Episode #011: 5 Ways Work Stress is Costing Your Organization

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The current state of the world has led to work stress being at an all-time high. And it's easy to have conversations about stress and focus on coping mechanisms and individual interventions, but individual interventions that ignore systems that perpetuate work stress means that stress will continue to remain at an all-time high.

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In this episode, I share five ways stress is impacting an organization's bottom line for the leader. Who's listening and cares about their bottom line. You'll see how not caring for your people is eating away at your bottom line.

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Welcome to the fulfilling career podcast, a show for the professional woman, who's ready to work in an aligned career that allows her to thrive in her zone of genius, live on purpose and get paid a value-aligned salary. I share quick insights and strategies to help you reach your career goals. Whether you're trying to find your fulfilling career grow your current career or successfully job search. I'm your host, Dr. Tega Edwin a career counselor and coach who was able to turn my own frustration from being in an unfulfilling career into the framework. I now used to help women find their fulfilling career and job search with confidence. Let's dive in

(01:19):

The world of work is changing. And now more than ever between the global pandemic collective experiences of grief and loss from the global pandemic between racial uprisings and spotlight on racial injustice from 2020, summer 2020, work stress is at an all-time high and it poses a significant threat to the health of not just workers, but organizations also work stress refers to the harmful physical and emotional responses that occur when the requirements of a job don't match the capabilities, the resources, or the needs of an employee or a worker work stress has been connected to. And I talked about this in the last episode of the podcast issues like high blood pressure, obesity, high blood cholesterol, all of which can lead to heart disease. Physically work stress has been linked to weight, gain, weight loss, headaches, chronic back pain, back pain, mentally work stress has been linked to mental health issues like anxiety, burnout, depression, relational issues, lower sex drive, etc.

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A lot of times I think it's very easy for people to talk about work stress and solely focus on the individual aspects of work stress. So really focusing on what it costs people physically and mentally, how people are making choices that maybe is leading to stress in all of that. But the fact is that work stress does not just impact people individually. It impacts organizations too.

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When we look at an organization and their productivity and their outcome and their sales and their revenue, all of that all depends on employee's performance and inherently, work stress impacts employee's performance. So, in this episode, I really wanna spend some time talking about five of some very specific ways that work stress is impacting an organization's bottom line. And I could just tell you right now, it's going to be a statistics-heavy episode. And that's just because one, I'm a researcher.

(03:21):

I like data. I like stats, but two, I think that this conversation requires data for you, the listener, whether you are an employee or a leader in an organization for you to really understand how chronic this problem is, how serious and severe it is. I think that we can have conversations and just talk about stress. Oh yeah. I'm feeling stressed. I got a lot going on. I'm busy hustle culture, da da, like we can just throw those terms around.

(03:48):

But if you look at the numbers, we have a major problem on our hands. According to Gallup workers' daily stress reached a record high in 2020. It increased from 38%, sorry. In 2019, it was 38% to 43% in 2020. I haven't looked at numbers for '21, but I promise you, I'm sure it's gone higher because the pandemic started in 2020. It continued in 21.

(04:13):

And I'm recording this in 22. And we're technically still in the pandemic, even though outside is opening just a little bit. 4.

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0% of workers have reported that their job was very or extremely stressful. 40%! That's almost half 25% of workers view their job as the number one stressor in their lives. A quarter of people are saying work is a bigger stressor than financial issues and family problems. 75% of employees. So, three quarters of employees believe that workers have more on the job stressed today than a generation ago.

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And 29% of workers felt quite a bit or extremely stressed at work. If we put those numbers together were seeing this glaring issue of over half of the working population is feeling work stress specifically. And I wanna make that clear. I'm not just talking about stress, not the stress of rushing to an appointment or the stress of finances or the stress of health, because those are all valid, but I'm focusing specifically on work stress.

(05:19):

And this data is sharing with you, how employees are rating their work stress. And like I said, while it's easy to chalk walk stress up to an individual issue. The fact is that because work stress stems from a misalignment between employee and organization, right? There's a misfit between the worker and the work environment. Ultimately stress is also an organizational problem. Organizational leaders have a responsibility to minimizing or reducing the work stress that their employees are facing. But if I think about what I know about a lot of organizations, ultimately, and this is no shade, a business is a business. Hey, I run a business. <Laugh>, it's a business for a reason. Ultimately, when we think of business, we think about the bottom line, right? What is the revenue? What is the profit? What is the impact like that's really what matters and we'll do whatever we can or want to, to make that bottom line happen.

(06:14):

So today I'm sharing five specific ways that work stress is impacting organizations in the hopes that if you're someone listening to this and you know, a leader who needs to hear it, you'll share it with them so that they can make the necessary changes in the hopes that if you are a leader listening to this, you will start to think about how your employees health is necessary for that bottom line that you care so much out. Like if your employees are not performing at optimal level, you ain't making money! <Laugh> like, let's just factor for, I mean, yes, you're making money, but you are not making as much money as you could be. When you have employees who are healthy, engaged, motivated, and inspired and work stress eats away at all those things. So, let's start with the first way that work stress is impacting your organization.

(06:57):

The first way is that work stress reduces employee productivity and engagement job. Stress has been estimated to cost the American workforce, the American industry, more than 300 billion in losses due to absentee diminished productivity and accidents. Over 20% of workers spend more than five hours of office time, weekly thinking about their stresses and their worries. So, when they're at work, they're thinking about the things that are stressing them, whether that is the workplace, lack of role alignment, bad management, toxic environment, whatever it may be, the time that they could be spent outputting what doing things, being productive. They're spending it thinking about their stressors, which means they're not producing Gallup estimates that low engagement costs the global economy, approximately $8 trillion. TRILLION! I didn't say million. I didn't say billion. I said trillion! And what we know from research is that employee and engagement is directly correlated to positive performance and organization outcomes like profitability, productivity, sales, safety, and retention.

(08:07):

So, if your employees are not productive and engaged, your company's not as profitable. Your sales are probably going to be down. Safety is down, retention is definitely down, which I'll talk about that more, a bit Bain and Company released a report. I want to say maybe 2019, maybe '18. And in that report, they share that the best companies are 40% more productive than the rest. And those companies that are 40% more productive have operating margins that are 30 to 50% higher than their industry peers. I know that if you're a leader, listening to this, you are not surprised at the need for your company to be productive, the need for your employees to be productive. But what I'm hoping you're hearing from this is how work stress...So when you have employees that are stressed at work is eating into that ability for your company to be productive.

(09:00):

The second way that work stress is impacting an organization's bottom line is that it increases absentee according to the American Institute of stress, which I have to pause here. Like the fact that we even have an American Institute of Stress tells you how much of a problem. This is like we have an entire Institute to study stress. It's legit a problem but let me get back. Let me get on track. Let me not lose track here. But according to the American Institute of Stress, an estimated 1 million workers are absent every day because of stress. People are not coming to work because of work stress. If they're not coming to work, they're not working. If they're not working, productivity is impacted, right? Like revenue is impacted. Bottom line is being impacted.

(09:44):

Work stress has also been shown to increase turnover and attrition rates, which, and I'm, I'm gonna refer back to something I talked about in the previous episode, when I shared about work stress how, you know, we have types of work, stress and work stress can lead to trauma.

(09:59):

And when people experience trauma, they experience trauma responses. One thing that we're hearing a lot in the world of work is this great resignation, right? People are talking a lot about the great resignation and how everybody's leaving. Again, turnover, attrition, all of that is happening. And one thing I can say for a fact from the work that I do with women, that the great resignation really is the great flight response. People are fleeing from toxic environments because when people are stressed, there's one of three responses that happen fight. They're gonna square up. <Laugh> let's, let's, let's go. They're gonna flee to the flight response, run away from the stressor, run away from the trigger to keep themselves safe or freeze, right ways to protect themselves, to become, not noticeable. They don't attract threat when people are experiencing a ton of stress at work, when they're in a work environment that is misaligned and is stressing them out and leading to mental and physical health implications that is reducing their quality of life.

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At some point, those people will get to the point where they're like, you know what? I don't deserve this. I don't want to be in this organization. That doesn't value me. That is stressing me out. That is causing me to lose out on time with my family, with my friends, with myself. And so, they lead as organizations. The great resignation is people realizing that life is too short to spend working in an environment that there's a value and doesn't care about your mental health. People are fleeing. It's a great flight response. And that's what we see here with this increased turnover and attrition rate is that employees are mass exodus-in out of companies and organizations that are not serving them. And you might be listening and thinking, well, why should an organization be serving the employees again? If you serve your employees, they will serve you.

(11:40):

When your employees are happy, engaged, and productive, they will perform better. The data is there. And on average, it costs an organization 4,000 to $7,000 to recruit, hire, and train a brand-new employee. That's a new employee. But what we know is that the cost of

replacement is even higher because companies spend around 75% on workers' annual salary to cover lost productivity or replace workers. So, if we think about the average salary in the us, I looked this up as of today, April 6th, when I'm recording this, the average annual salary in the US is $51,916. Okay. Let's just call it 52K average. What data shows is that companies on average are spending 75% of that amount to replace and cover up for the lost productivity. When an employee leaves, do you know what? 75% of 52K is 39,000 I'm round up is really $38,937, but let's call it 39K.

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Imagine spending... And again, this is average. So, if you're losing an employee who are, you know, maybe being paid higher, being paid a lot more than 51K you're losing more money. Frequent voluntary turnover ultimately doesn't only have a negative impact on you as an organization in terms of the amount that is costing to replace that employee or even cover up a product. But what we also know from the research is that if there's frequent turn in happening in your organization, that has a negative impact on the morale and productivity of the other employees who are in the organization. So now someone has left, you have to spend money to replace them, to cover up for productivity. But now all those other employees who are still in your organization are watching people leave, leave people leaving. They're starting to think, hold up. Why am I still here?

(13:37):

What memo did I miss? Do I need to make a run for it also? And so now you have this train of attrition just happening. People are just exiting out of your company and ultimately that's impacting your revenue.

(13:51):

The fourth way that work stress is impacting or an organization is that it increases the healthcare costs incurred by employers. So those sick days that your employees are taking because of work stress, the doctor visits the the time off the mental health days when your employees are taking time off, because they are experiencing the very valid, physical and mental health effect of being stressed out. Ultimately as an organization, you are paying for that work related stress causes 120,000 deaths annually, and that results in $190 billion in healthcare costs annually. This is from the center are for workplace and mental health for workplace mental health.

(14:39):

I meant to say so as an organization annually, we're seeing that companies are paying 190 billion to make up for, to address the healthcare implications of employees who are stressed out at work. The statistic I want to share with you is that according to mental health, America workers who take sick days because of mental health issues are seven times more likely to have further absences than those with physical health problems. So, the mental health issues are a lot more insidious and a lot more costly over time. And I say this because some, especially for organizations whose workers are not really doing physical labor, they're not operating machinery like big machinery or, you know, using their body doing manual labor.

(15:27):

I think it can be easy to ignore work stress and just, oh, they're not, they're not experiencing physical stress, but the mental health outcomes that come from your employees being stressed are a lot more costly in the long term than the physical health outcomes, the fifth and final way that workplace stress or work stress is impacting organizations is that, and this is sort of similar to the previous one, but work stress leads to higher accident, higher injury and higher turnover rates and all of this increase administrative costs for an organization.

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So, Mental Health America also found that depression leads to 51 billion in cost due to absentee. So, employees who have to take time off because they're struggling with depression, maybe they need to get help. They need that time off 51 billion dollars, 6 billion in treatment costs. Like I said, at the beginning, this is a data-heavy episode because I really want you hear the large amount of people who are struggling with work stress and the large amount of money that companies are spending to respond to the outcomes of the side effects of work stress. When really, if we created healthier, more respectful, more validating work environment meant we would have more productive, more engaged employees who perform better, who then ultimately leads to higher revenue for companies. But I remember listening to an episode of Dare to Lead with Brené Brown Dr. [Donald] Sull &, and his son, I forgot the son's name now [Charlie Sull].

(17:09):

And they had done a study on toxic workplaces and, and work culture. And I remember something that stuck with me with them talking about how it's leaders often easily ignore or don't pay attention to how much culture and stress is actually impacting. The one thing they care about, which is revenue, like caring about your, your employees being passionate, being compassionate, having empathy, creating safe spaces. It's not just because we're out here trying to be "woo woo" and flowery and kumbaya and hold hands. I mean, yes, we're humans, humanity. Like we should care about people's health and at the same time, okay. If all you care about is money, let's stick with that. Let's go with that. If all you care about is money, caring about your employees will help you make more money. How about there? Anyway, <laugh>, before I get off tangent here, ultimately work stress just, it presents a lot of financial and administrative repercussions at the organizational level, because everything I shared earlier result in deterioration in your company, in organization performance, in terms of sales, profitability, and cashflow.

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So, what do you need to do? And, you know, as we keep talking about national stress awareness month, I'll share a bit more, but ultimately the, the most significant or the, the foundational response that needs to occur to work stress is change in work conditions. There has to be change in work environments, in work conditions, providing employees with resources, modeling as leaders, modeling lifestyle changes that give employee hope that they can also a adopt lifestyle changes that improves their health. There's a quote from, from a Gallup study that I really thought was crucial to this conversation. In that report. They said leaders and managers at every level should address this. And this is referring to work stress as it could lead to increased burnout, upset and disengagement.

(19:08):

Ultimately the owners fall on leaders. Yes, we can share coping strategies with employees. We can have ERGs and we can create, you know, these resources for them to take advantage of, but if there's no leadership buy-in, if there isn't a radical culture shift or culture change in organizations, employees are still going to be stressed out. There's only so much coping you can do. If you are in an environment that is actively literally stressing you out. And the, we, we know also from the research that leadership is super important, both at the, like the, the, I think of the higher up leader level, but also at the managerial level, because in another study, 35% of, of respondents in that study said the main source of work stress for them was their boss. 63% of us workers are ready to quit their jobs due to stress that is coming from relationships with their boss. The employee boss relationship is such a major source of stress for workers.

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And I know this not just from the research, but from the work that I do with women. And I've talked to so many women who are just like, I can't deal with my manager anymore. I can't handle this. I don't feel psychologically safe. I don't feel physically safe. I need a new job. So, I remember I think it was three years ago. I read a study that 70% of people who were actively job searching said that they were leaving their manager, not the company or the role. They were switching jobs specifically to escape a toxic manager.

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If you are again, a leader listening to this, and you are wondering, okay, what is the response? And I show, you know, change work conditions, provide employee resources, model, lifestyle change. And I think all of those things require a certain type of leadership response that is compassionate, that is sensitive to the current health climate that we're in.

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And that leader is a trauma-informed leader.

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And this is something that I do with organizations where we talk about how to be trauma-informed as a leader and how that can ultimately improve your bottom line. And I think it's important to share that trauma-informed leadership is not curing the symptoms of trauma. It's not during clinical practice. You are not a mental health counselor. I know that that's not what it is, but really trauma from leadership is an awareness of the prevalence of stress and trauma in the world today. An awareness of the fact that employees are either coming into work with that trauma. It doesn't just leave, stay at the door and that some of your employees are being traumatized at work and being triggered at work. And that that trauma impacts behavior. It impacts productivity, its engagement, it impacts retention. And so, a trauma-informed leader responds from that lens responds in a way that accounts for the trauma that their employees are coming in with, or have experienced at work trauma from leadership is a shift from looking at your employees and saying, what is wrong with you?

(22:08):
You and instead asking what has led to this, what have you experienced that has led to this behavior that I'm seeing? I don't want to get ahead of myself. I just wanted to share that with you in terms of a specific response type. And in a future episode, I'll share more details about

what exactly trauma and from leadership is, but I want you to know that it, it matters is important because trauma-informed leadership allows you to understand the context behind your employee's behaviors. We saw this massive like wave of employees paying attention to DEI efforts since 2020. And one thing I always say is DEI efforts without a trauma inform lens is pointless. It just is that might sound radical. But if you are doing DEI work to increase diverse talent, and then you bring them into organizations that traumatize them and trigger them or organizations that don't account for the vicarious trauma they're experiencing collectively.

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When we see people like George Floyd being murdered, Brianna Taylor, Trayvon Martin, if you are bringing in diverse talent, racially diverse talent, and you're not cultivating an environment that actually supports their success and help they're going to leave.

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So, was your DEI effort, successful trauma from leadership is just better for a healthy culture overall. And so, I hope that was helpful for where you understand in specific ways that trauma that stress is impacting organization's revenue, because sometimes that's, we have to speak in numbers. Sometimes we have to speak in numbers for change, to happen for you to see and understand the real impact that this is having on your organization.

(23:51):
In the next episode, I'll be sharing some specific causes of work stress I'll share seven specific causes across three different types. So, I hope you'll check out that episode, whether you are an employee or a leader from the leadership lens, it will help you start to understand some specific changes you can make to organizations to help your employees.

(24:11):
And from an individual lens, understanding those causes of work stress will help you audit your own life and start to look for ways to minimize the stress that you're experiencing as a result of work.

(24:24):
So thank you for listening to this episode. I know it was data heavy. Feel free to go back, listen again with a note and a pen and write some numbers down. If you need to make a case for something. And if you're a leader listening to this and you're thinking you know, I'm ready to make a shift in my organization, how do I adopt or incorporate trauma informed leadership, feel free to, you can reach out to me whether it's on LinkedIn or take Tega Edwin, on my website, hercareerdoctor.com there's information on some of the trauma and from leadership workshops that I lead and consultations that I do with organization, I would love to work with you. Like I have this deep desire to make organizations safer for women, especially women of color, more especially black women. And so, I am here to work with you to create a healthier your work culture that will benefit your employees and benefit your bottom line.

(25:11):
Thanks again for listening to this episode and I'll catch you in the next one.

(25:15):

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