CEO Briefing: How Work-Related Stress Hurts the Bottom Line



According to the National Institute for Occupational Safety and Health (NIOSH), job stress is defined as the harmful physical and emotional responses that occur when the requirements of the job do not match the capabilities, resources, or needs of the worker. Job stress can lead to poor health and even injury.

Several studies on job stress show that workers are indeed feeling the pressure. Here are two examples:

- One-fourth of employees view their jobs as the number one stressor in their lives. *Northwestern National Life*
- Problems at work are more strongly associated with health complaints than are any other life stressor-more so than even financial problems or family problems. *Paul Fire and Marine Insurance Co.*

Work-related stress is not a new thing, but the damaging effects it can have on workers, safety, productivity, and profitability are getting more attention.

Unfortunately, not all CEOs have gotten the message. As a safety director, you must persuade your CEO that stress really is a problem to take seriously. The best way to do that is to relate the problem to dollars.

Here’s how to educate your CEO on the dangers of workplace stress and gain their support for programs to combat it.

The Business Case for Preventing Workplace Stress

The case is a simple one. Workplace stress hurts profits because it increases absences and decreases productivity. Want some good hard data that you can use to make this point?

- A recent article from Business Insider states:
  - An estimated 1 million workers are absent every day due to stress.
  - Employees coming to work but not performing up to their full capabilities costs companies $150 billion in lost productivity each year.
- The Bureau of Labor Statistics finds workers who must take time off work because of stress, anxiety, or a related disorder will be off the job for

about 20 days.
- The American Institute of Stress cites increased levels of job stress to be associated with increased rates of heart attack, hypertension and other disorders.

Demonstrate the Hidden Costs of Stress

These statistics should help you capture the CEO's attention. But you'll probably need to drill deeper to make your case. To persuade your CEO to invest company resources, you must clearly explain exactly how workplace stress hurts the business. This is tricky because stress isn't a line item cost listed on the typical profit and loss statement. It's a bundle of hidden costs. There are five elements in this bundle that you should point to:

1. *Higher Injury & Illness Rates*

The more stress workers experience at work, the more likely they are to engage in unsafe behavior. The result is more incidents involving personal injury and/or damage to equipment and machinery.

The link between stress and incidents isn't just a matter of common sense; it's well documented. If you want a good study to cite, see F. Gordon & D. Risley (1999) "The costs to Britain of workplace accidents and work-related ill health in 1995/96, Second Edition," HSE Books, London; and P. Dorman (2000), The Economics of Safety, Health and Well-being at Work: An Overview, International Labour Organization, Geneva.

2. *Increased Absenteeism*

Studies confirm that workers under stress are more apt to call in absent—either because they're genuinely ill or they're feigning illness to avoid having to go to work.

3. *Higher Turnover*

Stress at work also causes people to leave the company. In addition to losing good people, companies incur high administrative costs in seeking replacements. And, replacement costs tend to rise to the extent that the company gains a reputation for being a stressful place to work.

4. *Premature Retirement*

Stress causes older and more senior workers to retire before they're ready. Result: High replacement costs and in many cases lump sum and pension payments.

5. *Reduced Productivity*

Workplace stress harms workers' productivity and performance. The effect of stress on productivity is hard to measure; but it is real.

Conclusion

There's nothing mystical about workplace stress. It can be managed. For example, Employee Assistance Programs have proven very effective at reducing stress on the job. But these solutions cost money. And time. The only way to secure the necessary resources is to persuade your CEO that workplace stress poses a

serious threat to your workers and your company’s bottom line.