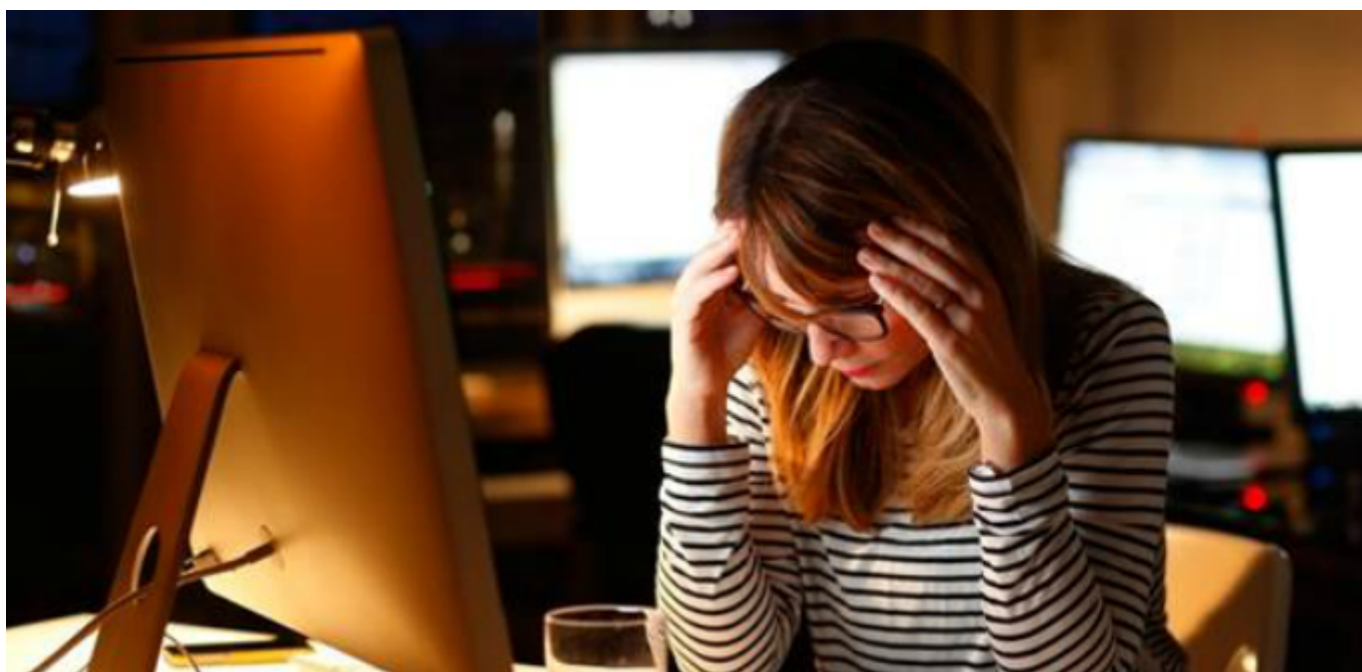


Personal relationship leads to \$550,000 cut to QBE chief executive's pay: How to prepare your business for office romances

EMMA KOEHN / Tuesday, February 28 2017

Chief executive officer Interpersonal relationship Intimate relationship



Businesses are being reminded that clarity and openness are essential to prevent office romances from causing productivity issues, following insurance giant QBE's decision to reportedly slash its chief executive's bonus for failing to disclose an office relationship.

QBE revealed in its 2016 annual report that group chief executive John Neal would have his short term incentive cut by 20% because "some recent decisions by the CEO have been inconsistent with the board's expectations".

[The Australian](#) reports the \$550,000 reduction in the bonus was due to Neal not disclosing a relationship with his long-term assistant.

"I was not timely in disclosing to the board a personal relationship. They took that decision for that reason," Neal said yesterday, according to *The Australian*.

In its report, QBE said the chief executive's performance was otherwise strong and that he had completed a "commendable year".

Personal relationships at work have been front of mind as ASX companies have reported results this February, as Channel Seven continues to negotiate the fallout of a relationship between its chief executive Tim Worner and his former assistant, Amber Harrison.

Human resources experts say in general, Australian businesses tend to deal with personal relationships between staff “pretty terribly” and there needs to be far more transparent and open discussions at work on this issue.

“We’ve had clients that don’t quite know how to handle this [so] we did some training; training is a very important aspect of this,” says Kathryn MacMillan, managing director of recruitment firm Nine2Three.

While many businesses have paper policies in place for disclosing relationships between staff members, not enough companies actually “walk the walk” on talking about it, MacMillan says.

“Having the paper policy is one thing—once you have a good, strong policy, the next step is ensuring that’s communicated to your staff,” she told *SmartCompany*.

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Create an open culture first

It’s impossible to put a policy in place that will stop your workers from bonding, says Deborah Peppard, director of HR Staff n’ Stuff.

“I think Australian businesses deal with it terribly,” she says.

“But I think it’s just a complete losing battle [to stop it]. What that does is create a culture of secrecy, where people don’t feel like they can trust each other.”

Businesses have to sit down and think about strategies for minimising conflicts of interest if staff members do form relationships, as well as building a culture where all issues can be raised, Peppard believes.

“The first thing in organisations is have a really clear policy on conflicts of interest,” she says.

This includes coming up with potential solutions for changing reporting lines, and establishing expectations if a senior staff member has to review the performance of someone they are in a relationship with.

“I’ve had managers be harder on someone they have a relationship with—they’re trying to ... treat the person that they love evenly.”

Peppard says the biggest challenge, however, is keeping the conversation going so that staff members can feel comfortable disclosing relationships.

"You're less likely to encourage a culture of gossip and you don't want that feeding into your culture," she says.

MacMillan says these discussions should also involve encouraging staff members to be very careful at social events and when managing their relationships at work, because sexual harassment issues can emerge in this area.

"What can be seen by one party at a social event as the start of a relationship, well, the other party might view it as sexual harassment," MacMillan says.

While this area is "very tricky" for managers, it's always worth talking with workers about being careful when interacting with each other.

"Say, 'everyone has to be aware of this, be very clear with people and manage your personal relationships in a very careful manner'," MacMillan says.

While office romances are never a "black and white issue", businesses will deal with them best if they already have an open and honest culture, says Peppard.

"If you value your employees and you create an open culture, people should be able to come to you on this. It all comes back to the culture," she says.

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