

Is employee stress hurting your organization?



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Workplace stress is harming your staff's mental health and your bottom line, says Towers Watson. Rising health costs, combined with increased employee absence, stress and disability, are creating a double-whammy for employers—in terms of both cost control and workforce productivity.

According to Towers Watson's 2011/2012 *Staying@Work* survey, excessive workloads, lack of work/life balance, unclear or conflicting job expectations and inadequate staffing are paralyzing Canada's workforce. And the prevalence of each of these stressors has risen significantly over the past two years: 89% of employers surveyed said excessive workload is a problem, compared to just 64% in 2009.

However, the cost implications of this much stress may soon force some organizations to improve their game. Of those surveyed, 83% cited mental health issues as the top driver of short-term disability claims and 85% cited it as the top driver of long-term disability claims.

“Over the past few years we've seen employers asking employees to work longer hours and to do more with less, leaving less time for healthy activities like going to the gym, or eating properly,” says Keri Alletson, senior consultant with Towers Watson. “At the same time, people are worrying about job security and their personal well-being. Together, these factors can add up and take a serious toll on both physical and mental health, as well as increased absence from work and presenteeism. In addition to the individual consequence, the business consequences—higher healthcare costs, reduced work performance and lost productivity—can be significant.”

To promote healthy living among employees, some companies are using tactics like financial rewards to encourage their staff to make better health decisions. Already a common practice in the U.S., Canadian companies are increasingly getting on board: 26% of Canadian employers said they plan to offer some type of financial reward in 2012 to individuals who participate in their health management programs—up from just 13% who currently do so. As well, 61% of organizations said they plan to adapt their organizational health strategies over the next two years to include a focus on mental health as well as physical health.

Can better health management drive better business results?

In 2011, health and productivity costs as a percentage of payroll totaled just over 17% in Canada, up from 12.6% in 2009, reports Towers Watson. However, organizations with effective health and productivity practices are achieving significantly better business outcomes. The benefits include a lower average turnover rate (8% instead of 10.4%) and fewer unplanned absences.

“Even for those not yet ready to launch a full-blown culture of health strategy, companies could be doing a lot more in terms of their absence and disability management,” says Julie Holden, leader of Towers Watson’s health and productivity practice in Toronto. “Less than half of Canadian organizations are taking the right steps in this area, like conducting regular disability claims management audits, rethinking internal staffing and resources and implementing performance standards for their vendor partners. Most employers can benefit from better governance of their disability programs to improve efficiency as well as effectiveness. Ultimately, employers want to focus on helping employees return to work appropriately, while also providing better support to those who need it to remain healthy and productively engaged.”

According to Towers Watson’s research, companies that rank as being “high-effectiveness” invest heavily in health and productivity and experience better results. They focus not just on physical health prevention, but build programs that address both health programs and workplace conditions.

Effective health and productivity programs are those that link senior leaders to program performance, engage employees in the management of their health with incentives, measure program outcomes, target preventable causes of employee absence and personalize communications for specific employee populations.

“The evidence overwhelmingly shows that effective health and productivity programs can make a real difference to an organization’s bottom line,” says Wendy Poirier, health and group benefits leader for Towers Watson. “There are unrelenting pressures on employers and employees today, but improving employee health is an opportunity for a true win-win.”

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