

# Demonstrating the Cost of Workplace Stress



Workplace stress is as old as work itself. What *has* changed is our understanding of how high stress levels at the workplace harm employee productivity and contribute to costly illnesses and injuries. So it's no wonder that HR directors are investing more energy in improving the employee's work experience. But to gain management support for such activities, you need to be able to relate the workplace stress problem as a matter of dollars. Here's how.

## **How Workplace Stress Harms Business Performance**

The case is a simple one: Workplace stress hurts profits because it increases absences and cuts productivity. 'Want some good hard data that you can use to make this point? According to the 17th World Congress on Health and Safety at Work, of the 40.2 million working days annually lost by businesses worldwide, 13.4 million are from stress, anxiety and depression.

To put these numbers into perspective, relate stress to more familiar hazards. According to one of the delegates, "in the U.S. alone, stress is creating a workplace hazard every bit as damaging as chemical and biological hazards."

## **Demonstrating the Costs of Stress**

These statistics should help you capture the CFO's attention. But you'll probably need to drill deeper to make your case. To persuade your CFO 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 5 elements in this bundle that you should point to:

### **1. Higher Injury & Illness Rates**

The more stress employees experience at work, the more likely they are to engage in unsafe behaviour. 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 employees under stress are more apt than employees in tranquil environments 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 organization. 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 employees 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 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 just like any other workplace hazard. 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 CFO that workplace stress poses a serious threat to your employees and your company's bottom line.