

# How to Persuade Your CEO that Workplace Stress Hurts the Bottom Line



## What's at Stake?

1 in 5 Canadians experience a mental health problem or illness each year, which equates to 500,000 employees unable to work each week, according to the Mental Health Commission of Canada (MHCC). And among those suffering from mental health issues, more than 1 in 3 cite workplace stress as the primary cause.

Workplace stress is as old as the workplace itself. But recognition of mental stress as an occupational hazard didn't happen until modern times. Unfortunately, not all CEOs have gotten the message. As HR director, you must persuade your own CEO that stress really is a problem to take seriously, particularly in the wake of the COVID-19 pandemic. The best way to do that is to relate the problem to dollars. Here's a proven strategy you can use to educate your CEO to the dangers of workplace stress and gain his or her support in investing company resources to combat it.

## The Business Case for Preventing Workplace Stress

The case is a simple one: Workplace stress significantly increases company costs. Even before the pandemic hit, mental stress was the fastest growing source of workers comp claims. Anxiety and displacement from COVID-19 will only accelerate that trend. Stress also reduces profitability by reducing productivity.

'Want some good hard data to make your point? According to the 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, the representatives found. Delegates to the Congress say that stress is on pace to become as pervasive and costly to businesses as "traditional" workplace hazards like fall, machine and chemical hazards.

# Demonstrating the Hidden Costs of Mental Stress

Although these statistics should help you capture the CEO's attention, you'll probably need to drill deeper by explaining exactly *how* workplace stress hurts the business. That's 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 workers 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 good studies to cite, see:

- Nakata, Ikeda, Takahashi, et al., *Impact of psychosocial job stress on non-fatal occupational injuries in small and medium-sized manufacturing enterprises*, American Journal of Industrial Medicine, 2006;
- Goldenhar, Williams and Swanson, *Modelling relationships between job stressors and injury and near-miss outcomes for construction labourers*, Work & Stress, 17:3, 2010; and
- Dorman (2000), *The Economics of Safety, Health and Well-being at Work: An Overview*, International Labour Organization, Geneva.

## Workers' Comp & Mental Stress

Workers' comp claims for mental stress have increased dramatically in recent years. And so have the coverage parameters. Historically, workers comp benefits were available only to workers who experienced mental illness or disorder as a result of a discrete and traumatic event at work, e.g., witnessing a co-worker get killed. Many jurisdictions now cover not only traumatic but also cumulative mental stress developed gradually over an extended period of exposure to workplace stressors such as bullying or harassment. However, worries over job security, deadlines, dislike of colleagues or supervisors and other stress that people routinely experience on a job don't count as stressors. Click [here](#) to find out more.

## 2. Increased Absenteeism

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

## 3. Higher Turnover

Workers experiencing stress at and as a result of work are more likely 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. Go to the HRI website for a [Model Worksheet](#) you can use to calculate the financial impact of workplace stress on your company each year.

## **4. Premature Retirement**

Stress causes more senior workers whose experience enhances their value to your company to retire before they're ready. **Result:** High replacement costs and, in many cases, the need to shell out 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's real.

## **Conclusion**

Perhaps the only good thing about workplace stress is that 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.