

HEALTH AND STRESS

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The American Institute of Stress*

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THE QUANDARY OF JOB STRESS COMPENSATION

KEYWORDS: Job insecurity, technostress, violence, turnover, accidents, Three Mile Island nuclear disaster, Exxon-Valdez oil spill, unemployment, types of stress claims, heart attacks, Federal Employees Liability Act.

Time magazine referred to stress as "America's #1 Health Problem" in its June 6, 1983 cover story, and there is little doubt that things have gone steadily downhill since then. Numerous surveys show that **job stress is far and away the leading source of stress for American adults**. They also confirm that workplace pressures have progressively increased over the past few decades.

Recent developments and trends suggest that **job stress will continue to escalate at an alarming rate that could have disastrous fiscal as well as health consequences**. Massive layoffs due to the demise of high flying dotcoms, downsizing, megamergers, hostile acquisitions and fierce foreign competition in an increasingly global marketplace has resulted in **an epidemic of job insecurity at all levels** reminiscent of the great depression in the last century.

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The National Institutes for Occupational Safety and Health and the National Institute of Health held a joint conference in 1999 to discuss this and other relevant issues and reported that:

- Americans have been working harder and longer for the past two decades just to maintain their same standard of living.
- The number of hours worked increased 8 percent in one generation and now averages 47 hrs/week. One in five employees now works 49 hrs/week.
- **More jobs were lost in the previous year than any other year in the last half-century.**
- **The number of workers that were fearful of losing their jobs had more than doubled over the past decade.**

That was two years ago and the problem has worsened considerably since then. Announced and projected layoffs due to closings, downsizing and mergers suggest that fears of unemployment will soar. A CBS poll in February found that almost 50 percent of employees were concerned about retaining their job.

In addition to job insecurity, widespread violence in the workplace, increased rudeness on the part of co-workers

and clients, more time and costs for commuting, technostress, the persistence of discrimination because of race, religion or gender, constant and unreasonable deadlines and other time pressures have also contributed to the current job stress crisis.

How Prevalent And Severe Is Job Stress?

That depends upon the demographics of the targeted group, whether the survey is based on self-report, a questionnaire, personal or telephone interview, what questions were asked and in what setting, the confidentiality of responses, size of the sample, and most importantly, who is conducting the survey and for what reason? These all need to be considered when evaluating results and explains why conclusions can vary so much for different reports. Some examples include:

Northwestern National Life Insurance Co.

- 40 % of workers report their job is "very or extremely stressful."
- One-fourth of employees view their jobs as the number one stressor in their lives.

Families and Work Institute

- 26% of employees report they are "often or very often burned out or severely stressed by their work."

Yale University

- 29% of workers complain that they are "quite a bit or extremely stressed at work."

Princeton Survey Research Associates

- Three-fourths of employees believe that workers today have much more on-the-job stress than a generation ago.

The last annual Labor Day *Gallup Poll on Attitudes in the American Workplace* found that:

- 80% of workers feel stress on the job.
- Nearly half say they need help in learning how to manage stress.
- 42% say their coworkers need such help.
- 14% of respondents had felt like striking a coworker in the past year, but didn't.
- 25% have felt like screaming or shouting because of job stress.
- 10% are concerned about an individual at work they fear could become violent.

- 9% are aware of an assault or violent act in their workplace in the last year.
- 18% have experienced some sort of threat or verbal intimidation in the last year.

The very recent 2000 *Integra Realty Resources Survey* similarly reported that:

- 65% of workers said that workplace stress had caused difficulties.
- More than 10 percent described these as having "major" effects.
- One in 10 Americans say they work in an atmosphere where physical violence has occurred because of job stress.
- 42% of this group report that yelling and other verbal abuse is common.
- 29% admitted that they have yelled at coworkers because of workplace stress.
- 2% admitted that they had actually personally struck someone.
- Nearly one in four have been driven to tears because of workplace stress.
- 14% said they work where machinery or equipment has been damaged because of workplace rage.
- 19% or almost one in five had quit a previous position because of job stress.
- 62% routinely find that they end the day with work-related neck pain.
- 44% reported stressed-out eyes.
- 38% complained of hurting hands.
- 34% reported difficulty in sleeping because they were too stressed-out.
- Over half say they often spend 12-hour days on work related duties.
- Half of all workers frequently skip lunch because of the stress of job demands.
- 12% had called in sick because of job stress.

Absenteeism And Other Costs

Stress related absenteeism is a serious and growing problem. According to the 1999 *CCH Unscheduled Absence Survey* of 800,000 workers in over 300 companies, the number of employees who called in sick due to stress had tripled over the previous four years. The European Agency for Safety and Health at Work Conference last June reported that over half of the 550 million working days lost each year in the United States due to absenteeism are stress related. Stress currently accounts for one out of five of all last-minute no-shows.

When key employees don't show up or call in sick at the last moment, it can have a domino effect that spreads down the line to others and disrupts scheduled operations. Unanticipated absenteeism is estimated to cost companies an average of more than \$600/worker/year, and expenses for large employers could run as high as \$3.4 million annually.

That's just the tip of the iceberg. Job stress is estimated to cost American industry in excess of \$300 billion a year. When I started writing about this subject over twenty years ago the price tag for job stress was pegged at \$150 billion annually and ten years ago it was claimed to be \$200 billion. The \$300 billion figure posted on our web site has attracted a large number of inquiries over the past several years, particularly from reporters. Most people want to know if this is based on a formula or series of calculations with scientific underpinnings that have statistical significance as opposed to a personal estimate that was picked out of thin air. The answer is as follows:

In 1979, Albrecht postulated an annual 4 percent rate of absenteeism and a 5 percent turnover rate in a company with 1000 employees. He assumed that 2 percent of all absences and turnovers were due to stress and that it would cost \$1000 for recruitment and training for each turnover. In addition, there would be a 5 percent need for overstaffing to compensate for associated problems. Based on these figures, which were considered to be quite conservative at the time, he estimated that the hidden costs of stress to U.S. companies were \$150 billion annually.

That was over two decades ago and absenteeism and turnover rates have now almost doubled as have their expenses. The cost of employee turnover was found to range from \$2,000-\$13,000 per individual in 1990 depending on their position. A few years previously the Xerox Corporation estimated that it would have to pay approximately \$1 million to \$1.5 million to replace a top executive. Recent research reports now estimate that 40 percent of employee turnover is due to job stress and that 1 million persons are absent from work on an average workday for the same

reason. The 1996 Marketdata Enterprises Survey found that twenty percent of the direct costs associated with high job turnover, strikes, work stoppages, and absenteeism were due to stress.

Albrecht's calculations did not include the cost of accidents. Studies have shown that 60% to 80% of accidents on the job are stress related. In 1982, the cost of work related U.S. accidents was \$32 billion. It is impossible to estimate the economic impact of major disasters such as the Three Mile Island nuclear tragedy and the Exxon Valdez oil spill, both of which were found to be due to job stress. Also not included were direct health insurance, medical, legal and workers compensation costs all of which have progressively escalated over the past two decades. In addition, unanticipated widespread sources of stress such as job insecurity, violence in the workplace, newly discovered occupational diseases and musculoskeletal injuries related to prolonged computer use, all contribute to diminished productivity that lowers the bottom line.

Surveys show that 75 to 90 percent of all visits to primary care physicians are for stress related complaints or conditions. As indicated, job stress is far and away the leading source of stress for American adults. Health care expenditures, are nearly 50 percent greater for workers who report high stress levels and the \$300 billion estimate for job stress costs may now have to be revised upward. However, just to put this in perspective, that's already more than the net profits of all the Fortune 500 companies combined and ten times the costs for all strikes.

Sources Of Job Stress

While the causes of job stress can vary with occupations and positions, the major contributors fall into the following categories:

How Work And Tasks Are Designed

Heavy workload; infrequent rest breaks; long work hours and shiftwork; hectic and routine tasks that have little inherent meaning, do not utilize workers' skills, and provide little sense of control.

Management Style

Lack of participation by workers in decision-making; poor communication in the

organization; lack of company policies that take employees' family and personal obligations into consideration.

Interpersonal Relationships

Poor social environment and lack of support or help from co-workers and supervisors.

Vague Or Changing Job Description

Conflicting or uncertain job expectations; too much responsibility; too many "hats to wear"; too many people with very different demands.

Concerns About Employment Or Career

Job insecurity and lack of opportunity for advancement or promotion; rapid changes for which workers are unprepared due to unanticipated downsizing, mergers and hostile acquisitions.

Environmental Conditions

Unpleasant or dangerous physical conditions in the workplace such as crowding, noise, air pollution, or failure to address ergonomic problems

Discrimination

Lack of opportunity for advancement or promotion because of age, gender, race, religion, or disability despite legislation designed to prevent this.

Violence, Physical And Verbal Abuse

An average of 20 workers a week are murdered and 18,000 are physically abused in the U.S. but the number may be higher since many such crimes are not reported. Homicide has become the second leading cause of workplace deaths overall and ranks first for females.

Some of these problems, such as discrimination and unpleasant physical working conditions seem to be under control or diminishing. At the same time, others like violence and job insecurity have risen to alarming levels. The tidal wave of recent layoffs, downsizing, mergers and hostile acquisitions has resulted in widespread job insecurity at all levels of employment from boardrooms to assembly lines. Nobody is exempt.

Over 200 dot com companies folded last year and many more reduced their workforce due to downsizing because of poor earnings. Last November, 45,000 workers were laid off, and this was considered to be a large number. In December, despite the holiday season which

is usually a deterrent, this rose to 75,000. In January it jumped to over 200,000! Layoffs in just these first two months were 41 percent of the total in 1998, when job cuts hit a record 678,000. What is frightening is the number of well established companies that announced layoffs in January, including:

- Amazon.com. (1300 or 15 percent)
- AOL Time Warner (2400 with 400 from CNN)
- Daimler-Chrysler (26,000 or 20 percent)
- Hewlett-Packard (1700)
- Janus Capital (468 or 15 percent)
- J.C. Penney (5,565 including Eckerd units)
- Lucent Technologies (16,000 or 13 percent)
- Motorola (2500 or 2 percent)
- Sara Lee (7000 or 4 percent)

The nation's unemployment rate jumped to 4.2 percent in January, its highest level in 16 months. Overall economic growth slowed to an annual rate of just 1.4 percent in the fourth quarter of last year, the weakest performance in more than five years. Current reports of impending closings and downsizings suggest that this alarming trend threatens to continue. Federal Reserve Chairman Alan Greenspan announced that growth in the first quarter of 2001 could be "very close to zero." In an effort to combat this, he dropped interest rates twice in January for a full percentage point. His semiannual economic report to Congress in February was equally sobering and suggested that yet another drop was in the offing.

Initial applications for jobless benefits soared to 15,000 the first week in February, almost quadruple the 4,000 rise that had been anticipated. Signs that a recession is looming came from all over the country in just the first ten days of February, some examples being:

- General Electric in Connecticut planned to cut 75,000 jobs in the next two years according to a *Business Week* magazine report.
- Federated Department Stores, Inc. in Ohio announced the closing of its Sterns department stores eliminating about 2600 jobs.

- Dell Computer in Texas will lay off 4000, the first cut in its 16 year history.
- CNET Networks Inc. in California said it would trim almost 200 jobs from its global work force - a 10 percent cut.
- Motorola in Illinois announced its third round of cuts in 12 weeks and now plans to cut as many as 4000 jobs this year.
- Lechters in New Jersey will close 166 of its housewares stores and cut 175 jobs.
- Motley Fool in Virginia laid off 115, or a third of their workforce.
- Union Pacific in Nebraska offered early retirement to 1800 employees as part of its plan to cut 2000 jobs by midyear.
- Electrolux (Sweden) plans to cut 2000 jobs. Altell in Arkansas is laying off 400.
- Shopko in Wisconsin will close 23 stores in seven states trimming 2500 jobs.
- Lionel in Michigan will lay off 325 by closing a manufacturing plant and may move all such operations to Korea or China.
- Bridge Information in Texas with 5000 employees worldwide went bankrupt.

Sunbeam also filed for bankruptcy and Cisco systems, the world's largest Internet supplier, failed to meet its projected earnings for the first time in four years. The dot coms continued their downward spiral. Stamps.com cut 150 jobs, Barnes&Noble.com cut 350, Petopia.com announced it is closing as did E-toys.com, who is laying off 1000 employees. Infospace is laying off 200, Razorfish axed 400 and Netpliance cut its workforce by 54%. **That's just a few of the layoffs in the first ten days of February!** Small wonder that consumer confidence is the lowest it has been in four years.

The Health Effects Of Job Stress

There is considerable information about the adverse physical and emotional effects of various stressors and types of stress, but what is known about job stress? A review of the relevant literature reveals the following:

Cardiovascular Disease

Many studies and particularly Karasek and Theorell's research show that employees who have a great deal of responsibility but little control over their work are at increased risk for coronary heart disease and hypertension.

Musculoskeletal, Carpal Tunnel Complaints

Based on research by NIOSH and others, there is good evidence that job stress increases risk for development of back and upper-extremity musculoskeletal disorders.

Psychological Disorders And Suicide

Several studies suggest that differences in rates of depression, burnout, suicide and other mental disorders for various occupations are due partly to differences in levels of job stress. Economic and lifestyle differences between occupations may also be contributing factors.

Injuries In The Workplace

More documentation is needed but there is a growing concern that job stress hinders safe work practices. It is believed that job pressures are responsible for the majority of industrial accidents and several catastrophes.

Impaired Immune Function, Other Disorders

Some studies suggest a relationship between stressful working conditions and reduced immune system resistance to infections and viral linked disorders like cancer. The incidence of peptic ulcer also appears to be increased but more data is needed to form firm conclusions.

As previously indicated, patients with stress related complaints rack up 50 percent more health costs than others. According to data from the Bureau of Labor Statistics, workers who must take time off from work because of stress related problems will also be **absent from work an average of three weeks**. Part of the difficulty in determining the accuracy of such statistics is that it is hard to distinguish between stress that arises from the workplace or from personal and family problems, and the frequent contributions of each to the other.

How Workers' Compensation Evolved

The massive layoffs in recent months due to closings, downsizing, mergers and acquisitions will undoubtedly have ripple

effects that will lead to even more financial woes. As previously indicated, a recent survey revealed that **half of those polled had significant concerns about the security of their jobs**. This is a very frightening figure. Studies show that workers' compensation claims for job stress benefits rise dramatically when employees learn they may be laid off or in the month following their termination, and the system is already in dire financial straits.

Workers' compensation was designed to make it easier for workers to obtain benefits for injuries and disabilities that were job related. In the 1800's, if a worker lost an arm or a leg because of an accident at work clearly due to defective equipment, he would often no longer be able to provide for his family. There was little relief since existing common law usually made it difficult for a worker to obtain compensation unless it could be shown that the employer deliberately caused the injury.

By the beginning of the 20th century, efforts had been made in Great Britain and the United States to enact remedial legislation to correct this and to establish safety codes that specified an employer's particular responsibilities to insure that working conditions were safe. Spurred on by unions, a new system of statutes specifically designed to protect the interests of employees, gradually displaced existing laws and safety regulations. The rationale behind this was that under conditions of modern industrial employment, the employer was in the best position to prevent and compensate for occupational injuries and should be given economic incentives to do so.

Workers compensation, originally called workman's compensation is based upon a doctrine of strict liability, or liability without fault. This was a significant departure from the principle of tort law, in which the injured party receives no damages unless it could be shown that someone else maliciously or negligently caused the damage.

The notion of employment injury was at first confined to accidents but increasingly became extended to include occupational diseases that were likely to be job related, such as "coal miners

disease", and anthrax in carpet workers. In order for the worker to be entitled to benefits such an "accident" must have occurred during the course of employment, although some states also required proof that the disorder or "accident" had been caused by the employment. The former condition is now generally accepted as being adequate.

However, the statutes referred only to physical injuries. The concept of a mental injury due to stress that could also be compensable was not considered until relatively recently. The first such case appears to have been in 1960, when a Michigan court upheld a compensation claim by an automotive assembly line worker who had difficulty keeping up with the pressures of the production line. To avoid falling behind, he tried to work on several assemblies at the same time and often got parts mixed up. As a result, he was subjected to repeated criticism from the foreman. Eventually he suffered a psychological breakdown and was unable to continue in his regular job or any other employment the company could offer as a substitute.

Since rulings in one state have no legal status in any other jurisdiction, not much attention was paid to this until a decade or two later, when other states began to be burdened by similar claims that had never been anticipated and for which there was no precedent. As the concept of mental injuries due to job stress continued to gain acceptance, statutes were revised or enacted to provide for this. By 1995, nearly one-half of the states allowed worker compensation claims for emotional disorders and disability due to stress on the job.

It should be emphasized that these varied considerably and continue to do so from state to state. Physical injuries can be readily verified and their severity evaluated by objective criteria. Mental injuries are apt to be more subjective and the degree and duration of disability are also more difficult to determine.

When Job Stress Goes To Court

Claims for mental injuries due to stress fall into three categories:

Physical-Mental Claims

A physical injury on the job results in a mental disability which prohibits the worker from performing his or her usual duties. A window washer falls from the third story of a building and breaks both legs and an arm. All the fractures heal without any complications and six months later he has the full use of all extremities. However, he is now extremely fearful of heights and can no longer engage in the only occupation he knows.

Mental-Physical Claims

Emotional distress due to a work related incident results in a physical disability. A secretary claims that witnessing a fellow employee being murdered in her office caused her extreme stress and that repeated flashbacks of the event were responsible for her subsequent heart attack or ulcer.

Mental-Mental Claims

A mental disability results from some stressful situation at work. Another secretary who witnessed the same murder and also continued to relive the experience became severely depressed and was unable to return to this or any other office.

In contrast to the first two categories, claims for mental-mental disabilities are difficult to verify and rate because the cause and resultant injury do not involve anything that is physically evident. Problems occur with employees who can't cope with chronic heavy workloads, constant deadlines that seem unreasonable, or criticism from superiors, co-workers and customers. When these result in emotional difficulties that impair their quality of life, many workers feel they are also entitled to compensation benefits.

Mental-mental stress claims started to skyrocket two decades ago. Some states had to impose double digit increases in premiums every year to avoid bankruptcy from payouts. Between 1980 and 1986, such claims increased 531 percent in California. An amazing nine out of ten were successful, with awards averaging \$15,000 compared to an average of \$3,420 for non-stress claims. Numerous law firms regularly placed ads in newspapers that asked prospective clients "Does your job make you sick?"

In 1987 there were 30,000 mental-mental claims and California employers shelled out almost \$1 million just for legal and medical expenses. That's more than some states spend for total benefits. One judge who heard 25 cases in a morning session described his court as "a supermarket". Another became a beneficiary himself after claiming that "stress from a heavier workload triggered a stroke."

Some claims stretch the imagination. A Maine state trooper whose duties included patrolling a rural area and was on 24-hr call became severely depressed because he said he never knew when the phone would ring and his sex life deteriorated. He got \$5,000. A secretary who became hysterical because her boss criticized her for going to the bathroom too often received \$7,500. A Los Alamos worker who developed an anxiety neurosis because he feared he would die from exposure to radioactive materials was awarded \$75,000! Michigan awarded benefits to any worker who honestly, even if mistakenly, believed their emotional disability was due to stress. As one Detroit newspaper editor wrote, "The state's legal statute essentially means that "If I say I'm crazy, then I am."

The backlash to this has resulted in stricter rules that deny benefits for workers claiming stress from normal disciplinary actions or being laid off (a frequent claim), require a recognized psychiatric diagnosis by a certified specialist, or evidence of some physical event as the cause. Certain states specifically deny all mental-mental claims and others have no provisions for them at all.

Self-insured municipalities have their own regulations. A New York City policeman who suffers a heart attack is assumed to have a work related disability, even if it occurs on vacation while gambling in Vegas or fishing in a quiet country lake. Other employees are covered by the Federal Employees Liability Act which is also liberal. One received over \$300,000 for "stress and anxiety due to fear of contracting an asbestos related disease." Stay tuned for more.

BOOK REVIEW

Medical Journalism: Exposing Fact, Fiction, Fraud. Ragnar Levi MD, Studentlitteratur, Lund Sweden, 2000, 206 pp. About \$30.00 (includes shipping, V.A.T.)

This is a remarkable piece of first class research that confirms and significantly expands upon the information supplied in a previous Newsletter devoted to this subject. It thoroughly exposes and explains how medical information is manipulated by the media, and particularly medical reporters and editors to serve their own needs and those of sponsors with vested commercial interests. The purpose of this volume is to give readers the tools to identify medical journalism that is based on fact rather than fiction or speculation. This goal is admirably achieved by the author, who is an award winning Medical Editor with a solid background in medicine as well as journalism. Indeed, the book itself is a splendid example of good medical reporting. All aspects of this multifaceted subject are thoroughly explored and conclusions and statements are documented and supported by over 260 references. Chapters cover such varied items as how to verify the authenticity of claims and their sources, how to evaluate clinical trials, and the dangers that can result from inaccurate or incomplete coverage of research reports or 'breakthrough' medical claims. A valuable chapter entitled "Pitfalls in Medical Reporting" explains ten common mistakes medical reporters are apt to make, such as reducing reporting to quoting, depending on anecdotes for evidence, extrapolating from research to clinical practice, hyping the clinical implications of research and

mistaking risk factors for diseases. Getting reliable Internet medical information is also addressed and there is a very useful glossary that explains medical jargon that is often confusing. Highly recommended. For ordering details see www.studentlitteratur.se

MEETINGS OF INTEREST

SEVENTH INTERNATIONAL STRESS MANAGEMENT CONFERENCE, JULY 4 - 6, 2001, WARWICK, U.K.

TAKING THE STRESS OUT OF WORK. Sessions will be devoted to: Absence Management, U.K. Health & Safety Executive Suggestions, Symposium on Measuring Stress, Employee Assistance Programmes and Work Life Balance, Workplace Bullying, Respecting Diversity, Risk Management, Loss Prevention And the Law, and The Future of the World of Work. Faculty includes Professors Cary Cooper, Lennart Levi, Charles Spielberger and other leading authorities on occupational stress and stress management. To obtain additional information or register contact: Procon Conferences Ltd., Ashbourne House 2 South Park Road, Harrogate, North Yorkshire HG1 5QU. UNITED KINGDOM Tel: +44 (0) 1423 564488, Fax: +44 (0) 1423 500685, e-mail: sharonf@procon.demon.co.uk or visit <http://www.isma.org.uk/isma7.htm>

SIXTEENTH WORLD CONGRESS ON PSYCHOSOMATIC MEDICINE, August 24 - 29, 2001 Göteborg, Sweden

Sponsored by The International College of Psychosomatic Medicine, Swedish Association of Psychosomatic Medicine and others. For further details see <http://www.welcome.to/icpm-2001>

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