

Cost of Stress and Sick Time

In a 1992, Northwestern Life Insurance Company study, seven in ten workers indicated that job stress was causing frequent health problems and made them less productive.

In 1994, Scott and Jaffe reported that stress-related disability claims had doubled over the past 10 years.

The Gallup Management Journal 2000 first national survey found that, of all U.S. workers 18 or older, 24.7 million, or 19%, are what we call actively disengaged. When compared to all other workers, this cost reflects the fact that actively disengaged workers report more days of work missed (3.5 more days per person per year) and more days of work missed for illness (0.55 days per person). Thus the 24.7 million actively disengaged employees miss 86.5 million more work days than average workers and 13.6 million more days because of illness. When actively disengaged workers are compared to engaged employees, the data are even more striking: 118.3 million days of work missed and 33.3 million days missed for illness. These numbers do not include the effect on turnover, safety, or health-care costs.

March 12, 2003 – The Halifax Herald Limited reports sick days cost Nova Scotia \$100 million. The average worker missed 8.3 days from work in 2001 due to illness. GPI Atlantic also reported that every dollar invested in workplace health resulted in a gain of \$2 in productivity.

February 28, 2002 – Mental Health Milwaukee reports 80% to 90% of all industrial accidents are likely related to personal problems and employees' inability to handle stress.

2003 – Aliant University reports more than 80% of those responding to a recent national poll felt they “needed less stress” in their lives. Medical experts have estimated that over 60% of the visits made to physicians are for stress-related disorders, including skin breakouts, heart palpitations, and disruptions in sleeping and eating habits. According to current figures, stress-related claims now cost U.S. companies nearly 10% of their annual earnings. Still, there are some startling statistics, which are beginning to provide a more complete picture of what stress is costing U.S. companies. Annually, \$26 billion is paid out in disability claims related to stress. Heart disease is related to the loss of 135 million workdays each year. Alcoholism costs U.S. industry approximately \$20 billion each year. Mental illnesses such as depression – which can

result from workplace stress – cost the U.S. economy about \$30 million each year. Industrial accidents caused by on-the-job stress – which account for 75%-85% of all accidents – are estimated to cost American companies \$32 billion annually.

2003 – American Psychology Association reports 50% to 70% of usual visits to primary care physicians are for medical complaints that stem from psychological factors.

Working Towards a Psychologically Healthy Workplace

Research indicates that ongoing support and training have resulted in cost reductions of 40%-50%. *See support research from APA Psychological Healthy Workplace, March 2006.*

ROI = BENEFIT OF SOLUTION FOR STRESS AND SICK TIME

Case Study Example: The national average for individual employee sick days used is seven. But how does a company define the hard cost of stress in regard to loss of productivity? The below case study shows the potential impacts of stress but does not factor in all the possible variables such as performance and morale.

There is a growing movement to create a psychologically healthy workplace. This is showing a positive return. For example, a modest improvement of **10%** for a company with 1000 employees is significant.

Estimated Fees for Solution:

Based on a 10% Success Rate Return on Investment

10 percent reduction in health care costs = \$400,000 savings

$400,000 - 200,000 \times 100 = 50\% \text{ ROI}$

\$200,000

Note: Based on the APA research, improvements in productivity and decreased stress will net an overall improvement of more than 30%. The net result for the above example is literally millions of dollars. This does not calculate the benefits for increases in productivity and performance. The bottom line is that addressing employee stress head-on is a smart business decision.