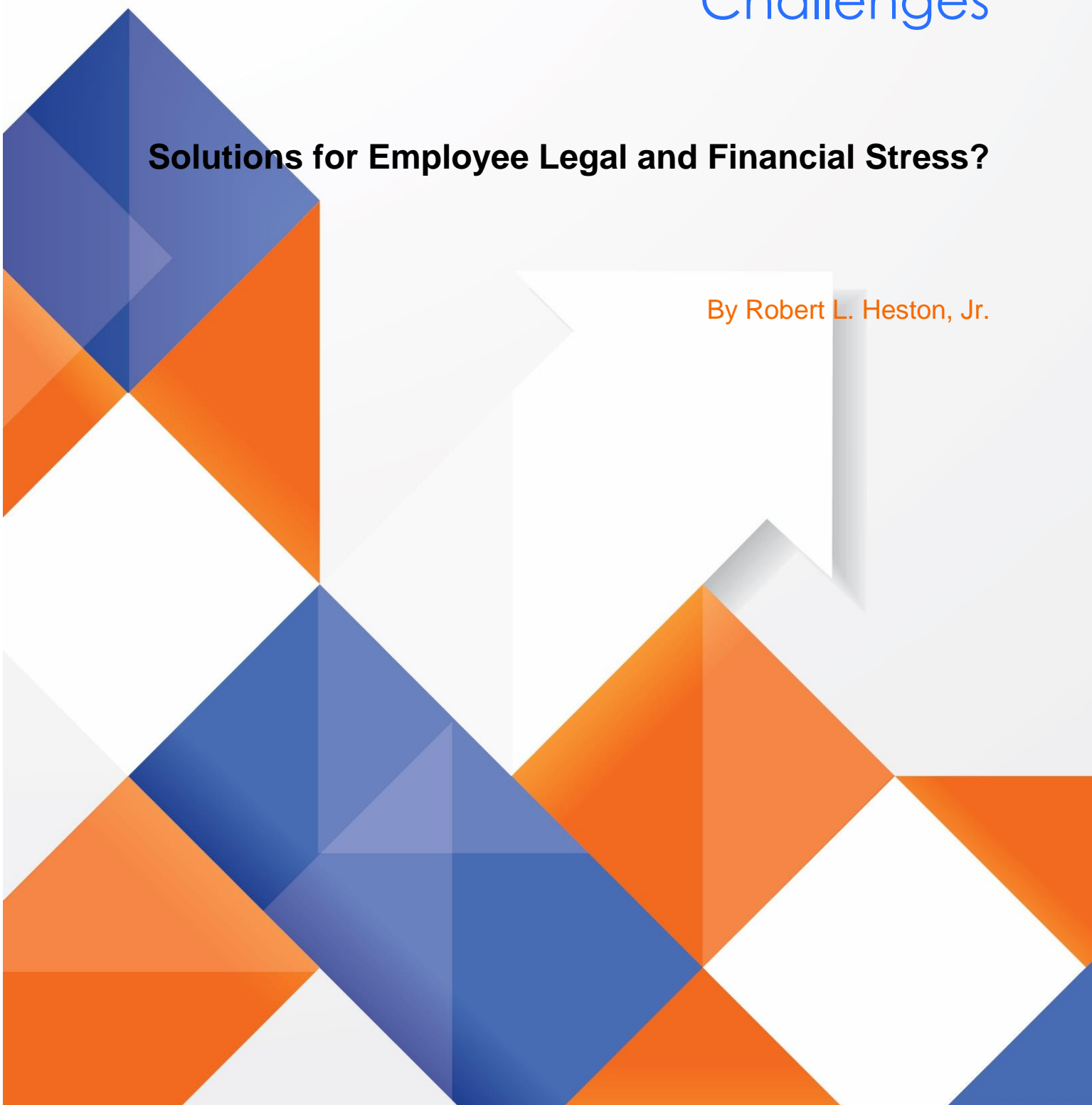


How Can HR Managers Better Understand Employee Well-being Challenges

Solutions for Employee Legal and Financial Stress?

By Robert L. Heston, Jr.



Given Employees' Legal and Financial Issues How Can HR Managers Better Understand the Workplace Impact of Employee Well-being?

A. HR managers often catch glimpses of the high levels of stress employees face when these usually private legal matters spill over into the workplace.

HR departments may often not fully understand the breadth of these stress-related legal problems employees face when unexpectedly cast into the U.S. legal system, nor is there always a complete recognition about how an employees' legal problems create the stress that contributes to work problems. Repeated court continuances alone clearly demonstrate that an employee mired in the legal system will likely miss hours and even days of work. It is not uncommon for employees to take off an entire day, sit in a courtroom for hours, hear a judge call case after case, approach the end of the court day and be told that their case has been continued without explanation. That announcement from the bench takes less than five minutes and brings no resolution, but it costs the employee an entire workday and preparation time for the court appearance.

One study found that slightly more than one quarter of employees who hired their own attorney missed anywhere from a few days to a week of work. Many cases don't even involve the employee directly, as was the situation of a man who told of having to miss work because of attending court hearings related to his son's legal issues. The process can become as unwieldy for individuals who prefer to hire their own attorney rather than ignore the problem.¹

This problematic stress has two components for human resource managers to manage:

1. The increased stress levels that employees have when they suffer through financial, debt, credit or legal problems.
2. The hurdles within the legal system that directly affect employees and exponentially increase the already-high stress levels that can lead to frustration, anxiety, anger and upset, sometimes requiring physical or mental treatment. And these issues intensify the longer the case drags out.

Now that we have seen how legal problems, the legal system and working with attorneys can cause stress for employees, we have additional questions for HR

- What if employees are bringing into the workplace the effects of stress from a larger number of legal and financial problems than HR appreciates?
- What if HR is missing the breadth of employee legal problems and the stresses employees are under?
- What if the loss of productivity and the causes of many accidents and injuries on the job are more related to legal issues than is generally understood?
- What if employee legal problems are unknowingly driving up healthcare costs?
- What if the U.S. legal system is actually helping to decrease employee productivity?
- Has stress level and its impact on the workplace ever been measured?

Relative to personal employee legal problems, there may be more to employee absence — lack of productivity, accidents and injuries, increased prescription drug and healthcare costs — than is obvious to HR managers. Given the private nature of financial and legal problems, there is a possibility in many instances that an employee may not reveal the true nature of his or her most serious problems. As such, there may be a much more serious need for legal and financial help for employee populations than is currently understood.

INNOVATION CHECK

- By examining the consequences in the workplace of employee legal issues, it may be both necessary and possible for HR to institute measures and programs to help employees manage the causes of stress with tremendous upside: a decrease in accidents, an increase in productivity and a decrease in healthcare usage that is costly to the employer – and each may be tightly measured.
- B. HR Managers are beginning to appreciate the seriousness of the stress many employees experience.**

It is critical to understand the causal connection between employee legal and financial problems and the stresses caused when an employee does not have resources or help to handle and solve these difficulties. Let's first start with the serious levels of stress being suffered by employees by looking at the results of decades of general stress-related studies.

Journal of Occupational and Environmental Medicine

- Health care expenditures are nearly 50% greater for workers who report high levels of stress.
- 23% of female executives and professionals and 19 percent of their male peers say they feel super-stressed.²

Foundation for Integrated Research in Mental Health, 2007

- 62% of Americans say work has a significant impact on stress levels.

American Institute of Stress, National Center on Addiction and Substance Abuse, February 2007

- U.S. companies lose \$200-\$300 billion a year due to absenteeism, tardiness, burnout, decreased productivity, workers' compensation claims, increased employee turnover and medical insurance costs resulting from employee work-related stress.

National Safety Council, Priority Magazine, January-February 2007

- Approximately one-half of Americans say stress has a negative impact on both their personal and professional lives.
- 31% of employed adults have difficulty managing work and family responsibilities.
- 35% cite job stress as interfering with their family or personal time.

American Psychological Association Study, 2007

- Issues stemming from workplace stress take up at least 20% of a company's payroll and more than \$150 billion in U.S. productivity each year.

American Institute of Stress, February 2007

- One in three employees reports feeling chronically overworked.

Human Resources Workplace Stress Survey, 2007

- About one-third of workers report high levels of stress, and high levels of stress are associated with substantial increases in health service utilization.

The National Institute for Occupational Safety and Health (NIOSH), November 2007

- Chronic stress — stress experienced when the demands of life exceed the ability to cope — boosts the risk of developing ailments ranging from the common cold and gum disease, to obesity and heart disease.
- The costs per year linked to stress are:
 - \$300 for over-the-counter drugs (e.g., pain relievers, decongestants)
 - \$5,600 for physician visits and other out-of-pocket healthcare costs
 - \$375 for high life insurance premiums
 - Lost productivity: workers with severe stress miss 23 days of work a year.

“Workplace stress is rife in 70 percent of organizations; the fact that companies are not viewing stress from a scientific, strategic, preventive perspective is extremely worrying.”

Families and Work Institute Study³

HR managers know that employee stress from all sources is a leading cause of unscheduled absenteeism, costly presenteeism, high turnover, accidents and errors. Many expert studies show that approximately 60% of workers' compensation awards and 40% of job turnover are due to employee stress. But exactly what are the causes of employee stress, where does it come from and is any of it attributable to employee legal problems?

The costs to the employer each year in increased healthcare, emotional distress treatment and prescription drug costs are skyrocketing and mandate a new approach to managing stress and the toll it takes on marriages and children. When we combine the high degrees of stress employees are suffering today with their increasing number of employee legal problems, it is possible to conclude that stress from legal problems may be partly attributable to the overall costs of employee stress.

**C. How much employee stress from legal and financial issues is brought into the workplace?
Is there a way to measure these employee stress levels if there has been no long-term study
of this issue?**

The purpose of this study is to draw conclusions about employee stress and its relationship to personal employee legal problems. Since there is not yet a definitive study on this specific issue, we can examine this correlation by looking first at the studies that have been conducted related to all employee stress and the identifiable costs of this stress.

Job Stress Defined

The National Institute for Occupational Safety and Health (NIOSH) defines job stress as “the harmful physical and emotional responses that occur when job requirements do not match the capabilities, resources, or needs of the employee.”

The General Causes of Stress – Overview

Using the NIOSH definition, employees can be placed under a great deal of stress by everyday life situations. This includes family problems, bad financial planning, debt collection and identity theft, among others. The employee needs time — a limited resource — to deal with a life situation but is unable to do so because his job requires that time. The solution generally requires legal services, which causes the employee to spend even more time away from work.

D. The Cost of Stress

The cost of stress is staggering. The American Institute of Stress (AIS) puts it at \$300 billion annually, which includes “accidents, absenteeism, employee turnover, diminished productivity, direct medical, legal, and insurance costs, workers’ compensation awards, as well as tort and FELA [Federal Employers’ Liability Act] judgments.”

Actual costs per employee run about \$798 per year, according to CCH, Inc. in its 2002 CCH Unscheduled Absence Survey.⁴ In fact, when the costs of stress-related illnesses are factored in, the cost of stress may be much higher than \$300 billion. Newsweek devoted considerable space to the impact of emotional stress in its cover feature “The New Sciences of Mind and Body” (September 27, 2004). The report shows much evidence that stress is correlated with heart disease and many other medical problems and reducing stress can boost one’s immune system and help control diabetes. According to Newsweek, many experts find that 60-90% of all doctor visits are stress-related. The medical costs are indeed enormous.⁵

The Journal of Occupational and Environmental Medicine reports that health care expenditures are nearly 50% greater for workers reporting high levels of stress. The report addresses the toll of stress, anxiety, nervousness and fatigue on the physical health of an employee — hunched backs over computers, knotted shoulders worsening after meetings and long hours without breaks. More severe symptoms such as depression, anxiety and fatigue set in if these conditions persist. In light of reports such as this, it is surprising more companies aren’t offering a greater range of programs to reduce stress, reduce healthcare costs and improve health and productivity.⁶

There has been some research on the subject of employee stress and increased healthcare costs. A number of studies over that last 15 years detail explicitly the correlation between worker stress,

emotional distress and depression, and the increased healthcare costs of treatment and prescription drugs. Following are a few conclusions that establish this connection.

- Companies with corporate health promotion programs have realized a 28% reduction in sick leave, a 26% reduction in adjunctive healthcare costs and a 30% reduction in disability and workers' compensation costs.

Health Affairs, Volume 21, No. 2, March 2002

- Job stress costs employers more than \$200 billion each year in absenteeism, tardiness, burnout, lower productivity, high turnover, workers' compensation and medical insurance costs.

National Safety Council

- One dollar invested in work place wellness will have a \$3 savings of benefits.

University of Michigan Research Center (HMRC)

- An estimated 60% of all work absenteeism is caused by stress.

C. Cooper & R. Payne, eds.
Causes, Coping and Consequences of Stress at Work

- Depression, a common problem among workers, costs the United States \$44 billion per year in lost productivity.

National Foundation of Brain Research

- A new study of more than 46,000 employees at 6 large companies found that costs linked to serious, persistent stress account for about 8% of the total health care expenditures of those companies: about \$24 billion annually.

American Journal of Health

- The California Workers' Compensation Institute determined that job stress claims increased 700% from 1977 to 1988.

M. Lehmer et al.
Journal of Occupational Environmental Medicine

- A new study on stress in the workplace found that 62% of the people surveyed experience what they call "a great deal of stress" in the workplace," up 15% from the previous year.

Aventis Pharm

- In a recent three-year analysis of more than 46,000 workers from six major U.S. companies, depression and unmanaged stress emerged as the top two most costly risk factors in terms of medical expenditures, increasing health care costs by two to seven times as much as physical risk factors such as smoking, obesity and poor exercise habits.

R. Goetzel et al.
Journal of Occupational Environmental Medicine

All these studies and figures are found in a compilation of these statistics demonstrating the connection between employee stress, emotional distress and depression and the increased healthcare costs associated with treating them.⁷

E. Healthcare Costs Related to Employee Stress

Additionally, there are a number of studies that detail different aspects of the devastating effects of employee stress either from the workplace or brought into the workplace. One report detailing the scope of employee stress found:

- 80% of workers feel stress on the job, nearly half say they need help in learning how to manage stress, and 42% say their coworkers need such help.
- 14% of respondents have felt like striking a coworker in the past year but didn't.
- 10% are concerned about an individual at work they fear could become violent.
- 25% have felt like screaming or shouting because of job stress.
- 9% are aware of an assault or violent act in their workplace.
- 18% have experienced some sort of threat or verbal intimidation in the past year.⁸

Other sources report similar alarming statistics.

- Workplace stress is rife in 70% of organizations. That companies are not viewing stress from a scientific, strategic, preventive perspective is extremely worrying.

Human Resources Workplace Stress Survey 2007

- Cumulative exposure to job strain resulted in significant increases in systolic blood pressure among male white-collar workers.
- 80% of executives and managers are stressed, one-third of which are highly stressed.

American Journal of Public Health, April 2006

- Workers who clocked more than 51 hours at the office each week were 29% more likely to have high blood pressure than those who worked 39 hours or less.
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Hypertension Journal, June 2006

- Nearly all past research linking long work hours and high blood pressure has been done among Asian workers, Dr. Haiou Yang of the University of California in Irvine and colleagues note in their report in the journal *Hypertension*. Large companies have seen per-worker health care costs rise by more than 80% since 2000.

Hewitt Associates, as reported in *Atlanta Journal Constitution*, June 2005

- Stress costs American businesses about \$330 billion every year. This total includes accidents, absenteeism, employee turnover and diminished productivity, as well as direct medical, legal, and insurance costs to business owners.

American Institute of Stress, June 2005

- Research shows that a stressful work environment can affect the amount of an employer's budget allocated to employee healthcare contributions.
- Healthcare expenditures are nearly 50% greater for workers who report high levels of stress.

Journal of Occupational and Environmental Medicine, June 2005

- Stress-related costs include absenteeism, turnover, health benefits, workers' compensation claims, tort claims and presenteeism, known as on-the-job productivity losses.

CIGNA Group Insurance, June 2005

- Studies show that stressful working conditions are associated with increased absenteeism, tardiness and intentions by workers to quit their jobs, all of which have a negative effect on the bottom-line objective of a thriving workplace.

(NIOSH) Psychologist4Therapy.Com, June 2005

- An estimated one million workers are absent every day due to stress. This unanticipated absenteeism is estimated to cost American companies \$602.00 per worker per year.

National Institute for Occupational Safety and Health (NIOSH), April 2005

- Healthcare expenditures are 50% greater for workers reporting high levels of stress.

Journal of Occupational and Environmental Medicine, March 2005

- Three-fourths of employees believe the worker has more on-the-job-stress than a generation ago, and work is the number one source of stress in their lives.

Princeton Survey Research Association, August 2004

- Stress surfaces in morale, which has a tremendous impact on how hard employees work. They work more but less effectively.

Carol Kauffman, psychologist, Harvard Medical School, July 2004

- Workers who must take time off from work, because of stress, anxiety or a related disorder will be off the job for about 20 days.

Bureau of Labor Statistics, May 2004

- Chicago-based employee assistance provider ComPsych experienced a 23% increase in crisis- and stress-counseling requests from clients in the first quarter.

USA Today, July 2003

- Nearly 35% of workers say they've seen an increase in anxiety and stress-related physical ailments in their workplace in the last year. 27% report a rise in emotional problems such as insomnia and depression.

The Marlin Co., CT-based Workplace Communications Firm, July 2003

- More than 2000 workers found ongoing work stress and long hours had a negative effect on physical and mental health.

University of North Iowa Survey, July 2003

- One-fourth of employees view their job as the primary stressor in life and, 40% report their job is very or extremely stressful.

Northwestern National Life, 2004

- Problems at work are more strongly associated with health complaints than are any other life stressor...more so than even financial or family problems.

St. Paul Fire and Marine Insurance Co., 2004

- 26% of workers are often or very often burned out or stressed out by their work.

Families and Work Institute, 2003

Clearly, there is a correlation between stress and increasing healthcare and prescription drug costs. Once dragged into a lawsuit, the unexpected court delays, hurdles and costly attorney fees begin to cause stress for employees. Is there a way to determine if there is a portion of this problem directly related to employees' personal legal issues? If so, is there a way to determine how large this problem is in relation to healthcare costs and productivity issues?

F. To determine if there is a correlation, we need to ask what the employee experiences when legal and financial problems strike.

Employees experience abject fear when a legal problem or lawsuit arises, particularly when the lawsuit appears unexpectedly and without warning.

Cases that create this paralyzing fear are found in every court in America, including:

- Cases in which ex-spouses, divorced for many years, renew court battles over child support payments because they need more money for child-related expenses.
- Repossessions of cars and trucks in record numbers that cripple employees from a transportation perspective and a real fear of job termination.

- Foreclosures and underwater mortgages with the threat of being out on the streets that wreak havoc on employees' lives.
- Wage garnishments from collection lawsuits that employees cannot afford to fight and that eat up personal monthly income and negatively impact credit scores and prevent employees from obtaining second mortgages or refinancing.

These court filings happen in thousands of courtrooms every day, but the only warning an employee often has is when he is served with a summons and complaint/petition, leaving them with only 20 to 30 days to find a lawyer, raise \$5,000 to \$10,000 or more in up-front retainer fees and get a response on file in court. Default, as many employees have found, can be a crushing blow to paychecks, savings, bank accounts and even retirement accounts.

INNOVATION CHECK

- Employees are suffering verifiably high levels of stress from financial and legal problems in today's America.

One study looked at all employee groups across all ages to determine the impact of financial troubles on employees.

“Stress is associated with exacerbating and driving health problems, and financial stress is a prime cause of personal stress. The recession has resulted in widespread financial insecurity across all employee age groups. In fact, there is a virtual ‘epidemic’ of financial ‘illness.’”⁹

10th Annual Study of Employee Benefits Study

“As much as employers have been focused on traditional health and wellness, there is compelling evidence that ‘financial illnesses also contributes to health care costs, as well as to reduced productivity.’”¹⁰

10th Annual Study of Employee Benefits Study

G. What other factors create pressure on employees who are handling legal problems? How do these seemingly private personal employee legal problems impact the workplace?

The stress, high at first while trying to figure out who can help solve the legal problem and how to pay for the initial fees, increases to greater anxiety levels once the lawsuit or legal process commences. An employee feels increased pressure from all angles.

- The fear of legal costs often becomes an unbearable fear, particularly with the unanswerable question of how long the lawsuit will drag on.
- Time off becomes a major problem for the employee that must miss work repeatedly for court dates, discovery discussions and ongoing court hearing postponements. Absenteeism that began as time off to locate an attorney is replaced by a new form of absenteeism: time off for mandatory court hearings.

- Presenteeism is rampant. An employee, while present, can be bogged down mentally by the magnitude of the legal problem and the potential destruction to their current lifestyle if the case is lost.
- Anger is likely bubbling to the surface, whether anger at the plaintiff bringing the lawsuit or anger at being forced to file a lawsuit. In both scenarios, this anger negatively affects the employee's interaction with fellow employees and managers.
- Retirement and savings accounts are whittling away.
- Collection calls from creditors occur repeatedly at work, interrupting concentration, the course of business and an employee's positive outlook.
- Fear of missing a legal deadline increases stress, anxiety and outright fear.
- Credit cards are maxed out and the inability to meet regular living expenses becomes a problem. If the issue is related to a vehicle that is rendered unusable from DUI/DWI, license suspension, an accident or botched mechanical repairs, absenteeism increases.

We have seen some evidence of the relationship between legal problems, stress and their work-related effects.

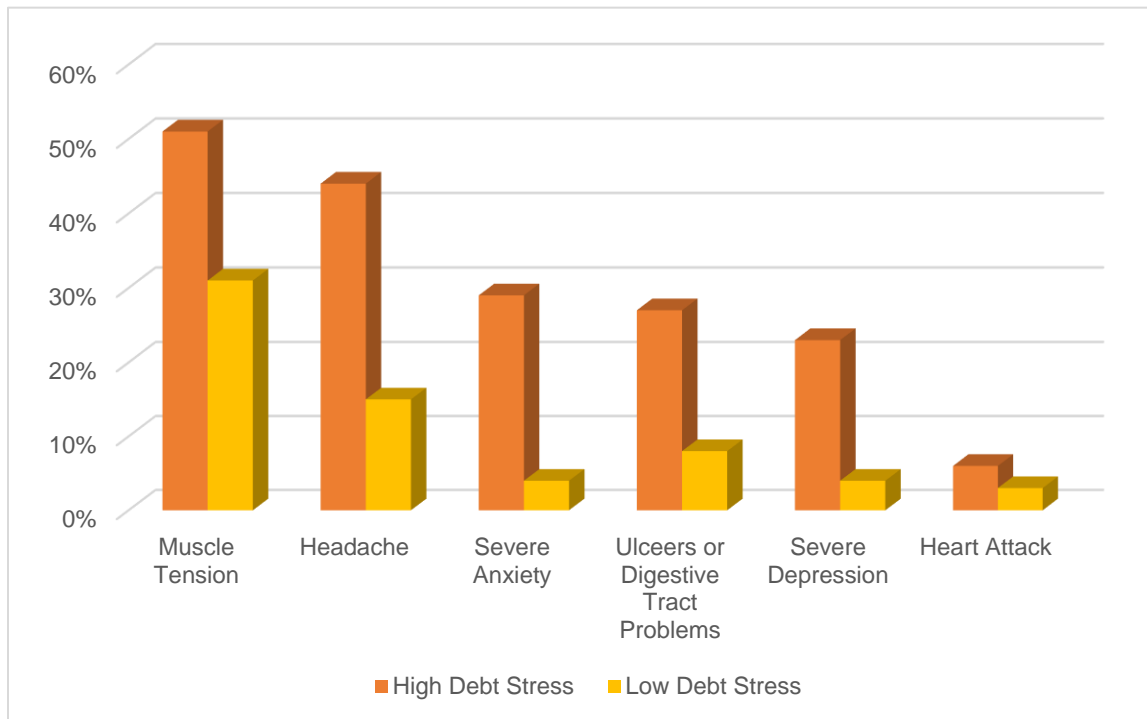
H. Is there a correlation between employee stress from legal and financial problems and the effects on employee productivity?

The increase in the number of employees and consumers in the United States facing legal and financial problems might lead you to believe that access to lawyers and legal advice is more prevalent than ever. There is also increased lawyer advertising, information and awareness. However, reality indicates that more Americans than ever feel disconnected (1) from the legal system and (2) from access to legal advice, which most consider inaccessible and too expensive.

More than 30% of stress symptoms could be related to legal and financial issues, according to a recent study. The study finds that "absenteeism and presenteeism can take a toll on productivity, with 78% of employers saying that their employees are less productive at work when they [employees] are worried about personal financial issues, and 58% of employers in the study reported that financial stress contributes to employee absences at our company."¹¹

Figure 1 shows the impact of employee stress from debt.

Figure 1: Poorer health is associated with stressful financial situations.



Stress from debt is associated with a range of health problems that impact cost and productivity.

Employers agree that financial stress, in addition to impacting employee health, also affects productivity. 58% percent say that financial ‘illness’ contributes to employee absences at their companies, and an amazing 78% also agree that worry about personal financial problems while at work can distract employees to the point that they are less productive. In fact, according to a Metlife Study, 27% of employees admit they took off unplanned time and/or were distracted at work dealing with personal financial issues. This was especially true for younger workers.

“I see it every day. We’ve had so many employees whose homes have gone into foreclosure, their spouse was laid off, they’re sick. We’re seeing a lot of absenteeism surrounding those issues...”¹²

Understanding this in terms of the effects on the workplace can open up a new line of thinking for employers seeking solutions for rising healthcare costs. It may be that an entirely new causal framework might be creating upward pressure on healthcare costs.

Indeed, earlier studies cited show stress in the workplace contributes to about 60% of workplace accidents. If some of this stress is caused by the financial and legal circumstances an employee faces, this could be costing the employer.¹³

I. Can we actually calculate the cost to the company of the amount of stress directly related to employee legal and financial problems?

Using the earlier stress studies measuring all workplace stress, let's see if we can determine how much of this workplace stress related to external personal legal and financial problems employees are facing is causing real company expenditures for absenteeism, healthcare visits/costs and prescription drug costs. To do this, we will look at some of the actual effects of employee stress brought into the workplace related to financial and legal problems.

It is estimated that 22 hours of employee time are wasted within the first 72 hours of a personal legal problem that arises when the employee first receives notice of the problem at the workplace.¹⁴ This includes the time the employee first spends telling close colleagues about the problem, reliving the issue with co-workers and soliciting their help in rating, selecting and locating a lawyer.

How can an average of 22 hours be wasted in the first 3-4 days? Co-workers often waste hours discussing an employee's legal problem and providing their own input on the chances of victory or recommending lawyers. In the initial stage of a lawsuit, the employee spends time at work calling attorneys to identify several that may be able to help and scheduling appointments with those that seem qualified.

This calculation for wasted employee time does not include the increasing number of hours of missed work time once the list of attorneys is narrowed and the employee has made a few calls to attorneys. Nor is there any time factored into this part of the equation where the employee is either waiting days for callback from attorneys that promised to call back in a few hours or the time an employee takes off to interview prospective lawyers, which adds more wasted time and lost productivity.

The next white paper in the well-being series delves into the calculation of these costs. See, *How Much Does Employee Well-being affect the Company Bottom Line*.


Conclusion

Employee stress is caused from all types of internal and external personal factors. And, all of these have some impact on the workplace and on the productivity of employees.

Until recently, the impact of stress created in employees by their personal legal problems has not been measured. And, because the effects of this stress were not well-known, most HR managers did not understand the impact of employee stress caused by legal problems.

Now, the new study discussed above, clearly shows a substantial impact on employee stress, manifested in the form of absenteeism and increased prescription drug use to treat the stress. The evidence clearly shows that when legal problems arise, employees are ill-prepared with solutions to help them handle stress. As legal deadlines to respond to the opposition approach, the inability to find compatible lawyers creates increased stress. Every day seems to add to the stress and cost employees and employers more and more focus and productivity.

The losses from a less than compatible attorney, if one can be found, and the fear of losing one's case make the employee's legal problem almost unfathomable. There are very few employees who could handle the pressure and still conduct themselves at work competently.



The scope of this problem is now becoming evident to HR. More than 54% of the employee base suffers through a family legal problem each year without the resources to handle finding a compatible attorney or the funds to pay the high cost of legal fees. HR managers can now better understand the problem after a review of this series of white papers. The information in these white papers highlights so much that was previously unknown to HR. And, the most comforting factor is that the solution is easy to install along with your other voluntary benefits. It costs employers nothing and is a great value at an inexpensive cost to employees.

Footnotes:

- 1/ Harris Interactive Study, "Quantifying the Workplace Impact of Employees' Personal Legal Matters,"2011.
- 2/ "High Stress Levels Cost Money," according to the Journal of Occupational and Environmental Medicine, <http://paxmassage.com/201002-stress-costs-money.php>.
- 3/ Families and Work Institute in New York, Jan 2007.
- 4/ "CCH Unscheduled Absence Survey", 2002, CCH, Inc.
- 5/ "The New Sciences of Mind and Body" (September 27, 2004), Newsweek Magazine.
- 6/ "High Stress Levels Cost Money," <http://paxmassage.com/201002-stress-costs-money.php>, February 2010 Newsletter Article.
- 7/ "Job Stress and Healthcare Cost Data", <http://meditationscience.weebly.com/job-stress-and-healthcare-cost-data.html>.
- 8/ "Attitudes in the American Workplace VII Report," 2001, created by the Marlin Company and The American Institute of Stress.
- 9/ 10th Annual Study of Employee Benefits, (2012) MetLife.
- 10/ Id.
- 11/ 9th Annual Study of Employee Benefits, (2011) MetLife.
- 12/ Id.
- 13/ Id.
- 14/ Legal Access Plans, L.L.C., 2012 Internal Study.

