisation, development and implementation were driven by two convergent factors: First, ongoing presentations by ICAS to Liberty showed that financial stress was on the increase across all of Liberty's subscriber companies.

Second, indications were that the company was experiencing an increase in financial stress across its employee base. According to ICAS data, money management – as a percentage of overall presenting problems – increased from 3.28% at the end of 2006 to 4.19% at the end of 2007.[9] This upward trajectory is reflected in the latest ICAS figures which show that the current percentage for 2008 stands at 5.71%.[10]

An increase in garnishee orders

As per company protocol, the company executes monthly analyses of its payroll. These month-on-month analyses show that the number and size of employee garnishee orders tracked significant interest rate increases in 2006/2007.[11] Prospective garnishee orders loads for the remainder of 2008 and 2009, as represented in Figure 1, show consistency in volume totals, peaking in June/July 2009.

In addition, further analysis showed that a number of these garnishee orders did not meet the necessary legal requirements, and that in some cases, employees had unwittingly been continuing to pay off debt that had long since been cleared.

An increase in employees requesting financial assistance

In addition to garnishee orders, Liberty also identified an increase in the number of employees requesting salary advances, with an overall increase of 28% in the number of salary advances granted between January and October 2008, compared with the same period for 2007 (see Figure 2).[13]

Recognising that ongoing borrowing against their salaries could undermine employees' ability to secure long-term wealth, Liberty implemented a constraining policy whereby employees are only entitled to two advances on their salaries, per year.

Another related financial assistance indicator was an increase in staff requesting a lowering of the multiplier on mandatory contributions to

Analysis showed that a number of these garnishee orders did not meet the necessary legal requirements, and that in some cases, employees had unwittingly been continuing to pay off debt that had long since been cleared

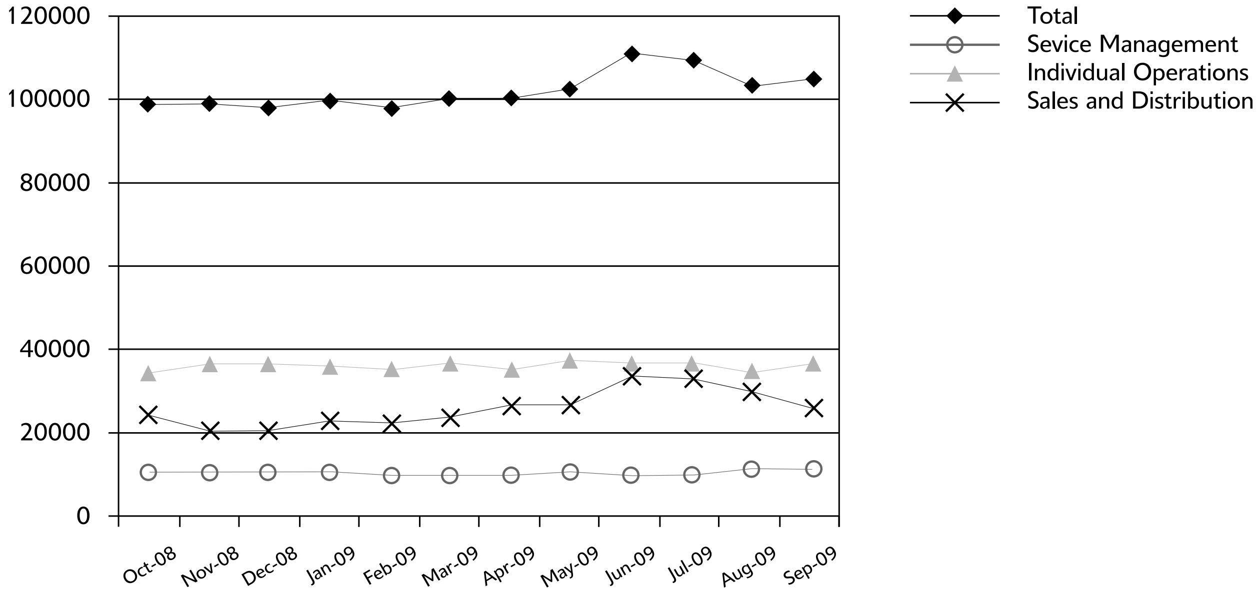

Figure 1: Garnishee order total trends on current loads, October 2008–September 2009[12]

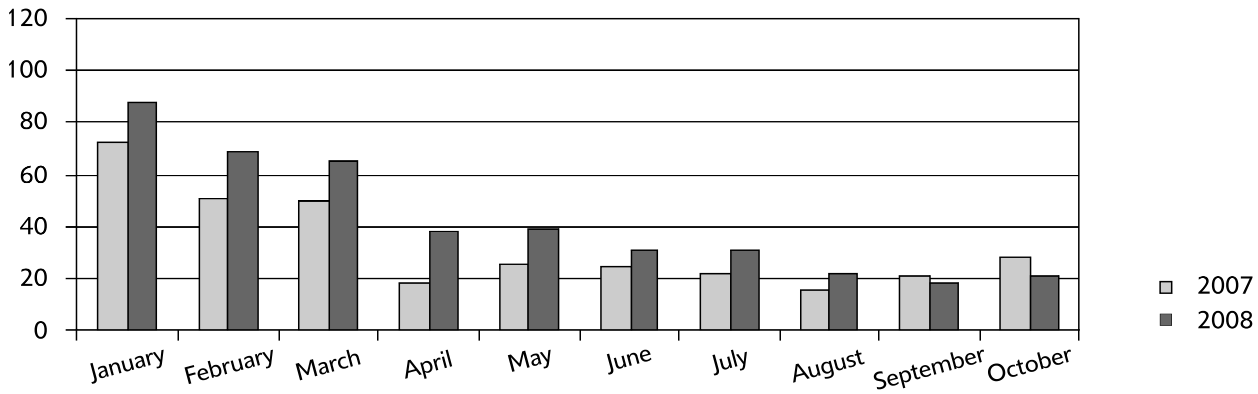

Figure 2: Number of salary advances granted: January to October 2007 vs. January to October 2008

their pension funds, in order to free up take-home income. Aldhouse contends, "This doesn't make a lot of difference, but it shows just how desperate some people are for that extra bit of monthly income."

Increases in absenteeism

The percentage of absenteeism increased from 7.13% in 2006 to 10.68% in 2007.[14] The factors influencing absenteeism are diverse and complex, but Aldhouse notes that when employees identified as frequent leave applicants were called to account for this trend, some intimated that their financial and debt situation constrained their travel to the point where they often could not afford the petrol or transport costs required to get to work.[15]

Frequent leave applicants intimated that their financial and debt situation constrained their travel to the point where they often could not afford the petrol or transport costs required to get to work

A commitment to employee financial well-being

Based on the evidence of increasing financial stress, and guided by its endorsement of a holistic vision of wellness for its employees, Liberty added to its financial wellness offering through a subscription to Octogen's Money Sense (ICAS's financial wellness partner programme) in July 2007. Although supplemented by an in-house staff financial advice centre, subscription to this service now forms the core of Liberty's FWP.

Money Sense

Money Sense is one of a number of financial wellness solutions offered by Octogen (Pty) Ltd. The primary objective of the programme is to provide individuals with a financial analysis that is independent, personalised, confidential and honest, educational, accessible, and easy to understand.

The programme consists of five components. These include: an electronic toolkit, a formal assessment, access to a call centre, an electronic newsletter, and access to a debt counsellor. Money Sense's initial and primary interface is electronic, with members submitting specified demographic information in order for the software to generate responses. If such analyses indicate cause for further intervention, the process progresses through a prescribed and systematic set of interventions to help employees towards greater financial wellness.

The toolkit

The process usually begins with a staff member logging on to the Money Sense website and accessing the solutions toolkit in order to establish their own financial risk profile. The individual's spending habits are benchmarked against the demographics for people in similar LSM (Lifestyle Standards Measure) groups. Should a person's expenditure distribution fall outside of this demographic-appropriate budget, they are prompted to provide a more detailed set of data for a formal assessment of their financial situation.

The toolkit measures inputs across three primary categories and items, which include household expenditure, financial services and debt repayments. It also highlights users whose financial wellness is at risk relative to both group and national averages. These users are then referred for formal assessment.

Assessment

Assessment consists of two parts: The first is an internet-based data collection procedure that builds on the initial report and profile provided by the toolkit. In the second stage, this report is scrutinised by an expert consultant at Money Sense. By assessing the individual's expenditure against the norm, and in light of the very detailed information requested by the toolkit, the consultant is able to compile a customised report that is emailed back to the user employee. Drawing specifically on an individual's data, against national averages, the report generates content on:

- a personal health financial rating;
- a personal risk profile;
- the long-term impact of current spending patterns; and
- customised rectification solutions.

The real success of this part of the programme, according to Aldhouse, is due to "the fact that the programme goes into such detail in its assessment; how much you spend in the canteen, to where you buy your bread – these are all included in the data fields. This allows the employee to really understand his or her spending patterns."

Call centre access

The third component of the Money Sense programme is toll-free access to a call centre populated by financial advisors. The centre is available to employees at any time, but is primarily used to clarify and extend the information conveyed in the electronic report.

Electronic newsletter

Money Sense's primary member communication vehicle takes the form of a monthly electronic newsletter, which is used to inform and educate individuals on relevant money issues and to encourage employees to make regular use of the service. Special alerts are also triggered by rate increases, the national budget and any news item with a direct impact on an individual's finances. This serves to maintain employee awareness of financial wellness, and focuses employees' attention on any new risks that may arise in the general economic environment.

Access to debt counselling

Should the individually tailored report (or any other information source across the programme) indicate that debt remediation is required, the Liberty employee is referred via Money Sense to a National Credit Regulator-accredited debt counsellor for immediate intervention.

Financial Advisory Centre (FAC)

As outlined above, Liberty supplements the Money Sense subscription with an in-house walk-in financial advisory centre. The centre, which has been in operation for many years, is staffed by financial planning experts who are trained to facilitate financial wellness at both remedial and preventive levels. Typically, these experts respond to walk-in staff and assist with major aspects of financial wellness, such as needs analyses, financial counselling, budgeting, the drafting of wills, and debt management (if needed). The centre also offers Liberty staff savings and investment products with no commissions.

The second function of the centre is entirely preventive in focus – it consists of the development and delivery of regular financial wellness workshops tailored to the most salient needs of Liberty's employees. These programmes respond to employees' most pressing financial issues at any time, and typically run on a monthly basis.

Programme funding

Money Sense is funded through two sources: A monthly subscription charge to the service is funded out of Liberty's EAP budget, with the company transferring a fixed fee to ICAS to be disbursed to Money Sense as an external service provider. This fee includes access to everything but the debt counselling service of the programme. If an employee requires face-to-face debt counselling, he or she is charged directly. As indicated by Aldhouse, costs for advanced debt counselling are strategically "built into the budget of the employee concerned". However, the cost is scaled to the employees' income and in most cases this comprises no more than a nominal fee.

Marketing

Currently, the programme is marketed through 'desk drops' for each employee. Posters and flyers are also distributed at the company wellness centre, the financial advisory centre and the company-based Standard Bank branch.

Referral protocols

Employees enter the FWP through various points, as outlined below.

Self-referral

Self-referral is usually activated by the employee's response to the active marketing of the programme. In such cases an initial login via the company wellness site marks this programme's entry point.

Direct referral via ICAS

Liberty employees' utilisation of the ICAS EWP is gradually increasing. According to the ICAS 2006/2007 utilisation report, Liberty's staff are above industry average in their utilisation of the service.[16] Often employees present with problems seemingly unrelated to finances. However, upon further scrutiny, it is discovered that the initial presenting problem is often driven by an underlying core financial problem. In these cases, the employee is directly referred to the Money Sense programme by the ICAS counsellor.

Manager referral

The most common point of entry into the programme is via a direct managerial referral. These referrals are frequently initiated following performance appraisals carried out when line managers perceive a dip in employee performance. As is the case with many ICAS-based referrals, an open discussion between manager and employee frequently reveals an underlying financial stressor to be at the root of the drop in performance. Once a financial issue is identified as a contributing underlying cause, the manager directly refers the employee to the Money Sense programme. In some instances, line managers have also directed employees to HR for more information about the FWP. For Aldhouse this represents "a three-way process involving the manager, the employee and Money Sense", which is overseen by central HR management.

Less frequently, manager referrals begin with an employee requesting an increase in salary. As Aldhouse explains, "In these cases, after some prompting by the manager, the employee may disclose that he or she is experiencing financial difficulties."

Monitoring and evaluation

Baselines

As the programme has been running for just over a year, the data provided by Money Sense and ICAS's information systems have largely produced baselines against which progress can and will be measured. The collection and collation of these baselines are imperative to obtain a summative evaluation of programme effectiveness in the long term.[17] While the confidentiality of the reports constrains a deep analysis of the drivers of debt amongst its employees, the company has managed to establish a range of financial wellness baselines.

Presenting financial issues

According to EWP statistics provided by ICAS, 61.4% of all finance-related interactions between its call centre and Liberty employees involve debt-related issues.[18] Among the most significant drivers of debt are those related to expensive 'status indicators' such as extravagant houses and cars. According to Aldhouse, there are indications that "over-indebted Liberty employees seem to have bought cars and other items that they could afford before the implementation of the NCR and subsequent rising interest rates". In such cases, employees are experiencing difficulty in paying these off.

'At-risk' staff

From the onset of the programme, Aldhouse has indicated that staff registrations for Money Sense were largely concentrated in salary bands 3 to 4 in the organisation. These bands represent relatively junior administrative and leadership positions. However, she notes that "from July 2008 we have seen a marked increase in usage by managers". Such evidence is supported by ICAS utilisation reports.

Formative evaluation[19,20]

The programme is still in its infancy. As such it is difficult to accurately assess its progress against particular baselines. However, Aldhouse says, "We know the programme works based on the exchanges with Money Sense." The company has, nonetheless, begun to track trends such as those illustrated in the figures below.

Site visits

As indicated in Figure 3, visits to the Money Sense website remain high, which implies constant re-visitation by Liberty employees. This suggests that employees are familiar with and making use of the site, but that some individuals have yet to interact with its contents more substantially.

Interactions, reports and consultations

There is still a substantial gap between individual interactions between employees and the system, reports generated, and explicit expert

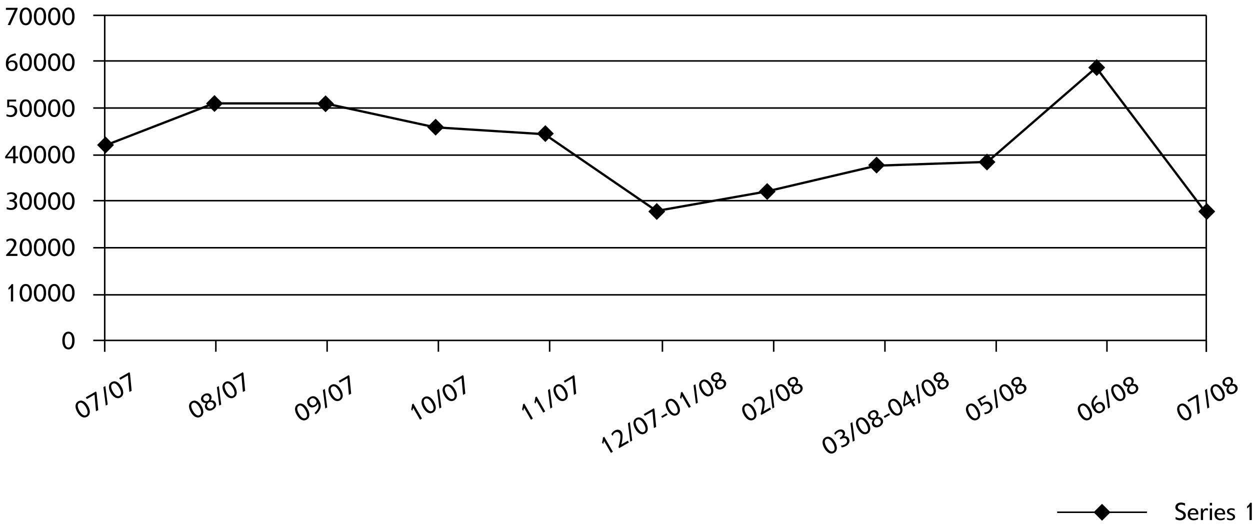

Figure 3: Site visits by month and year

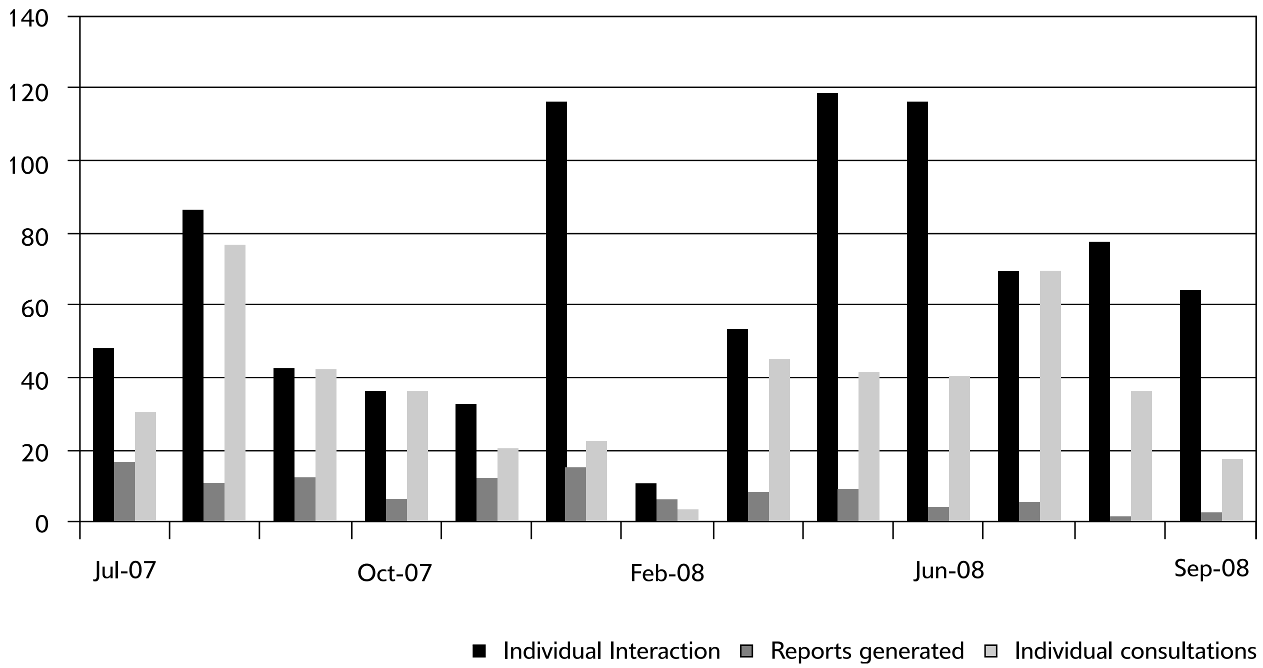

Figure 4: Money Sense interactions, reports and consultations, July 2007–September 2008

consultation (Figure 4). This disparity will need to be monitored closely as its decrease is imperative to the sustained success of the programme.

Programme satisfaction

Money Sense encourages users to provide a qualitative assessment of its services. Liberty monitors these inputs in the form of quote collations. Examples of these rudimentary measures of satisfaction are included in the box below.

> Budget Sense is great. We used it to work out our home budget and for the first time we have a budget. Thanks great service.
>
> I was in a financial dead end. Money Sense forced me to reconsider my priorities. My house, my car or my children's education: what is more important? I downgraded my car and you know what, I feel good about it. Thank you Money Sense.
>
> My financial lifestyle was never a problem but the recent increase in cost forced me to develop a budget. I did not know here to start until I obtained a proposed budget on Budget Sense. I should have done this long ago.
>
> A colleague told me to try the Budget Sense by Phone service and I must admit I was very reluctant to use it. I must say I was pleasantly surprised to find the service easy to use and very useful. I can recommend the service without any hesitation.

Drivers of success

Employee investment in wellness

As suggested by the above-average uptake of the generic ICAS EAP, and the fact that 91.6% of all calls to the ICAS call centre are self-referrals, Liberty employees appear to be invested in the general EAP. This personal investment in and engagement with the programme, coupled with above-average programme exposure, augurs well for increasing utilisation of the money management component of the EAP.

Innovative combination programme management

The use of an independent EFW programme like Money Sense guarantees employees complete confidentiality. However, supplementing this core programme with the walk-in Financial Advisory Centre provides employees with access to human engagement when seeking advice. In addition, the staff manning the centre offer a unique and customised understanding of Liberty's organisational culture. And as Aldhouse points out, "Central HR has been working on developing a close-knit sense of community with Liberty's employees." These factors combine to form an important culture of trust between the organisation and those employees seeking help.

Challenges

While always difficult to pinpoint, many of the challenges to Liberty's FWP may be underpinned by employees' attitudes to seeking financial assistance. As Aldhouse indicates, "We can see that [financial stress is happening] but [employees] are still reluctant to go and look for help." Such attitudes and resistance are a common feature of assistance programmes, and are notoriously difficult to shift. However, the combination of independent financial advisors and the familiarity of the walk-in centre will do well to drive uptake, in turn changing responses to any negative perceptions that might exist.

Delayed assistance-seeking

Unfortunately, many employees presenting to the programme are in the advanced stages of the debt spiral. When matters are that urgent, they often require the intervention of Money Sense's legal teams. However, over time it is hoped that Liberty's emphasis on the preventive component of the programme will encourage more employees to seek help earlier, and to view the FWP as an ongoing and integral part of achieving financial wellness, rather than a tool for addressing bad debt.

Early drop-out

As indicated by the relatively low ratio between individual interactions and direct consultations (see Figure 4 on page 146), Liberty's employees appear to drop out of the Money Sense process following receipt of their initial report. The reasons for this are complex and difficult to pinpoint. Such behaviour translates into a relatively limited uptake of the advanced remedial and preventive services offered by the FWP.

Long-term goals

Aldhouse indicates that Liberty's overall long-term goal is to shift from a reactive to a proactive intervention approach. However, the process of defining long-term goals for the FWP, and the ways in which these will be met, is still in the planning phase and was not available at the time of going to press.

Indicators of sustained programme effectiveness

The key measurement and evaluation indicators of uptake, employee satisfaction and rates of financial stress, as a presenting problem, will all be carefully monitored over the next two to five years. However, the single-most important indicator of the programme's effectiveness for Liberty will be the translation of employee registrations into formal consultation within the programme.

Conclusion

During the current economic downturn, in which people are increasingly in need of sound financial advice, there is often a decrease in people offering such financial advisory services. The reasons for this are complex, but could include the fact that financial advisors are reliant on commission-based income derived from products which many people feel they can no longer afford. The Liberty Group's FWP provides a valuable example of fostering financial health 'in-house', which in turn contributes to a greater awareness and adoption of sound financial management practices during a time in which such services are urgently needed by all South Africans.

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Notes

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2 *From Life Insurance to Wealth Management* in Corporate Profile: http://www.liberty.co.za/liberty/index.asp?sCatID=aboutlibertylife&sPageID=corporateprofile/main.htm. [28 October 2008].

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4 *Liberty Restructures for Growth*, Company Press Release, 4 September 2008.

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7 Liberty Group's *Sustainability Report* 2007.

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9 *ICAS Utilisation Report* 01/10/2006 to 30/09/2007.

10 *ICAS Quarterly EWP Utilisation Report* 01/01/2008 to 31/03/2008 Liberty Group.

11 Internal payroll document tracking garnishee orders from 1 October 2008 to 1 September 2009.

12 Ibid.

13 Salary advance information provided by Liberty Payroll, HR Department, for period the October 2007–October 2008.

14 Liberty Group's *Sustainability Report* 2007, Labour statistics: Group excluding STANLIB.

15 Interview with Kate Aldhouse, Liberty Employee Value Proposition.

16 ICAS 2007/2008 *Annual Utilisation Report* for Liberty Group.

17 A summative evaluation is a form of overall assessment concerned with the final objective results of an intervention. It is primarily geared towards an assessment of the programme against its stated aims and objectives.

18 *ICAS EWP Utilisation Report*.

19 Formative evaluations are programme assessments geared toward gathering and analysing the type of data that will guide further developments in programme implementation.

20 The data represented in these charts are not provided monthly. They should therefore be read as general rather than precise indications of trends.

A multi-pronged attack: SAB Ltd takes a comprehensive approach

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Executive summary

As part of one of the world's largest brewing companies, SAB Ltd employs some 8 600 people, all of whose well-being is driven by an employee value proposition that seeks to position the company as an employer of choice.

During the past year-and-a-half, it was brought to the attention of SAB Ltd that an increasing number of employees were experiencing problems related to over-indebtedness. Specifically, there had been an increase in the number of loan requests from employees: An audit revealed that some 10% of the company's employee base had garnishee orders attached to their salaries. Anecdotal evidence from managers highlighted the problem of illegal loan sharks, and the fact that some employees planned to resign in order to access their provident fund.

The company responded with a multi-pronged approach. It expanded its existing employee financial awareness programme and contracted the services of an external company to manage garnishee orders and take corrective action in instances where irregularities existed. A telecare service – part of the company's employee assistance programme – now provides employees with access to general financial advice, while a newly launched comprehensive debt management programme provides more specific interventions to help those employees who find themselves in a debt trap. Together, these elements form a financial wellness offering that is preventive, educative and remedial.

Background

Biographical data: SAB Ltd

- ***Sector:*** Food and beverage
- ***Industry:*** Beverage manufacturer (soft drinks and alcoholic beverages)
- ***Number of employees:*** Approximately 8 600 employees for SAB Ltd (incorporating employees from the Beer and Soft Drinks divisions)
- ***Leadership:*** Norman Adami, Managing Director, SAB Ltd
- ***Turnover (2007):*** R28.9 billion
- ***Wellness programme coordinator:*** Mr Kobus Burger
- ***Scope of the financial wellness programme:*** Financial management education, general financial counselling, garnishee order administration, debt counselling, debt administration

Background to the company

SABMiller is one of the world's largest brewers, with interests and distribution agreements in North and Latin America, Europe, Africa and Asia. The company started in 1895 in South Africa as Castle Brewing, and in 1956 it became known as the South African Breweries.

Locally, SABMiller owns Amalgamated Beverages Industries (ABI) which handles the bottling and distribution of Coca-Cola products in the southern hemisphere. ABI, together with the alcoholic beverages division, makes up the South African Beverages division of SABMiller, otherwise known locally as South African Breweries (SAB Ltd). The company has brewing operations in Cape Town, Durban, Johannesburg, Polokwane, Port Elizabeth and Pretoria, while its ABI business spans Gauteng, KwaZulu-Natal and the Free State. It employs around 8 600 people.

SAB Ltd's approach to organisational health

Organisational health forms a key component of SAB Ltd's employee value proposition. The company's vision is to be "the most admired company in South Africa, partner of choice, investment of choice and employer of choice". It views its organisational health and employee assistance programmes as central to the achievement of this goal, and to the flourishing of a healthy, productive workforce.

Key elements of the organisational health strategy include

- a holistic approach that is non-prescriptive and based on an understanding that individual needs are different;
- interventions that provide support and empowerment, but also entrench self-motivation and self-responsibility for all wellness issues.[1]

The organisational health programme, which is targeted at permanent employees of SAB and ABI, aims to "promote wellness as a lifestyle choice, incorporating balanced wellness dimensions through the development and implementation of appropriate interventions within a supportive culture".[2] The company's organisational health matrix incorporates both preventive and curative components which are implemented at organisational / systemic and individual levels.

The organisational health model incorporates all factors that impact organisational health, including

- an employee assistance programme (EAP) branded internally as Sinawe;
- a healthcare programme;

SABMiller's organisational health strategy includes a holistic approach that is non-prescriptive and based on an understanding that individual needs are different; its interventions provide support and empowerment, but also entrench self-motivation and self-responsibility for all wellness issues

- restructuring support for employees being retrenched via a programme known as Noah;
- a lifestyle management programme;
- resilience training;
- an HIV/Aids intervention strategy;
- a personal positive energy component;
- the promotion of work–life balance; and
- a financial wellness and education programme (formerly known as FinSense).

The case study that follows will focus on activities relating to the promotion of financial wellness at SAB Ltd, and which form part of the overall organisational health model. These activities are financed through the company's employee relations budget, which forms part of the overall Human Resources budget.

Over-indebtedness – an SAB Ltd snapshot

Recognising that general financial wellness is an important contributing factor to overall wellness, SAB Ltd, through its historical programme FinSense, has been involved in providing employees with basic financial education and literacy since 2001.

However, recent changes in the country's economic climate have made themselves felt among SAB Ltd's employee base, and the company has lately identified debt as a growing problem which needs to be addressed. Rising interest rates and the increased cost of living mean an ever-increasing number of employees are struggling financially – and borrowing money either to stay afloat or to service debts incurred in a lower interest rate environment.

Kobus Burger, Employee Relations Manager at SAB Ltd, reports, "Over the past year-and-a-half the company has noted a marked increase in debt-related problems among its employees and during 2008 in particular, our human resource managers from the company's various regions identified employee over-indebtedness as a serious and growing problem. They report that it is affecting the retention of employees as well as productivity."[3]

Figure 1 provides a 'snapshot' of how employee over-indebtedness is affecting the company[4].

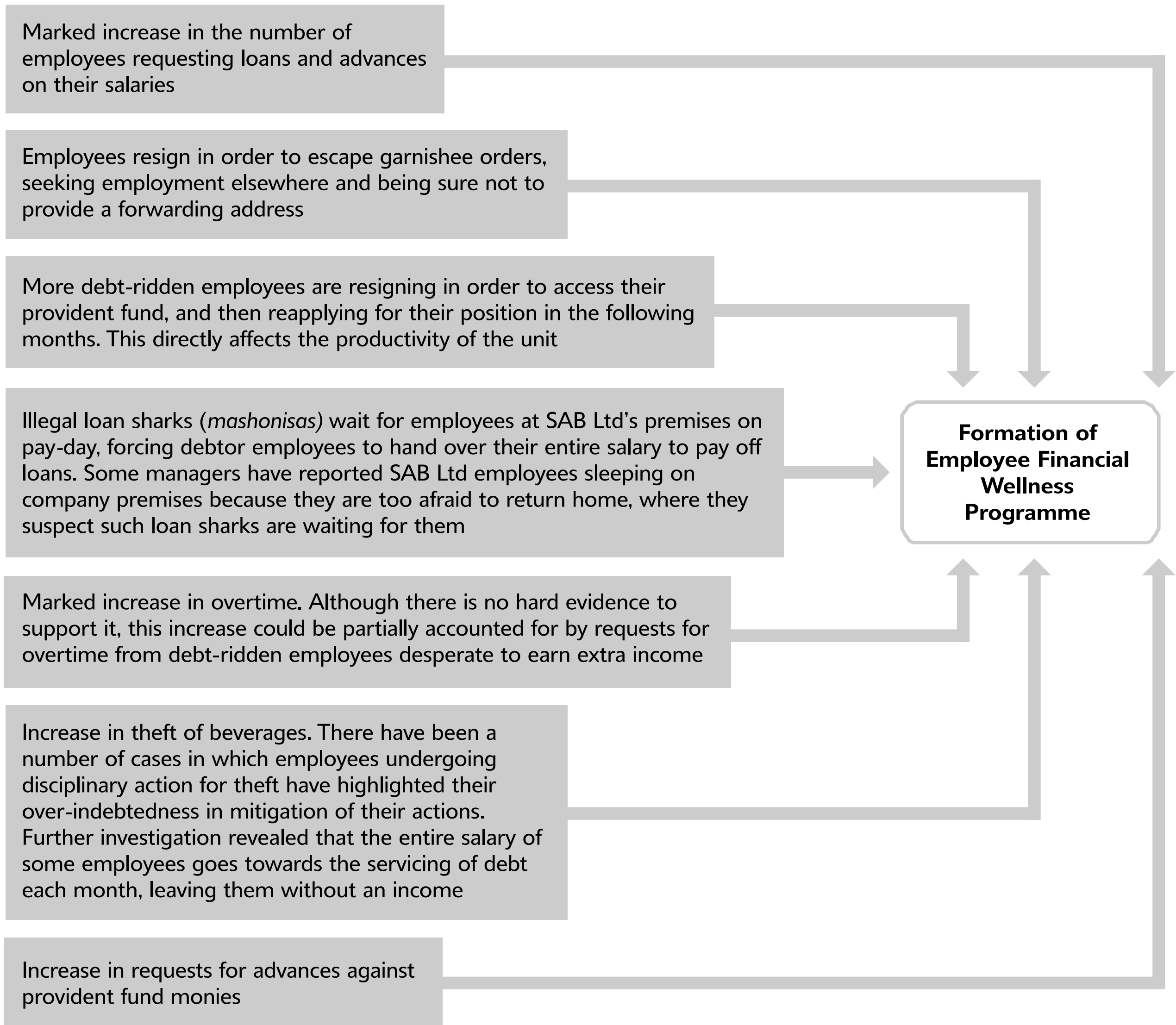

Figure 1: Catalysts for the formation of the SAB Ltd Employee Financial Wellness Programme

The combination of these factors provided the catalyst for research into a more in-depth financial wellness programme at SAB Ltd, which would provide remediation and curative action in addition to the preventive component already entrenched through the financial education programme.

History of the programme

Financial training for retrenched employees

FinSense was SAB Ltd's financial management education programme, run for many years as part of the company's organisational health offering to employees. As Burger explains, "The financial management training programme component of it was originally designed for employees facing retrenchment and was run through our retrenchment initiative – Project Noah. This is a programme that offers counselling, support and advice on opportunities for new employment to those employees who are undergoing retrenchment."

The financial wellness training component of Project Noah aims to provide employees with financial management tools to manage their general finances and retrenchment packages wisely during the period of financial uncertainty that can follow retrenchment.

MoneyTalk evolves

Over time, this training programme evolved into a more general financial management education programme known as MoneyTalk, which was extended to permanent SAB Ltd employees in salary grades D to F, which includes machine operators, drivers, crewmen and clerical staff, and by far makes up the largest portion (around 60%) of SAB Ltd's permanent workforce.

MoneyTalk, which is preventive in nature, comprises a one-day training course aimed at educating employees about a range of financial issues. It provides them with advice and tools to facilitate better management of their personal finances. MoneyTalk covers various topic areas as depicted in Figure 2.[5]

These aspects are presented in an easy-to-understand, accessible format that uses examples to which the target audience can relate.

"We run about four to five MoneyTalk training programmes a year, but lately the debt challenges facing employees have prompted us to start pushing the programme more aggressively," says Burger, adding that the human resource managers in each region, and the shop floor stewards, will be engaged to raise further awareness among employees of the programme's existence. The company has also employed the services of a second trainer to enable it to run more MoneyTalk workshops in the coming year.

Addressing existing debt issues

MoneyTalk is a preventative programme by nature. Burger, in discussing its limitations in solving the existing problem of over-indebtedness among

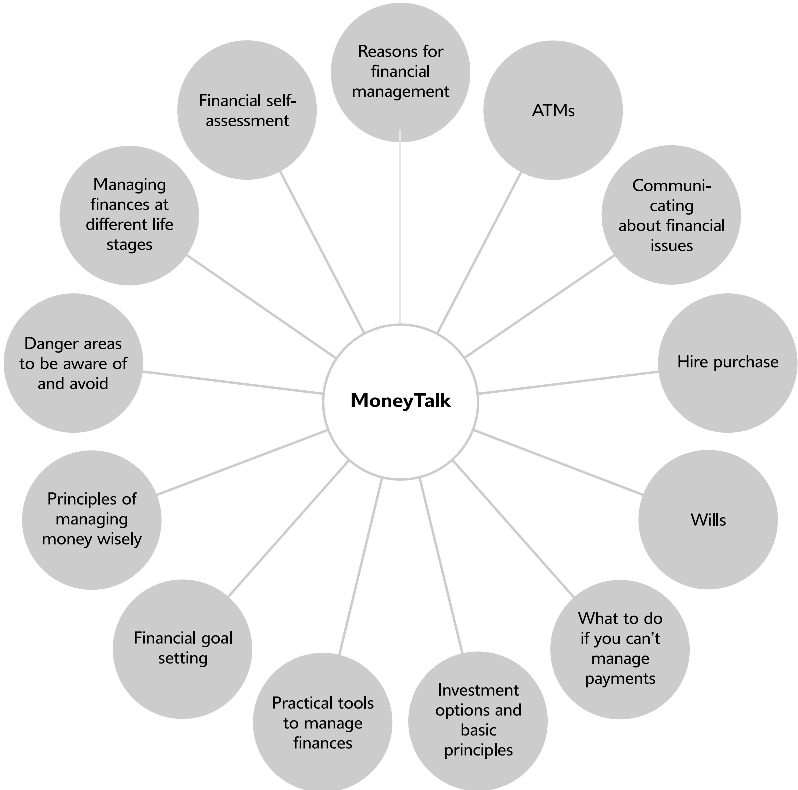

Figure 2: Components of the MoneyTalk training programme

employees, says, "The message we are trying to put across to employees through this programme is not to wait until it is too late. MoneyTalk encourages them to actively manage their finances and protect themselves against bad debt situations.

"But while it is hoped that the programme will prevent new bad debt situations from arising, we know that for many employees it comes after the fact, so to speak. They are already in a situation of financial over-indebtedness and no amount of preventive financial wellness training will solve their immediate problem.

"We realised there was a clear need for a separate intervention that would provide such employees with debt management and relief."

The message we are trying to put across to employees through this programme is not to wait until it is too late

Partnering with Summit Financial Partners

The first step SAB Ltd took towards the implementation of such an intervention was a full audit of garnishee orders against company employees. While the employee relations team was aware that around 800 employees had garnishee orders on their salaries, it did not have a comprehensive view of the full extent of the problem.

Summit's experience revealed that in many instances employees are being over-charged on garnishee orders and specifically on the interest attached to them, that some garnishee orders do not meet the necessary legal requirements and employees are often owed money

In 2006, it engaged the services of Summit Financial Partners, an independent external company with a comprehensive offering of financial well-being solutions aimed at helping employees overcome existing debt, and preventing them from incurring further bad debt. The company has extensive experience in the employee over-indebtedness sector, and a track record dating back to 1992. Garnishee order administration and auditing are just two of their product offerings.

Summit Financial Partners conducted a full audit of all garnishee orders against SAB Ltd employees in order to assess the extent of their debt, to identify any irregularities on existing garnishee orders, and take remedial action to correct such irregularities where they existed.

"Summit's experience in this field has revealed that in many instances employees are being over-charged on garnishee orders and specifically on the interest attached to them, that some garnishee orders do not meet the necessary legal requirements and employees are often owed money. While SAB Ltd has always managed the garnishee orders against employees, it felt that Summit's audit would be extremely useful, particularly in identifying and dealing with irregularities in the garnishee orders, and that it would offer insight and a way forward in dealing with the debt situation," says Burger.

Results of the garnishee order audit

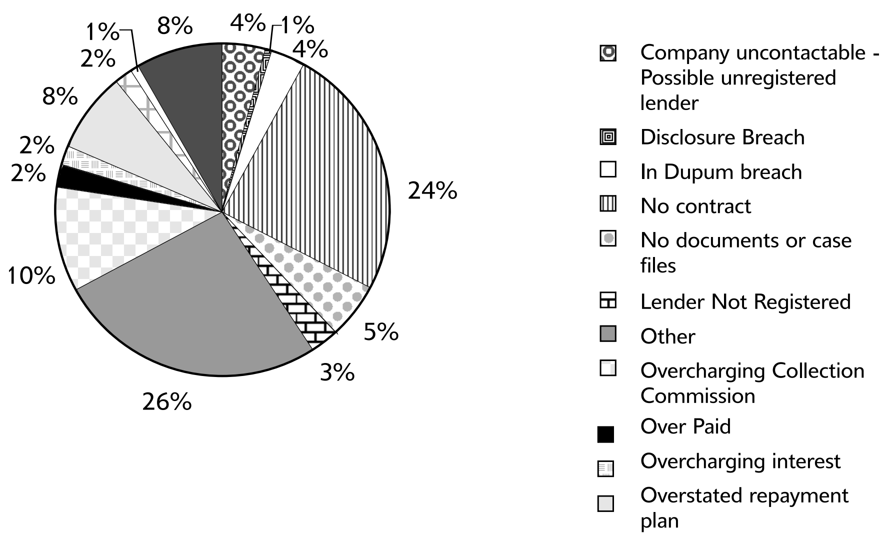

Figure 3: Key irregularities regarding garnishee orders

Summit Financial Partners assessed the legality of each garnishee order against the relevant laws, which include the Usury Act, the Exemption to the Usury Act, Sections 57, 58, 65J and 74 of the Magistrates' Court Act, and the rules and regulations of the Micro-Finance Regulatory Council (MFRC).

The audit revealed that 471 SAB Ltd employees had garnishee order deductions on their salaries, representing 9.5% of that division; 388 ABI employees had garnishee order deductions on their salaries, representing 10.8% of that division. The company was receiving 18 new garnishee orders a month, and overall, vendors were being paid in excess of R400 000 a month.[6]

The following irregularities were identified on garnishee orders for 14 lending vendors:

- 25% collection commission was being charged on each installment, instead of the 10% dictated by law;
- overstatement of repayment plans;
- lack of money-lending details in the contract;
- no loan contract;
- breach of the *in duplum* rule of the Prescribed Rate of Interest Act of 1975, which states that interest due on debt ceases to run when it reaches the amount of the unpaid capital sum;
- failure of credit provider to register in terms of the National Credit Act, 34 of 2005;
- overcharging on interest;
- breach in disclosure; and
- loan contract and 'Consent to Judgement' form signed on the same day.

Taking corrective action

Following this investigation, Summit Financial Partners' legal team challenged those garnishee orders with irregularities on behalf of SAB Ltd employees. Such corrective action led to significant savings, including

- confirmed total savings for employees of R396 569;
- average total savings per garnishee order of R533; and
- refunds to employees totalling R12 416.

Burger indicates that, in addition to these savings, the corrective action taken by Summit Financial Partners on behalf of SAB Ltd employees has had long-term and far-reaching consequences.

He says, "It's not just that we managed to save employees money on their existing debt and in some instances ensured that they were refunded

We often find that employees struggling with family or marital issues are simultaneously experiencing financial and debt-related problems, and that the two are inextricably linked

money that was due to them. The exercise carried out by Summit helped us to identify unscrupulous and illegal money lenders and flag them on our system for future reference.

"In addition, word is slowly getting out there among money lenders that any garnishee order against an SAB Ltd employee will automatically be scrutinised. Summit Financial Partners have revealed that they are encountering fewer irregularities on the garnishee orders of our employees, and I have no doubt that this is due in part to their ongoing involvement and administration of our garnishee orders."

SAB Ltd charges creditors a 5% commission / contingency fee – allowances which are made by law – and uses these funds to finance the services provided by Summit Financial Partners in assessing and administering garnishee orders for the company.

Addressing debt through the EAP

In addition to MoneyTalk, SAB Ltd's EAP programme, Sinawe, now includes a financial advice component. It comprises direct, confidential and unlimited access to a 24-hour personal support service. The EAP programme is divided into different components as shown in Figure 4.[7]

SAB Ltd views occupational health and wellness holistically and recognises that many health issues facing employees will be related and inter-dependent. "We often find that employees struggling with family or marital issues are simultaneously experiencing financial and debt-related problems, and that the two are inextricably linked," says Burger.

Jenni Gillies, Group HIV/Aids Consultant for SABMiller Plc, concurs, "Through our HIV/Aids intervention programme, we know that employees whose families have been affected by HIV/Aids may also experience debt that arises out of the financial burden of taking care of extended family, or because of the death of a breadwinner in the family. The cost of caring for a family member who is ill can also lead to financial difficulties."

As such, the above services offered by Sinawe do not exist in isolation from each other, but rather interlink and allow for cross-referencing and referral between the various professionals and services in the programme.

Background and scope of the EAP

Sinawe, initiated in 2006, is run and administered by the external contractor and behavioural risk management company, ICAS. ICAS charges a fee per employee for this service, which is borne by SAB Ltd and falls under the budget for Employee Relations (Human Resources). It is

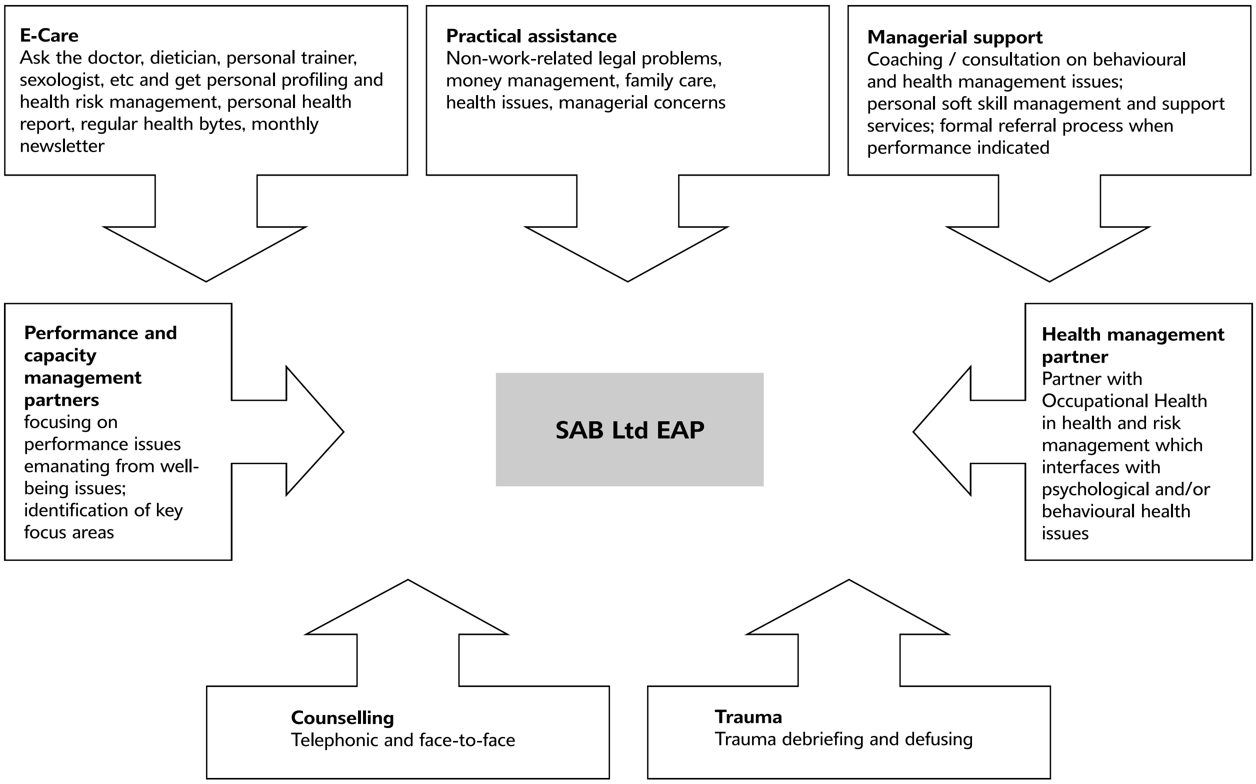

Figure 4: Components of the SAB Ltd EAP

designed to provide short-term problem counselling and consultation to help

- eligible employees and their families to resolve emotional, personal, family and work-related concerns that may affect their work performance, safety and well-being;
- managers and supervisors in addressing employees' productivity, safety and absenteeism; and
- SAB Ltd, as an organisation, to ensure employee wellness.

Confidentiality[8]

SAB Ltd recognises its employees' right to privacy and therefore maintains confidentiality through every level of the EAP. All records and discussions regarding employees' work or personal problems are handled in a confidential manner. ICAS keeps case records and provides feedback of a general nature to the company on trends and statistics, while not disclosing any individual information or employee names.

Referral procedure[9]

Access to Sinawe can either be self- or employer-initiated. However, as Burger points out, "While we encourage employees to seek assistance in cases where we believe it will benefit them, the decision to seek assistance, and continue to receive assistance through the programme, ultimately lies with the employee. In the case of formal referrals, the manager will always advise the employee that he is going to refer him or her to the EAP."

There are three internal referral systems as shown in Figure 5.

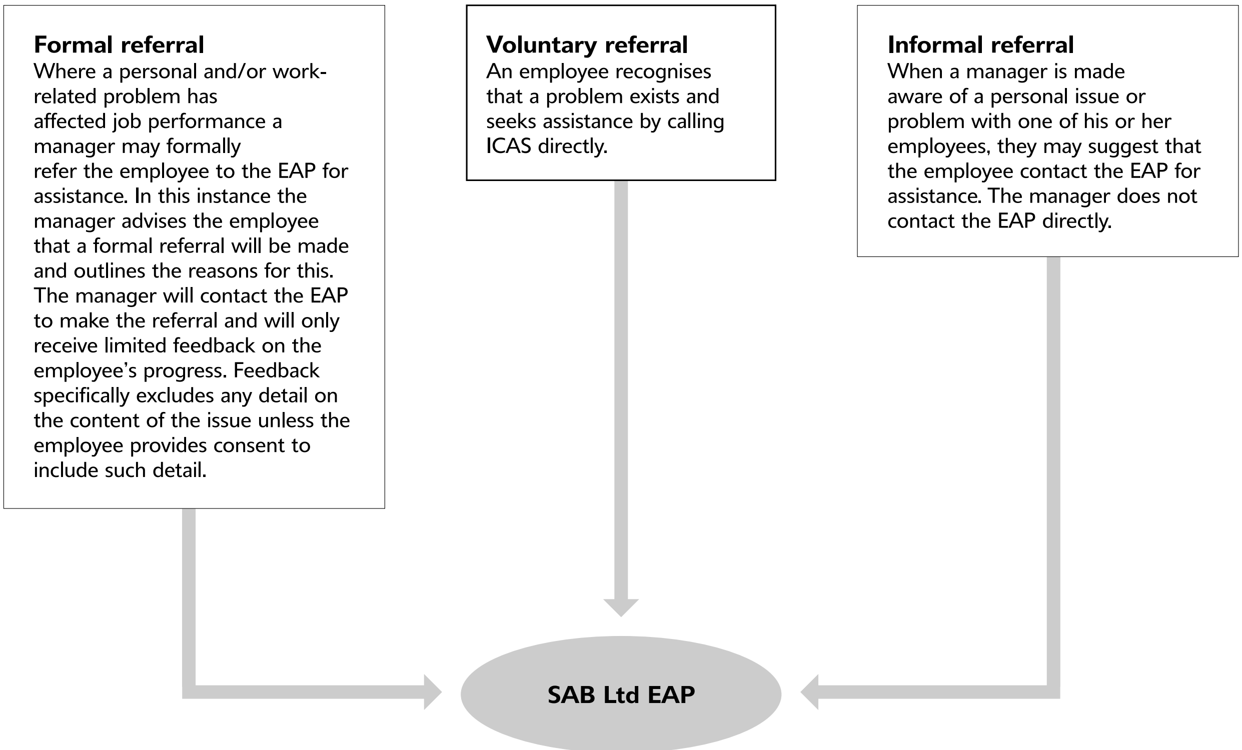

Figure 5: Sources of referral to the SAB Ltd EAP

Financial counselling component

Since its inception, Sinawe has included a financial wellness offering that complements the MoneyTalk financial management training programme offered internally to permanent SAB Ltd employees. This component predominantly focuses on money management and allows employees to access advice on general financial management. It does not, however, include debt management, debt counselling or debt restructuring.

Trends and analysis of the financial counselling component of Sinawe

As part of its service, ICAS provides SAB Ltd with quarterly utilisation reports on the following indicators:

- Organisational utilisation trends;
- Problem trend information;
- Work impact and resolution;
- Accessing trends;
- Dependent utilisation trends;
- Shift worker vs. non-shift worker utilisation trends; and
- Managerial consultation and referral trends.

The data and trends outlined below refer to the periods 1 April 2007 to 31 March 2008 (hereinafter referred to as Period 1), and to 1 April 2008 to 30 June 2008 (hereinafter referred to as Period 2).[10]

Organisational utilisation trends

For Period 1, SAB Ltd employees made use of Sinawe for assistance on a wide range of issues. 1 170 unique cases were seen during the period, with 77 repeat users. In addition, 88 users utilised the group trauma debriefings and 25 were seen for family interventions.

These figures show an EAP utilisation rate of 13.1% which is higher than the sector benchmark of 11% (benchmark derived from trends of ICAS's clients). As debriefings accounted for 1% of utilisation, the total engagement rate is 14.1%. Managerial utilisation of 20% is above the benchmark figure of 12.7%. Individual face-to-face counselling sessions by far comprise the biggest portion of services utilised (Figure 6).

Source of referrals

An overwhelming percentage (93.4%) of employees utilising Sinawe during Period 1 were self-referred, i.e. they contacted the service of their own initiative. This figure reflects a positive employee attitude towards the services offered by Sinawe, and indicates that they are aware of the assistance on offer and feel able to access it freely and with confidence.

Of the remaining users, 4% were informally referred while managers, occupational health services and other formal referrals accounted for 2.6%. Most employees who were formally referred continued to make use of the services on offer, with only a small percentage showing resistance and declining the assistance offered to them.

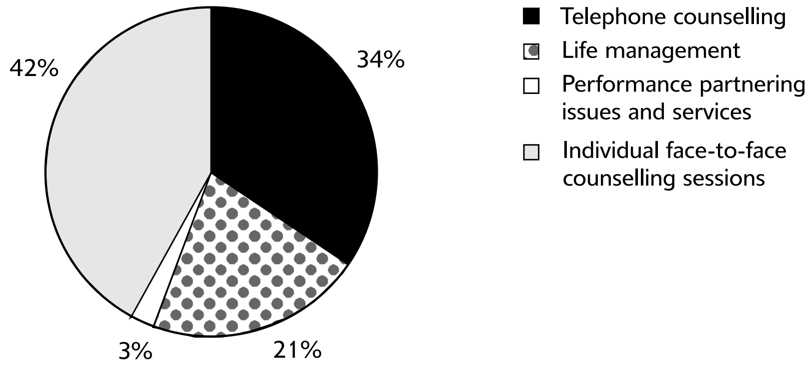

Figure 6: Breakdown of services 1 April 2007 to 31 March 2008

Money management: A top presenting problem

While relationship issues, legal issues and information and resources were identified as the top three presenting problems during Period 1, ICAS reported an increase in the presentation of money management issues over the period, and particularly in the final quarter of the year. The majority of employees presenting with money management issues was male (around 10% compared to around 4% of females), and the number of shift workers presenting with this problem was approximately double that of non-shift workers, over both periods.

The money management problem cluster is ranked fourth overall in Period 1, accounting for 7.5% of all presenting problems (see Figure 7).

In particular, there was an increase in problems related to debt management, financial coaching and debt administration, and in the majority of these cases employees requested assistance with debt consolidation and in drawing up budgets in an attempt to manage bad debt. However, in the last quarter of the year there was a significant increase in the number of requests for financial coaching, which may indicate that some employees are taking a proactive approach to protecting themselves from bad debt.

ICAS reports that this increase in people presenting with money management queries may partly be the result of the increased number of MoneyTalk workshops held by the company during the period, but there is also evidence to suggest that the trend is related to increases in the interest rate, cost of petrol and living expenses, as experienced over the period.

While money management issues remained fourth in the top ten presenting problems, the upward trend in the presentation of this problem continued into Period 2, during which time there was an even

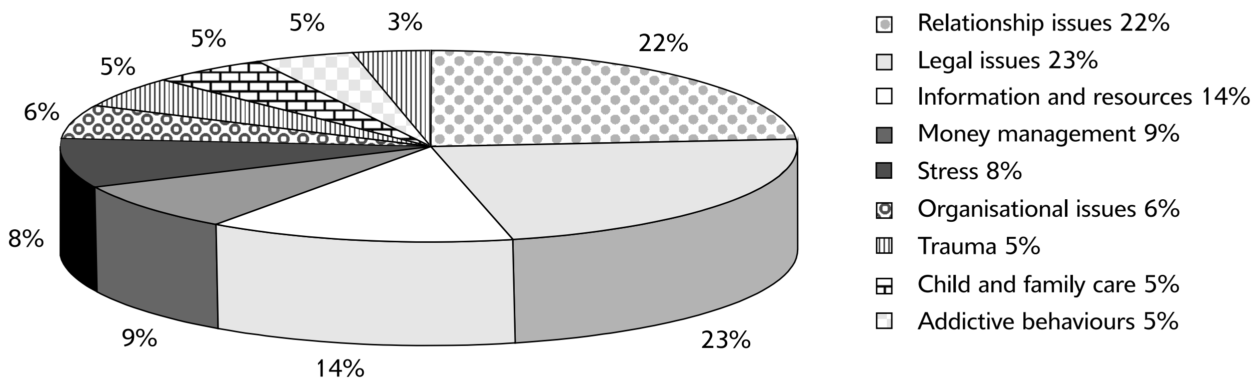

Figure 7: Top ten presenting problems during Period 1

more pronounced focus on issues surrounding debt. The number of money management-related requests is above industry average and ICAS benchmarks for this period.

The quarterly report for this period indicates that most of the requests received by Sinawe about this issue, related to the excessive consumption of credit. High monthly credit installments meant that many employees could not afford living costs and had negative monthly cash flows, or they could not afford the monthly installments to service the high levels of debt they had incurred.

The report notes, "Although a portion of these problems relates to the high interest rate environment coupled with food and fuel inflation, most of the problems relate to accessing too much consumption-type loans over the past few years. […] A point is reached when loans are being taken merely to repay other loans, resulting in a debt spiral."[11]

The following factors are highlighted:

- Employees do not fully understand the consequences of taking loans;
- Employees do not assess their financial capacity to repay loans before taking them;
- Employees do not understand the fees attached to taking out loans.

ICAS advises that SAB Ltd can expect a range of negative behavioural changes as a result of the desperation employees feel because of their over-indebtedness. These include absenteeism, resignations in order to access retirement funds and 'desperation theft' in order to fund living expenses.

SAB Ltd's financial wellness offering now covers general financial management education, general financial management advice, assistance with garnishee orders, and assistance and counselling for employees who are already in a position of financial over-indebtedness

A new debt management offering

The money management trends detailed in the Sinawe utilisation reports highlighted an urgent need for increased financial wellness training and for a comprehensive debt management programme.

SAB Ltd responded to the first need by implementing plans to increase the MoneyTalk workshops (as detailed previously) and engaged the services of Summit Financial Partners to help it respond to the need for a debt management programme.

In addition to the garnishee order solution which Summit Financial Partners are already implementing at SAB Ltd, ICAS now offers a telecare solution for debt management. This offering was extended to SAB Ltd employees in 2008, thereby making debt management assistance available to all the company's permanent employees.

The telecare solution includes the following services:

- Identifying irregularities;
- Query resolution;
- Debt relief;
- Tax and estate planning;
- Basic investment planning.

The financial planning aspects of the solution complement the MoneyTalk training programme, and provide advice on long-term financial planning options, thereby helping employees to create sustainable wealth in addition to managing existing bad debt.

Strategy and goals

This debt management solution makes SAB Ltd's financial wellness offering to employees a more comprehensive one that is preventive, educative and remedial. With the debt management solution in place, the offering now covers general financial management education, general financial management advice, assistance with garnishee orders, and assistance and counselling for employees who are already in a position of financial over-indebtedness.

Burger explains SAB Ltd's strategy and goals in implementing the debt management programme as follows, "Research shows that employees get into debt for a variety of reasons, but chiefly because of emergency expenses, unplanned events or reckless spending, which results in reckless borrowing. If you are able to intervene at this stage, you can stop the debt spiral before it begins – and the educative aspects of our financial wellness offering seek to achieve this goal by increasing employees' awareness of the risks of borrowing money and providing them with the tools to save and budget responsibly.

"However, we realise that many employees have already accrued debt that they cannot service, and they risk defaulting. This, in turn, leads to more borrowing, and a range of behaviours that negatively impact retention and productivity at work. It also opens them up to collection abuse. We can avoid this situation if we provide employees with debt counselling and debt restructuring."

Procedure followed

The debt management programme is centred on a telecare call centre, which employees can access by calling the Sinawe Hotline. In the event that debt counselling and debt restructuring are required, ICAS consultants will patch the call through to the call centre, which operates from 7 am to 9 pm. Around 80% of calls are answered immediately, and the remaining 20% make use of a messaging service, following which calls are returned within 24 hours.

The case manager is equipped to deal with the following groups of presenting problems:

- Budget / affordability / over-indebtedness advice;
- Debt / garnishee order / collection irregularity;
- Black-listing / credit bureaux;
- Tax / estates / investment and retirement planning; and
- Other financial advice.

Depending on the presenting problem, the case manager will request certain information from the client, provide him or her with information, or refer the case to the financial advisory or legal team, as shown in Figure 8 (on p. 168).

Assisting employees with over-indebtedness

When employees present with issues of over-indebtedness, they are asked to complete a standard assessment to provide the case manager with insight into their financial position.

The case manager then identifies whether there are any possible collection irregularities relating to the debt. If this is the case, he or she explores areas in which money can be saved or recovered. If irregularities are identified, the case manager also requests certain documentation, including bank statements, payslips, as well as the latest debt statements and loan contracts. These are checked for accuracy and, where possible, the case manager negotiates reduced debt installments with credit

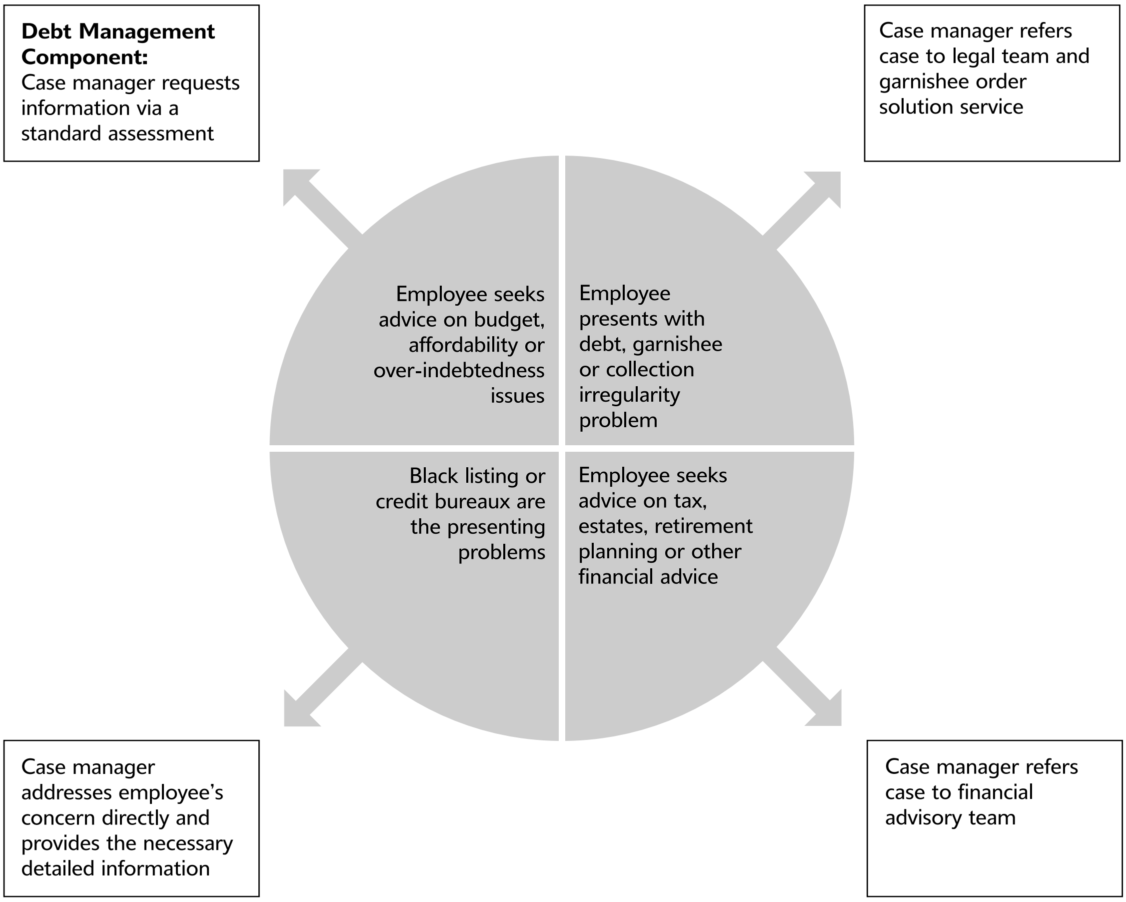

Figure 8: Flow chart of procedure followed by telecare case managers in response to presenting problems

providers on behalf of the employee. He or she will also attempt to restructure the debt and determine whether the employee has any equity, such as a housing bond, that can be accessed and used to clear their debt.

The case manager, working in consultation with the employee, also investigates ways in which the employee can increase his or her income, and reduce both fixed and fluctuating costs.

If none of the above courses of action provides a solution to the debt problem, then the employee is referred for debt mediation, debt counselling or sequestration.

Case managers keep detailed records of interactions with all stakeholders in this process, and measure success according to a range of indicators. These will be tracked by Summit Financial Partners and reported to SAB Ltd on a quarterly basis. However, as this component of the financial wellness programme has only recently been implemented, no reports had been generated at the time of writing this case study.

Looking to the future

SAB Ltd will closely monitor the issue of over-indebtedness and its related problems among the company's employee base. As detailed in this case study, the company has already responded to the increase in debt problems – a trend that it expects to continue given the current difficult economic climate. In the coming year, it plans to intensify the efforts of the existing programmes that address the issue of debt, and remains committed to entrenching a culture of financial wellness among all its employees.

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Notes

1 SAB Ltd Organisational Health Strategy Document, October 2007.

2 Ibid.

3 Interview with Kobus Burger, Employee Relations Manager, SAB Ltd.

4 Ibid.

5 *MoneyTalkMoneyTalk Delegates' Manual*, provided by SAB Ltd.

6 Presentation by Summit Financial Partners: Emolument Attachment Order Audit Results. Presentation provided by SAB Ltd and used with permission.

7 Organisational Health Strategy Document, October 2007. Provided by SAB Ltd and used with permission.

8 Employee Assistance Programme document, 2006. Provided by SAB Ltd and used with permission.

9 Ibid.

10 Sinawe Annual Utilisation Report 01/04/2007– 31/03/2008 and Sinawe Quarterly Utilisation Report 01/04/2008 – 30/06/2008.

11 *Sinawe Quarterly Utilisation Report*, 01/04/2008 – 30/06/2008.

Abbreviations and acronyms

ABI	Amalgamated Beverages Industries
Aids	Acquired Immune Deficiency Syndrome
APACS	Association of Payment Clearing Service
BE@UP	Business Enterprises at the University of Pretoria
BMZ	German Ministry for Economic Cooperation and Development
CIRI	Credit Industry Reform Initiative
CCPS	Centre for Cooperation with the Private Sector, GTZ
COM	Chamber of Mines
CRF	Corporate Research Foundation
CSI	Corporate Social Investment
DBERR	Department for Business Enterprise and Regulatory Reform
DCASA	Debt Counselling Association of South Africa
DTI	Department of Trade and Industry
EAP	Employee Assistance Programme

EAPASA	Employee Assistance Professionals Association South Africa
ECRC	European Coalition for Responsible Credit
ERISA	Employee Retirement Income Security Act
FAC	Financial Advisory Centre
FWP	Financial Wellness Programme
GTZ	Gesellschaft für Technische Zusammenarbeit
HIV	Human Immunodeficiency Virus
HR	Human Resources
ICAS	Independent Counselling and Advisory Services
KAP	Knowledge, Attitude and Practice
KM	Knowledge Management
KWuP	Kuhlemann, Wahlbrühl & Partners
LSM	Lifestyle Standards Measure
M & E	Monitoring and Evaluation
MCA	Magistrates' Court Act
MFRC	Micro-Finance Regulatory Council
NCA	National Credit Act
NCR	National Credit Regulator
NUMSA	National Union of Metal-workers of South Africa
OHS	Occupational Health Services
PDA	Payment Distribution Agencies
PFEEF	Personal Finance Employee Education Foundation
PFW	Personal Financial Wellness
PPP	Public–Private Partnership
PWP	People Well-being Programme
Q1–4	Quarter(s) 1–4
RLF	Regional Learning Forum, UN Global Compact
RLI	Responsible Lending Index
ROI	Return on Investment
SA	South Africa
SAASWIPP	South African Association of Social Workers in Private Practice

SAB	South African Breweries
SABCOHA	South African Business Coalition on HIV/Aids
SACSSP	South African Council for Social Service Professions
SARB	South African Reserve Bank
SETA	Sector Education and Training Authority
SKM	Socialdienst Katholischer Maenner e. V. Koeln
STANLIB	Standard Bank/Liberty
UK	United Kingdom
UN	United Nations
US	United States
Y2K	Year 2000

Further website links

Canadian Financial Wellness Group

http://www.cfwgroup.ca/

Consumer Financial Wellness Portal

http://www.liberatingconcepts.co.za/creditpress/

Employee Assistance Professionals Association South Africa (EAPASA)

http://www.eapasa.org/home.html

European Coalition for Responsible Credit

http://www.responsible-credit.net/index.php

Financial Wellness Forum (FWF)

http://www.financialwellness.org.za/

InCharge Education Foundation

http://www.inchargefoundation.org/

Law Clinic at the University of Pretoria

http://web.up.ac.za/default.asp?ipkCategoryID=327&subid=327&ipkloo
kid=10&parentid=

National Credit Regulator (NCR)

http://www.ncr.org.za/

Personal Finance Employee Education Foundation (PFEEF)

http://www.personalfinancefoundation.org/

Notes on contributors

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Currently, Ellen Kallinowsky is Coordinator for Africa at the GTZ Centre for Cooperation with the private sector/PPP. She initiates and facilitates collective action in support of sustainable development between the public and private sector in sub-Saharan Africa.

From 2005 to 2007, she was head of the UN Global Compact Regional Learning Forum, South Africa, initiating and supporting several local networks for the Global Compact in Africa. Prior to that, she was head of the Learning Forum at the UN Global Compact Office in New York. In this area of responsibility she managed different global networks, specialising in learning with regard to corporate social responsibility and corporate citizenship. Ellen took this position after having worked as regional coordinator for Africa for the public–private partnership programme of GTZ, where she headed a small team of experts and developed strategies and concepts for partnership projects. Ellen started working for GTZ in a family health programme in Kenya, focusing on the cost-effectiveness of community-based health programmes and advocacy for health-sector reform. She became planning officer in the Health Department of GTZ in Eschborn, Germany, where she headed a programme for community-based health services. She started her working career as project manager in the German Foundation for World Population, having studied International Economics and

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Girum Bahri is currently a project manager with the GTZ Centre for Cooperation with the Private Sector (CCPS) in South Africa. His responsibility at CCPS includes the initiation and implementation of partnerships and initiatives in support of the private sector's contribution to environmental and social sustainability in Africa. One such initiative, in which he actively took part, is the GTZ–BMW SA partnership on employee financial wellness. In the period April 2006 to December 2007 he was content manager with the UN Global Compact Regional Learning Forum (RLF) – another initiative which was implemented by the GTZ. At the RLF, his responsibilities included the development of a number of business case studies.

Before joining the RLF and the CCPS, Girum worked in Ethiopia, initially as a chemical engineer at a pesticides formulation plant and later as a senior project engineer at a consulting firm for industrial development.

Girum has a Master's degree in Environmental Management and Policy from Lund University in Sweden, and a Bachelor of Science in Chemical Engineering from Addis Ababa University in Ethiopia.

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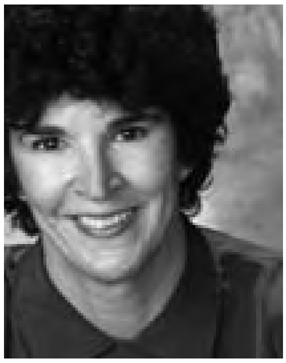
Roshini Pillay, who is a specialist in the Employee Wellness field, recently completed a Master's degree, specialising in Employee Assistance Programmes. The title of her research was "A comparison of the Employee Assistance Programmes, and HIV and Aids Programmes in the Gauteng Provincial Government". Since being awarded an Honours degree in Industrial Psychology, she has worked extensively in the field of Human Resources.

Employed as a social worker for the past 19 years, Roshini has worked in both non-governmental organisations and government departments. She is presently employed as Deputy Director: Employee Assistance Programmes in the Gauteng Department of Health. Some of the programmes she has developed and implemented, are the following:

- The coordination of employee assistance services
- The compilation of an employee wellness policy and procedure manual

- A pre-retirement programme, and
- A trauma management programme.

AIMEE D. PRAWITZ



Dr. Aimee D. Prawitz is Professor in the School of Family, Consumer, and Nutrition Sciences at Northern Illinois University, and Director of Research with the Personal Finance Employee Education Foundation. Having obtained a Ph.D. and M.S. in Human Ecology from Louisiana State University, Prawitz has taught courses in graduate research methods, family resource management, and family financial planning. Her university recently honoured her with the Sullivan Award for Excellence in Research.

Dr Prawitz has published over 40 refereed articles and has made over 45 presentations at national and regional conferences. Her doctoral dissertation was recognised with honourable mention awards by both the American Council on Consumer Interests and the College of Agriculture at Louisiana State University. She has served as a consultant to the Clara Abbott Foundation and as a Research Scholar with InCharge Education Foundation.

Having served as editor of the Journal of Consumer Education, she is on the editorial board of the *Journal of Consumer Affairs* and the *Financial Counseling and Planning Journal*. She has served as a reviewer for both *Financial Counseling and Planning* and the *Journal of Consumer Education*. Her research interests include financial distress/financial well-being; consumer choice outcomes (including obesity and consumer satisfaction); and instrument development, validity, and reliability.

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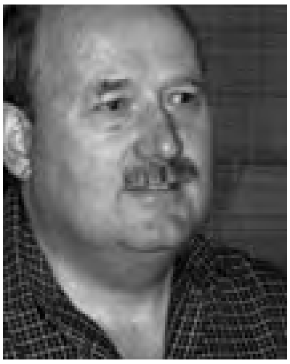
E. Thomas Garman is President of the Personal Finance Employee Education Foundation, and Professor Emeritus and Fellow of Virginia Tech University, where he directed the National Institute for Personal Finance Employee Education. A renowned author, advisor and academic, Garman is the author of 35 books and over 200 research articles in personal finance and consumer economics. He also directed seven award-winning research studies that link the financial fortunes of corporations with the financial health of their employees. This has had a convincing impact on employers, because decreasing employee distress and improving personal financial well-being create better workers.

Garman is an elected Distinguished Fellow in both the American Council on Consumer Interests and the Association for Financial Counseling and Planning Education. He has been president of three professional associations and has served on numerous boards of directors and advisory boards for corporations and federal government agencies, including the American National Standards Institute, the Board of Governors of the Federal Reserve System, the National Foundation for Credit Counseling, and the National Advisory Council on Financial Planning for the International Board of Standards and Practices for Certified Financial Planners. His speeches include presentations to the International Society for Retirement Planning, the World Research Group, the University of Putra Malaysia, and the Association of Superannuation Funds of Australia.



PAUL SLOT

Paul Slot is Director of Octogen (Pty) Ltd. This group is a leading specialist in the provision of employee financial well-being services. A cornerstone of this is the Money Sense programme, where the spending patterns of individuals are analysed in order to provide them with a detailed personalised budget assessment or proposed budget (via Web or phone), based on their unique demographics. Octogen has also been at the forefront of the development of the debt counselling profession, with branches throughout the country. In addition, Octagon provides debt counsellor training and support, as well as debt counselling systems.

NATALIE MAYET

Currently General Manager of Occupational Medicine and Protection Services at BMW SA, Dr Natalie Mayet champions the Corporate Wellness Programme and is responsible for risk mitigation and the development of a health strategy for the BMW Group.

Dr Mayet obtained an MBChB from the University of Natal in 1983. Thereafter, she completed diplomas in Tropical Medicine and Hygiene; Public Health; Health Service Management; and Occupational Health at the University of the Witwatersrand.

Her work experience includes various roles in health services at local government level in the City of Johannesburg, and she was involved in infectious disease control and occupational health service delivery to 27 000 people. As Executive Officer, Dr Mayet was responsible for 56 clinics, as well as for health care delivery to Soweto and the 63 informal settlements in the South of Johannesburg.

Dr Mayet is a member of the HIV/Aids Clinicians Society, the Society of Travel Medicine, and the Society of Occupational Medicine. She has built up extensive networks with the private and public sectors, and with NGOs.

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Dr Ulrich Walbrühl is Managing Director of KWuP Organisation Development Consultants, based in Germany. After obtaining a Master's in Business Psychology from the University of Bonn, he commenced his postgraduate studies in Organisational Development at CIIS San Francisco, and furthered his postgraduate business studies at FernUniversität Hagen. Dr Walbrühl holds a PhD in Social Sciences from the Johannes Gutenberg University in Mainz. He lectures at Fresenius University of Applied Sciences in Cologne, and is a member of a scientific counselling committee to the German government, regarding poverty and over-indebtedness. He has published several studies on the monitoring and evaluation of debt counselling, as well as financial wellness programmes.

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Werner Just is the Departmental Head of Counselling Services at SKM in Cologne, Germany. He holds a Master's in Social Work. As a member of the board of AGSBV – the German federation of debt counselling organisations – he provides training in debt counselling courses. Werner Just is an international guest lecturer who has delivered presentations in Tokyo in Japan, and Pretoria in South Africa, amongst others. He is the author of several publications on debt counselling and financial wellness programmes.

ELSABÉ ENGELBRECHT

In 1982 Elsabé Linda Engelbrecht obtained a degree in Social Work with distinction from the University of South Africa. She worked as a social worker, rendering child and family care services in Cape Town for three years, followed by a two-year stint in Pretoria. In 1989 Elsabé obtained a BA Honours degree in Social Work with distinction, and was awarded the Senate Medal of the University of South Africa for best post-graduate student. In the same year she accepted a position as lecturer in Social Work at the University of Pretoria, primarily concerning herself with the practical training of students. After occupying this post for six years she entered private practice. In 1997 she obtained her Master's degree in Social Work with distinction.

Elsabé is the founder member and head of PROCARE, a national association of social workers and related professionals in private practice. PROCARE specialises in providing services to companies, educational institutions, individuals, and families.

Since 2006, Elsabé has been involved in the BMW SA Financial Wellness Programme as service manager. She also completed a debt counselling course at the University of Pretoria Law Clinic. Elsabé is registered with the South African Council for Social Service Professions (SACSSP) and is an accredited member of the South African Association of Social Workers in Private Practice (SAASWIPP).

LIZA ROUX

In 1980, Liza Roux completed a BA Honours in Social Work at the Rand Afrikaans University (currently the University of Johannesburg). Her work experience includes doing medical–social work in the Pretoria Academic Hospital; statutory social work at Port Shepstone's Merlewood Child Welfare Society; and doing community social work at the South African Women's Federation Head Office in Pretoria, and at the Centurion Council for the Care of the Aged.

After joining the PROCARE Association in 2001, Liza gained invaluable experience in individual psycho-social counselling, trauma debriefing, group work and training. She is also a counsellor for PROCARE'S Employee Wellness Programmes at various companies in the Pretoria/Johannesburg region. In addition to being involved in the BMW Financial Wellness Programme since 2006, Liza completed a debt counseling course at the University of Pretoria Law Clinic, as well as the debt counsellor training course presented by the Association of University Legal Aid Institutions.

Liza is registered with the South African Council for Social Service Professions (SACSSP).

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In 1994, Naledi Motlhabane completed a Bachelor's degree in Social Science (Social Work) at the University of North West, in Mmabatho, and in 1998 she obtained a Master's diploma in Human Resource Management from the University of Johannesburg. In 1995 Naledi worked for Anglo Vaal and Anglo Gold Mining as employee wellness practitioner in Klerksdorp. From December 1995 to September 1999 she was employed in a full-time capacity by Anglo Vaal Gold Mining.

Naledi joined PROCARE in 2000 and is currently a counsellor for PROCARE'S Employee Wellness Programmes at various companies in the Tshwane region. In 2006 she became a financial wellness counsellor at BMW SA. In June 2006 she completed a course in financial wellness and debt counselling with the University of Pretoria Law Clinic.

Naledi is registered with the South African Council for Social Service Professions (SACSSP).

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Franciscus Haupt, who was admitted as an attorney in 1981, was in private practice for 21 years before becoming Director of the Law Clinic at the University of Pretoria. He headed the first debt counselling pilot project for the DTI in 2001 and 2002, and has published, lectured and presented papers on the National Credit Act (NCA) both nationally and internationally.

HERMIE COETZEE

Hermie Coetzee is an admitted attorney who heads the Research and Short Course Unit at the University of Pretoria Law Clinic. Accredited as a facilitator by the National Credit Regulator (NCR), she also acts as examiner for the National Debt Counselling examinations. Currently enrolled for a Master's degree by dissertation on aspects of the National Credit Act (NCA), Hermie has lectured, presented papers and published articles based on the Act, in accredited journals.

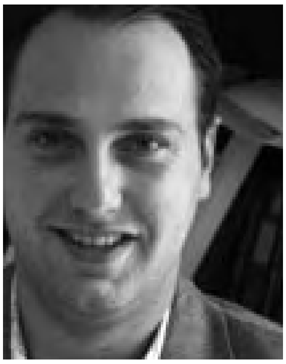
JULIET PITMAN

Juliet Pitman is a freelance writer, editor and journalist based in Johannesburg. With a BA degree in Journalism and English, an Honours in English from Rhodes University, and a further Honours in Psychology from Wits, she worked for many years as a magazine editor in custom publishing, launching and managing magazines for a range of South African blue-chip companies.

Following a life-long desire to run her own business she established Quill.ink in 2005 – a specialist company which provides writing services, predominantly to the business sector. Juliet, who has extensive writing experience across most aspects of business, has honed the skill of translating technical, industry-specific concepts and "business-speak" into an accessible and understandable format.

Her particular passion lies in the areas of entrepreneurship, sustainable development and corporate social investment – topics on which she has written numerous case studies and reports. Most recently Juliet has taken on an exciting new type of project, namely producing photographic, documentary-style coffee-table books detailing the social investment interventions of corporate organisations. Through these projects she seeks to uncover the business case behind Corporate Social Investment (CSI), and tells the real-life stories of the difference that these projects can make in the lives of ordinary individuals.

BRETT BOWMAN



Brett Bowman holds a PhD in Psychology. He has managed, coordinated and advised on a number of projects across a wide range of disciplines located within the social and health sciences. His research has focused on the socio-economic and socio-demographic risk and protective factors for psycho-social health in the South African population. He has consulted on a number of international, regional and national projects aimed at uncovering the role of socio-economic factors in mediating health outcomes.

In 2007 he was appointed to the position of senior researcher in the School for Human and Community Development at the University of the Witwatersrand. Here he continues to publish in the areas of community psycho-social health, with the interface between development and health being among his more recent focal areas of interest.

Brett's corporate work has included the development of customised socio-economic measures to inform a number of Employee Assistance Programme (EAP) interventions in South Africa.

Published by GTZ
Center for Cooperation with
the Private Sector/PPP

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