



## Solving the Workplace Health Crisis

### Introduction

Workplace management practices, including an absence of job control coupled with high job demands, little social support, economic insecurity resulting from layoffs and uncertainty about work hours and schedules, long work hours and shift work, and practices that exacerbate work-family conflict exact an enormous physical and economic toll on both employees and their employers. Evidence suggests that many workplace dimensions are as harmful to health as second-hand smoke and that the workplace is the fifth leading cause of death in the U.S. A substantial fraction of healthcare costs are derived from workplace stress and the unhealthy behaviors stress induces. The indirect costs coming from an unhealthy workforce, including increased turnover, missed work days, and *presenteeism*,<sup>1</sup> are many times the magnitude of the direct costs of ill health. Therefore, the worldwide healthcare cost crisis must address conditions in the workplace. Moreover, employer efforts to enhance productivity and reduce absence and turnover need to focus on changing unhealthy work arrangements.

### Impacts and Solutions

The workplace has become a public health issue, certainly in the U.S., but also around the world as many countries and companies seek to imitate U.S. labor market practices that transfer insecurity and economic risk to workers. Simply put, many work environments impose unhealthy and unsustainable levels of stress on employees, producing ill health and also numerous performance problems.

### The Costs

The workplace health crisis presents itself in many forms. First and most directly,

companies and countries pay enormous sums for the healthcare costs caused by workplace stress. For instance, the Centers for Disease Control (CDC) estimates that some 90 percent of the \$3.3 trillion dollars that the United States spends annually on healthcare is for people with chronic disease and mental health conditions (CDC, 2019). In 2005, Starbucks paid more for health benefits than it did for coffee, and recently, the three major U.S. automakers spent more for healthcare than they did for steel. Majid (2018) noted that non-communicable diseases (NCDs) – illnesses not related to infections or viruses – accounted for 90 percent of the deaths in the United Kingdom, 70 percent of deaths globally, and 53 percent of deaths occurring in the developing world, with the toll of diabetes and cardiovascular disease soaring in countries such as India and China. Of the 15 million NCD deaths occurring in people between 30 and 69 years of age, more than 80 percent were taking place in low and middle income countries. Thus, the evidence shows that chronic disease is not just a first-world problem, nor is it a problem affecting primarily older people. According to the *2009 Almanac of Chronic Disease* (Partnership to Fight Chronic Disease, 2009), in 2007, only 23 percent of American workers – people in the labor force – had no chronic disease, and 39 percent had three or more. Not surprisingly, healthcare costs increase monotonically with the number of chronic diseases people have.

Many chronic diseases including diabetes, cancer, heart disease, and stroke are caused, in part, either directly by stress or indirectly by stress-related behaviors such as smoking, drinking, illegal drug use, overeating, and not getting enough exercise. For instance,

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the Mayo Clinic's website lists the following common effects of stress on behavior: "overeating...drug or alcohol abuse, tobacco use, social withdrawal, exercising less often" (Mayo Clinic Staff, undated).

Research consistently shows that the workplace is a leading source of stress. Summarizing numerous empirical studies, the American Institute of Stress (undated) noted that "job stress is far and away the major source of stress for American adults and...it has escalated progressively over the past few decades."

Thus, it is unsurprising that the CDC commented that "work-related stress is the leading workplace health problem and a major occupational health risk, ranking above physical inactivity and obesity" (CDC, 2016). Goh, Pfeffer, & Zenios (2016) estimated that various workplace conditions, in the aggregate, were associated with approximately 120,000 excess deaths annually, making the workplace the fifth leading cause of death, ahead of Alzheimer's and kidney disease. They also noted that many workplace conditions were as harmful to health as second-hand smoke, a known – and regulated – carcinogen (Goh, Pfeffer, & Zenios, 2015).

Second, in addition to the direct burden of stress-related illness on the healthcare system and on people's lives and wellbeing, there are the indirect but still enormous costs from harmful management practices on work-related absence, turnover, and diminished productivity, all of which adversely affect company performance.

A Colonial Life survey of more than 1,500 U.S. employees found that more than 20 percent of the respondents reported spending more than five hours each week while they were at work thinking about stressors and worries (Otto, 2019). Forty-one percent of the people said that productivity levels had dropped because of stress. A 2007 worldwide survey by Watson Wyatt with over 13,000 responses from almost 950 companies reported that almost 40 percent of employees cited stress as the primary reason for quitting a job. Moreover, that study found that employers underestimated the importance of work stress in predicting turnover intentions (Workforce, 2007).

A survey of thousands of American workers by Mental Health America noted that a third of those responding to the survey said

they were away from work between 2 and 30 days each month because of stress, with the association estimating that toxic work environments were costing U.S. employers \$500 billion in lost productivity annually (Cook, 2017). The Global Corporate Challenge's study on *presenteeism*, covering nearly 2,000 employees and using measures from the World Health Organization's Health and Productivity Questionnaire, reported that employees said they were unproductive an average of 57.5 days per year, or about a quarter of their working time (Smith, 2016).

Literally, decades of epidemiological evidence show the harmful health effects, up to and including higher mortality, from not providing people access to healthcare, long work hours, shift work, an absence of job control, particularly when coupled with high job demands, work-family conflict, treating people unjustly, race and gender discrimination, workplace bullying, and economic insecurity, including layoffs (Pfeffer, 2018). Research also shows that providing people with social support both directly reduces stress and also serves to diminish the impact of otherwise stressful conditions on health.

## **The Response**

In the U.S., large employers that are invariably self-insured pay for their employees' healthcare costs, so they have every financial incentive to keep their employees as healthy as possible. Even in countries where the government pays for healthcare, employers intuitively understand that people don't do their best work when they are sick and certainly not when they are absent, so even in those locales, employers seemingly have reasons to try and create healthy workplaces.

To slightly oversimplify, employers that are concerned about employee health have a choice of two fundamental approaches. Employers can avail themselves of the multitude of providers of health and fitness programs. Health and wellbeing has become a big industry, with one estimate being \$6 billion spent annually, just in the U.S. (Matke, et al., 2013). Now, well over half of all employers offer workplace wellness programs. Personal trainers, health coaches, dieticians, yoga instructors, and the many vendors that provide turnkey, subcontracted services oriented toward health and wellness are quite happy to provide a smorgasbord of activities,

education, and interventions designed to improve employee health.

The evidence for the effectiveness of such efforts is at best mixed (Mattke, et al., 2013). In a sense, that is not surprising. While it is all well and good to provide stress reduction workshops and meditation, perhaps a better approach might be to try and create less stress-filled workplaces in the first place. And, while it is nice to offer employees nap pods, if workers were regularly getting enough sleep, maybe they would not need to have to catch up on their rest in the office. The fundamental problem with health improvement programs is that, for the most part, they are directed at the symptoms of stress – overeating, alcohol and drug use, and insufficient physical activity – rather than addressing the underlying causes of stress and the behaviors stress induce. In the case of employee health and productivity, as in many other work domains, prevention is much more effective, and more cost effective, than attempts at remediation.

Alternatively, or in addition to offering wellness programs, employers could change the fundamental elements of work that create stress in the first place. And no, that is not impossible. To take one example, economic insecurity arising from layoffs and uncertain work schedules, which is strongly associated with poor health and greater mortality risk, does not have to be an impossible dream. After all, Southwest Airlines, operating in the highly cyclical airline business, has never had a layoff or a furlough, even in the days following the September 11, 2001 attack on the World Trade Center in New York. SAS Institute, the large, privately-owned software company headquartered in North Carolina, laid off no one during the 2008 recession. St. Louis-headquartered worldwide manufacturer Barry-Wehmiller faced a dramatic decline in its business in 2008. But, understanding the hardships inflicted on employees – and their families – from layoffs, the company found ways to maintain employment. To cut expenses, senior executives cut their pay, the company temporarily stopped contributing to retirement plans, and all employees took some unpaid time to spread the economic pain to everyone, not just to those who might have been let go.

Long work hours and an “always-on” culture are harmful to health and not particu-

larly useful for productivity. Companies such as Zillow and Patagonia have built cultures that do not condone contacting employees during off-hours and that do positively foster employees’ ability to balance work and family obligations in ways that make it possible to have both a career and a family.

The very fact that there are so few companies that consistently build and maintain cultures of human sustainability – and the ones that do get so much attention and notoriety for doing so – suggests an unpleasant reality. Decades ago, when societies decided that it was not okay for organizations to dump toxic waste into the air, water, or ground, those societies did not wait until companies decided to go “green” on their own, and, thereby, reap both the reputational benefits and the savings that came from curtailing waste. Changes in company behavior to better steward the physical environment required, and indeed still requires, legislation, regulation, and litigation to ensure that our physical world is preserved, resources are used wisely, and that costs are not externalized to either other businesses, or the larger society. It seems unlikely that we should expect to get better voluntary performance in the area of human sustainability than we did decades ago, in the case of environmental sustainability. Therefore, it is likely that, once again, legislation, regulation, and litigation will be required to build workplaces that do not harm human lives and, in the process, diminish productivity as well as human wellbeing.

## What Companies Must Do

Current trends in both physical and mental health and health expenditures are, in a word, truly unsustainable. Thus, either companies will voluntarily take actions to build healthier workplaces or it is likely that sooner or later they will be forced to do so.

Healthcare expenditures are rising worldwide. A Gates Foundation-funded study estimated that global spending on health would increase from US\$7.83 trillion to US\$18.28 trillion in constant dollars in less than three decades, with spending growing 2.7 percent annually in high-income countries and 3.4 percent annually in upper-middle-income countries (Dieleman, et al., 2016). But, even as healthcare spending grows, life expectancy, a good measure of the health

and wellbeing of a population, has declined for three straight years in the U.S. (Devitt, 2018). Moreover, in a study of 18 high-income countries, 12 experienced declines in life expectancy in 2015, something that had not happened in decades and with declines in life expectancy that were larger than prior decreases (Rapaport, 2018).

Other indicators of people's wellbeing show similarly negative trends. Stone, et al. (2018) reported that suicide rates in the U.S. had risen 30 percent between 1999 and 2016. In 2016, 45,000 people committed suicide, making it the tenth leading cause of death.

A report by Blue Cross Blue Shield (2018) noted that major depression is the second most important condition affecting overall health for commercially insured Americans, second only to hypertension. Since 2013, rates of diagnosed depression have increased by 33 percent. Because depression is associated with poorer health and higher health-care costs, increasing rates of depression are one factor affecting higher health care spending and also has important implications for sickness absence and productivity while at work.

There are, of course, many reasons for all of these trends. As countries get richer, they spend more on healthcare, thereby increasing healthcare expenditures. Declines in life expectancy result in part from the opioid crisis and from rising suicide rates, as well as from annual fluctuations in influenza.

Nonetheless, it seems reasonable to argue that all efforts to address medical costs and population health issues must necessarily, at some point, address work environments. There is simply too much evidence that work environments matter for health – and for healthcare costs – to expect to bend either the cost curve or adverse trends in mortality without workplace interventions. Evidence from various human resource surveys indicate that too few employers have created workplaces where people can thrive both physically and psychologically and too few organizational leaders are embracing their responsibilities as stewards of their employees' wellbeing.

Ironically, as I have argued (Pfeffer, 2018),

employers have done themselves no favors in ignoring workplace stress, mental health issues, and the effects of work environments on health. Most of the management practices that cause illness and death – things such as long work hours, economic insecurity, and an absence of job control – do not benefit companies, either. Moreover, employers are paying enormous costs in turnover, presenteeism, and absenteeism.

It costs little to nothing to provide people more job autonomy and control. It costs very little to offer a supportive work environment in which people care for and about each other. Company-sponsored social events, having people work in teams, and providing financial assistance to people facing personal crises are relatively inexpensive interventions that promote wellbeing by building a culture of social support.

More stringent regulation of work environments, something undertaken many decades ago to effectively reduce physical harm and mortality in the workplace, is already something potentially doable, given the Occupational Safety and Health Administration's broad mandate to reduce workplace-induced adverse health effects and also successful privately litigated worker's compensation claims arguing that workplace stress caused post-traumatic stress disorder. Nonetheless, it is more likely that interventions to change harmful work environments will start first in countries where there is more centralized payment for people's healthcare costs. In those circumstances, governments have greater incentives to keep companies from externalizing the healthcare costs created by their workplaces onto the larger society.

Regardless of where, how, or when such interventions to mitigate adverse workplace health effects occur, given current trends, such change is inevitable. Smart employers will take proactive steps starting immediately to manage the total health risks associated with their workplace practices and management policies. The employers that do so will be ahead of whatever litigation or regulation that eventually arises, even as they will also benefit from reduced absence and increased productivity.

## Endnotes

<sup>1</sup> Presenteeism is when people are "at work" but not really there – as in, they are distracted by other things. If people have family obligations they are having trouble fulfilling, they may have come to work but not be at their best in terms of concentrating on their job. If they are exhausted, either psychologically, physically, or both, they may not be able to concentrate on their job and may be more prone to make errors or not be productive. If they are sick, but unable to stay home because they have no paid time off, they will be physically present but probably not mentally 100 percent there.



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