The Cost of Work Stress report

From

The Stress Management Society

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What do we mean by Work Stress?

• Traditionally work stress has been defined as a stimulus, a response or a combination of the two.

• Modern definitions point to work stress as an interaction between the individual and the environment.

• Work stress is, therefore, not about the person or the environment – but rather it’s embedded in the ongoing relationship they have.

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Defining Work Stress

• Work Stress arises when a person feels his ability to cope with demands is being taxed or exceeded, and his well-being will be threatened as a result.

• This requires three things:
  – A dynamic cognitive state
  – A disruption
  – Resolution of that disruption
The costs of Work Stress: General

• Government policy continues to recognise as ‘important in its own right’ the quality of the work experience and the need to make ‘work fulfilling’.

• Nevertheless in 2006, 420,000 employees in Britain believed they were experiencing at work stress, depression or anxiety at levels that were making them ill (HSE, 2007).

• Workplace health and safety data indicate that the most ‘widespread’ workplace hazard is stress.

• So what are the costs to employees, organisations and society?
The costs of Work Stress: Sickness Absence

• HSE data for 2006/07 shows that almost 30 million days were lost because of work-related illness.

• Stress, depression or anxiety accounted for 13.8 million days lost or 46% of all reported illness.

• This represents the single largest cause of all absences attributable to work-related illness.

• Over the last 5 years, work-related stress, depression or anxiety remains for each year the single most reported complaint.
The costs of Work Stress: Sickness Absence

• Survey data collected by the CIPD (2007) and the CBI/AXA (2007) suggests that stress, depression or anxiety account for between 40% and 37.5% of sickness absence.

• The Sainsbury Centre for Mental Health suggests that the proportion of sickness absence that can be attributable to mental health could be as high as 44% and suggest:

• “that in the absence of more detailed information, a figure of around 40% represents a good point to start from” (2007).
The costs of Work Stress: Sickness Absence

- Survey data from the CIPD and the CBI suggests that a ‘broad average’ sickness rate is around 7 days per employee per year with at least 2.8 of these days (40%) attributable to mental health.

- If 175 million days are lost each year due to sickness absence, then around 70 million days are lost (40%) to mental illness.

- With the HSE 2006-07 figures suggesting 13.8 million lost days, then work related causes represent around 20% of days lost to mental health problems.
The costs of Work Stress: Sickness Absence

• Work-related causes of mental ill health represent around 13.8 days or 20%.

• The CIPD (2007) calculate the cost of this absence at an average level of £659 although only around 45% of organisations surveyed actually monitor the cost of absence.

• The CBI/AXA (2007) survey data suggests an average direct cost of absence at £537 per employee per year adding that in terms of indirect costs few respondents were able to provide an estimate, but for those who did it added another £270 per employee per year.

• Absence costs vary noticeably across sectors.
The costs of Work Stress: Sickness Absence

- The CBI/AXA survey reports that applying their costs across the workforce could bring the estimated cost of sickness absence to £20.2 billion in 2006.

- If the sickness absence attributable to mental ill health is 40% of all absences, then this represents a cost of around £8.8 million.

- If say, being conservative, 10-20% of this cost could be directly attributable to work causes, then sickness absence would cost employers between £800 million to £1.6 billion a year.
The cost of Work Stress:

Turnover

• The CIPD (2007) explored the cost of employee turnover and placed the estimated overall cost of turnover per employee at £7750.

• This includes amongst other training and induction costs but not ‘friction costs’.

• Friction costs are the costs associated with the time needed for a replacement employee to reach the productivity level of the previously employed employee.

• In all probability, the CIPD figure represents a fairly conservative estimate of what the costs of turnover may be.
The cost of Work Stress: Turnover

• The CIPD (2007) and the CBI/AXA survey reports put average turnover rates at around 18.1% and 14.1% respectively.

• The Sainsbury Centre for Mental Health (2007) suggests a ‘reasonable estimate might be that, at most, mental health problems including stress account for 5% of total turnover.’

• On this basis, assuming a conservative turnover rate of 14% of which 5% is attributable to stress and mental health, the overall annual cost of employee turnover attributable to stress and mental health could be in the region on £1.35 billion.

• The CIPD (2007) survey showed that while 39% of those surveyed reported an increase in turnover and 52% said they wanted to reduce turnover only 10% reported actually calculating a cost for turnover with 66% giving as a reason for not calculating the cost of turnover as the organisation does not require such information. Other reasons for not calculating turnover included ‘too time consuming,’ ‘too complicated’, and ‘too costly’.

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The costs of Work Stress: Presenteeism

• When people don’t feel good, they simply don’t do their best work.

• Presenteeism is the lost productivity that occurs when an employee comes to work ill and performs below par.

• Presenteeism appears to be a much costlier problem than absenteeism. And unlike absenteeism, presenteeism isn’t always apparent.

• It is clear when an employee doesn’t come into work but it is plainly more complicated to tell when and how performance is hindered by employees coming to work ill.
The costs of Work Stress: Presenteeism

• Presenteeism is measured through ‘lost productivity’.

• Most of the presenteeism research comes from the USA, Canada and Australia.

• However, the Sainsbury Centre for Mental Health (2007) has calculated that in the UK the costs of presenteeism are likely to be 1.8 times as important as absenteeism.

• Working on a ratio of 1.8 times the cost of absenteeism, the costs of presenteeism in the UK could range from £1.4 million to £2.88 billion.

• Two conclusions: health-related presenteeism is a larger problem than absenteeism, and poor mental ill-health is more likely to be shown in the form of presenteeism rather than absenteeism.
Mental ill-health at work

• 22.3% of all people in paid employment have some kind of mental ill-health problem (15.4% if alcohol and drug dependency are excluded). Source: Office of National Statistics (2001).

• The Sainsbury Centre for Mental Health (2007) make the point ‘that in other words, employers should expect to find on average that nearly 1 in 6 of their workforce is affected by depression, anxiety or other mental health condition…or around 1 in 5 if alcohol and drug dependency are included.’

• These levels of mental ill-health at work are not recognised by employers.

• The Shaw Trust (2006) concluded that ‘employers seriously underestimate the extent to which employees are experiencing stress, depression, anxiety and other forms of mental ill-health and the damaging impact that mental ill-health may be having on their business.'
Interventions

• Because the relationship between stress and mental health is not well understood by employers, then stress is seen as more of a key issue and mental health less so.

• Few employers have had experience in dealing with or recruiting applicants with mental health problems.

• Due to this inexperience and because employers ‘want to do the right thing’, they recognise that they need more help and support to deal with mental health problems in the workplace.

• What is clear is that there is a clear potential to educate further.
Interventions

• Evidence (Shaw Trust 2006) suggests that organisations are developing policies to raise awareness about stress and mental health, eg ‘well-being’ in the workplace, introduction of stress management tools, etc.

• Training line managers becomes a key initiative, coupled with providing all employees with information and opportunities to engage in activities that help prevent mental health problems.

• This may involve access to ‘outside’ professionals who are able to support and provide advice on mental health issues.

• A need also exists for guidance in identifying mental health problems and ensuring that these are not simply treated as poor performance.

• Dealing with stress and mental health at work are more likely to be effective and have a greater impact if ‘accompanied by management training’.
Interventions
What does the evidence say?

• ‘Workplace wellness makes commercial success’, according to a study by Pricewaterhouse Coopers LLP commissioned by the Health Work Wellbeing Executive (2008).

• There is a positive link between implementing wellness programmes and improved key performance indicators.

• The study concludes that “programme costs can quickly be translated into financial benefits”.

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Interventions
What does the evidence say?

Evidence based on reviews show

• Moderate evidence of a beneficial and practical impact where stress management programmes focus on improving the ability to cope with stress, and identifying potential work stressors.

• Moderate evidence of effectiveness where comprehensive programmes combine a range of approaches addressing both individual and organisational factors.

• There was limited evidence to suggest that individual approaches rather than organisational or OD approaches were more effective in managing common mental health problems.

Seymour & Grove (2005)
Interventions

What does the evidence say?

• For employees experiencing mental health problems, there was strong evidence that individual therapy, particularly cognitive behavioural therapy was most effective.

• That a partnership approach between employee and employer was likely to be more effective.

• That it was important to consider not just employee health issues but attitudes and values as well.

• That improved communications between employees, employer and a range of agencies could result in faster recovery and that;

• Lessons could be learnt by basing policy on evidence rather than convention.

Hill et al., (2007)
Interventions
What does the evidence say?

- The manager’s role is crucial when dealing with mental health problems at work and the day-to-day management of such problems.

- Success depend on the ‘skills of the manager and the relationship with the employee.’

- Without good management practices in place, companies risk good employees leaving the organisation leading to increased disruption for the team and increased costs for the employer.

Rolfe et al., (2006)
Conclusions

• While it is important, as we have been doing, to draw attention to the health related costs of work, it is just as important not to lose sight of the considerable number of ways in which work benefits and contributes to our health and well-being.

• While ‘best practice’ will continue to evolve, the theme that emerges is that organisations must look both within and outside when developing intervention strategies.

• That partnerships between employers, employees, and health providers and agencies must be developed to capture the necessary expertise.

• That health and well-being management must begin by changing attitudes, advancing our understanding of mental health problems and;

• Providing the training and education at all levels, so that organisations fulfill their moral obligation by providing workplaces where all can grow and flourish.
Taking you from distress to de-stress