

## The Conceptual Relationship between Workplace Well-Being, Corporate Social Responsibility, and Healthcare Costs

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**[Abstract]** This article builds a conceptual argument for connecting subjective well-being (SWB) and corporate social responsibility (CSR), from the perspective of corporate healthcare costs. We propose that the higher the corporate attention to CSR programs that include SWB, the higher will be the corporate reputation for being socially responsible. We further posit that the higher the corporate attention to CSR programs that include SWB, the lower will be the corporate healthcare-related costs. These propositions augment the existing literature on SWB and CSR, specifically the widely accepted framework by Danna and Griffin (1999) describing the antecedents and consequences of well-being in the workplace.

**[Keywords]** Subjective well-being; corporate social responsibility; healthcare cost; employee well-being

Employers have a vested interest in improving the subjective well-being (SWB) of their employees in the workplace. Low SWB can relate to employee unhappiness, decreased productivity and positive impact, increased stress and anxiety, poor decision-making, absenteeism, and increased turnover (Boyd, 1997; Kuykendall & Tay, 2015; Rutledge, Skandali, Dayan, & Dolan, 2015). Harmful mental, physical, and emotional manifestations may develop in low-SWB individuals (e.g., Price & Hooijberg, 1992). Other issues consequential to work organizations include health insurance costs, productivity and absenteeism, and compensable damages such as lawsuits (Danna & Griffin, 1999). The health-related consequences in low-SWB employees at the individual level might fuel the rise in healthcare costs at the organizational level and be of great concern to the employers. As dimensions of social nature, health and wellbeing at work can be seen as a social responsibility of business, as supported by the long tradition of societal regulation of corporate activity toward personnel and their environments (Steiner & Steiner, 2012). In this paper, we review the subjective well-being as a corporate social responsibility and highlight the healthcare costs as a practical means of seeing a conceptual link between SWB and CSR. Specifically, we propose that:

**Proposition A:** *the higher the corporate attention to CSR programs that include SWB, the lower will be the corporate healthcare-related costs.*

**Proposition B:** *the higher the corporate attention to CSR programs that include SWB, the higher will be the corporate reputation for being socially responsible.*

We start by exploring current understandings of health and SWB and then unpack the relationship between the two in the workplace context.

### Health and Well-Being

The terms *health* and *well-being* are often used together and interchangeably. Danna and Griffin (1999) state that health—as understood within a medical context—should refer to specific physiological or psychological indicators, indices or symptomology of concern to an organization or employer. Whereas Warr (1987, 1990) defines wellbeing as a broader and more encompassing concept that embraces the “whole person” and factors in his or her emotional state as well as specific physical or psychological symptoms. Therefore, wellbeing aptly consists of context-free measures of life (e.g., life satisfaction, happiness), general realm considerations (e.g., job satisfaction), and more specific dimensions (e.g., satisfaction with pay, job environment, or co-workers) (Danna & Griffin, 1999).

Health, with its numerous symptomatic etiologies, is still a difficult construct to define. Emmet (1991) uses a narrower definition of health, to view it as generally synonymous with the lack of illness or symptoms, in contrast to disease diagnoses, which are carefully categorized and delineated. On the other hand, the World Health Organization construes health more broadly, as a state of complete physical, mental, and social wellbeing and not as merely the absence of ailment (World Health Organization, 1998). The Organization for Economic Cooperation and Development, for another example, opens the interpretation of health even broader to a subjective determination, as the individual's self-opined assessment of his or her physical, psychological, mental, and social state of tolerance, insofar as for any construct, his or her opinion is the only one that counts (Emmet, 1991). The foregoing definitions, however, clearly assume, if not establish, links between health and SWB.

### Subjective Well-Being

Diener (2000) uses the term “subjective wellbeing” to describe a person's overall experience in life to suggest it essentially reflects a person's self-described happiness. Extensive SWB research has yielded a body of literature identifying this individually self-perceived state of happiness as contextual (e.g., Diener, 1984, 2000; Tay & Kuykendall, 2013). This includes general satisfaction with one's life, contentedness across important spheres such as work satisfaction, high positive affect (e.g., experiencing many amiable emotions and dispositions), and low levels of negative affect (e.g., few disagreeable feelings and moods) (Diener, 2000). Identifying the drivers behind *when* and *why* people are happy in current research has supplanted the initial pre-occupation of SWB research with *who* is happy (Diener, 1984).

The dynamics surrounding the measurement of SWB usually invoke several research assumptions. Well-being, for example, has been construed as an ideal condition transcending cultural differences. Second, SWB as a subjective form of happiness is an overall assessment of the quality of one's life guided by a person's own set of criteria. Third, the measurable notion of happiness assumes a preponderance of positive affect (e.g., being energetic, excited, and enthused) over negative affect such as anger, disgust, guilt, and depression (Diener, 2000). Diener concluded that subjective well-being essentially encompasses pleasant emotional experiences. These states of happiness are subject to the effect of influencers. Whereas a positive influencer would increase an employee's SWB, a negative one would decrease it (Diener, 2000). People usually are capable of adapting, to varying extents, to good and poor conditions, and—because of the important role of such adaptability—temperament and personality appear to be powerful factors influencing people's SWB.

One key area of SWB research is workplace well-being. As in other SWB lines of inquiry, one's self-perception of happiness in the workplace and related psychological and physical well-being are subject to both positive and negative influencers. The concept of well-being in the workplace integrates the following universal work and job-related concerns: satisfaction or dissatisfaction with the job, the pay, the boss, coworkers, promotion opportunities, engagement and interest in assigned tasks, work environment, and employee general health. Health is thus considered as being a sub-component of well-being and reflects the culmination of mental red flags such as depression and anxiety as well as physical indices including obesity, coronary condition, and general physical health (Danna & Griffin, 1999). As health is a key ingredient of well-being, negative influences on it in the workplace appear to affect one's SWB.

### Work and Subjective Well-Being

So, how does health translate into the workplace, and what factors influence an employee's assessment and perception of good and healthy working conditions and job environments? In attempting to draw relationship boundaries between work environment and SWB, we review some important social psychological stressors, a landmark Helsinki Health Study, and the regulatory impact on workplace health.

### ***Social Psychological Stressors at Work***

Price and Hooijberg (1992) looked at symptomatic stress-related exit pressures on healthcare employees in a self-perceived negative work environment. The researchers explored the relationship between employee stress and SWB using survey response data from roughly two thousand Michigan group home caregivers for the mentally ill. The data was evaluated using measures of role ambiguity, supervisor support, pessimism, anxiety, depression, and somatization. Price and Hooijberg found that for those who are “trapped” and continue to stay in an unhealthy work environment, either because of a sense of loyalty or lack of other employment options, exit pressures alone can be aversive and increase symptom levels negatively contributing to SWB.

There are numerous social psychological stressors present in the workplace with potentially deleterious effects such as abusive supervision, emotional labor, time pressures and workload demands, lack of control, job insecurity, and toxic work relationships. A difficult superior at work can make employees ill (Blanchard, 1993) through erratic behavior and undermining of employees’ confidence and self-esteem. Skov, Borg, and Orhede (1996), in a study of sales personnel, identified that high job demands, lack of control, and lack of social support were correlated with worrisome musculoskeletal symptoms. Sexual harassment at work has also been revealed to be highly damaging to one’s psychological conditions and job satisfaction, with both direct and indirect sexual harassment exposure equally detrimental (Glomb, Richman, Hulin, & Drasgow, 1997).

Another negative influence on employee satisfaction and workplace well-being may be employee perceived lack of managerial integrity. Prottas (2013) used data from the 2008 National Study of the Changing Workforce to evaluate employee perceptions of their manager’s behavioral integrity (BI) and employee reports of job satisfaction, stress, job engagement, turnover likelihood, absenteeism, and health. Employee job satisfaction, engagement, and health were positively related to BI but negatively to stress, turnover likelihood, and work-to-family conflict. Moreover, employees may act in ways that violate their own value systems when reporting to a manager with lower ethical standards than their own (Vardi & Weitz, 2004), potentially contributing to stress and conflict at work and lowering SWB.

### ***The Helsinki Health Study***

The workplace related determinants of health and wellbeing in the public sector, for example, were looked at in the Helsinki Health Study that captured, among other self-reported and objectively registered data, employee perceptions of shift scheduling and accommodation, stress and work-life balance, and workload demands and safety (Lahelma et al., 2012). This longitudinal study of a large cohort from the City of Helsinki, Finland, staff examined a variety of surveys, objective health tests, and socio-economic conditions across multiple points in time. The information for employees attaining the ages of 40, 45, 50, 55, or 60 in each year was compared with age-based health examination data and the results of a subsequent follow-up survey. As one of the preliminary outcomes, social and subjective determinants of health were suggested to include socio-demographics and working conditions as well as self-rated health measures of pain, sleep issues, heart symptoms, and major diseases. Health or well-being in general, and its subjective assessment, were therefore again linked to workplace environment.

### ***Workplace Health and Regulations***

Early in the industrial revolution, workers were considered as interchangeable “cogs” in a large production “machine,” and health-related issues in the workplace were not a priority, a recognized measure of employer’s responsibility (Baker & Green, 1991), or even a point of mainstream awareness. Not until Upton Sinclair’s *The Jungle* exposed in 1906 the “industrial butchery” of the time and spawned public outrage about the conditions in which the consumable meats were produced did the reform forces align to establish the first “pure foods” legislation and draw public’s attention to the food-production environment (Stellman & Snow, 1986). As government regulation escalated throughout the twentieth century, the concept of occupational health emerged, and workers started suing negligent employers for unsafe and

unhealthy working conditions. Though initial court decisions were skewed heavily in favor of employers, jurisprudence eventually moved in the favor of plaintiffs in circumstances where evidence warranted an outcome in their favor (Baker & Green, 1991). The cognizance of the link between people's working lives and their health and wellbeing continued to expand over the decades.

The 1970 Occupational Safety and Health Act (OSHA) heralded a milestone in guaranteeing Americans "a workplace free from recognizable hazard," with increasing scrutiny ever since (Stellman & Snow, 1986), and the American society's values have been repositioning to reflect a greater significance of understanding and promoting employee health and well-being (Danna & Griffin, 1999). As physical health hazards in the 21<sup>st</sup> century workplace diminish under increased scrutiny of labor regulation, the focus of workplace well-being research moves toward a greater understanding of the daily social psychological stressors at work.

### **Subjective Well-Being as Corporate Social Responsibility**

The societal pressures for a better workplace resonated with conscientious and pragmatic employers alike in embracing the workers' health and well-being as part of employer responsibility beyond legal requirements. Employees' health—as one aspect of their SWB—might therefore be seen in the modern context of Corporate Social Responsibility (CSR).

#### ***Corporate Social Responsibility***

Like SWB and health, CSR is also evolving as a construct. Steiner and Steiner (2012) describe CSR as "the duty of a corporation to create wealth in ways that avoid harm to, protect, or enhance societal assets" where corporations "go beyond lawful execution of their economic function" (p. 123). They consider the global CSR tenets to include adherence to bodies of law, ethical leadership, a social contract and duty to do no harm, as well as transparency and accountability. The International Organization for Standardization's (ISO) strategic advisory group on CSR describes it as a balanced approach to address economic, social, and environmental issues in a way that aims to benefit people, communities, and society (Carroll, 1999). CSR encompasses issues such as human rights, unfair business practices, environmental safety, community action, social development, and workplace and employee issues, including health and job safety. Globally, CSR is growing in importance as business models and standards progressively promote it. Portney (2005) defines CSR as a steady model of private firms doing more than they are required to do under applicable laws and regulations governing the environment, worker safety and health, integrity of the communities in which they function; in essence, a unilateral contract. Worker health and well-being therefore endure in various approaches to CSR definition as a bearer of social contract for general welfare of working members of society.

One of the challenges, however, is that CSR initiatives often represent voluntary undertakings upon which businesses embark but for which society does not provide specific guidelines or expected outcomes (Carroll, 1999), even though there is a growing general expectation of a business to perform in a socially responsible way, driven in part by social norms. The voluntary CSR pursuits are steered by businesses' desires to engage in social roles not mandated by law and not expected of businesses in an ethical sense, and these pursuits are increasingly strategic (Leonard, 2003). Strategic CSR draws from the charitable and philanthropic underpinnings of CSR to selectively allocate and leverage the companies' own resources for socially responsible development and ultimately strengthen their competitive advantages (Steiner & Steiner, 2012), and a natural resource of any business would seem to be the people who work in it and help to make it profitable.

#### ***Workplace Initiatives toward CSR and SWB***

Because employee well-being encompasses employee health, and employee health is an element of CSR, organizations might further their CSR objectives by creating and promoting healthy workplace initiatives for their employees. Landsbergis et al. (1998) note that "the workplace has been recognized as

an important social environment that influences health behaviors and risk of disease through company policies and possibly through the effects of job characteristics, such as job demands or job decision latitude” (p. 237). Corbett (2013) illustrates through a case example how CSR intervention strategy in healthcare business is evolving beyond traditional clinical preventative care and community outreach activity. Three specific approaches at Seward Medical System in Massachusetts are explored through the lenses of CSR programs focused on: (1) assisting patients to obtain health insurance coverage; 2) establishing a medical-legal partnership (MLP) to address patients’ social needs by helping them stabilize certain aspects of their lives, such as income, housing, and insurance status; and (3) a sugar-sweetened beverage reduction initiative that uses institutional policy to promote healthy beverages and limit unhealthy choices for patients, employees, and the broader community served by the health system. The sweetened-beverage reduction strategy directly furthers the healthcare organization’s goal of reducing costs of employee health care, as many employees of healthcare organizations are also their insured patients (Montgomery, 1987). A health system’s costs are directly impacted by the underlying health and well-being of the population that it serves, and healthcare organizations might find it prudent—as much as socially responsible—to implement individual programs and wider policies toward CSR.

Public health strategies and opportunities for advancing healthy behaviors within the workplace setting are receiving greater acceptance and priority (Mhurchu, 2010). Seymour (2007) describes a Canadian employee health intervention initiative in a geographically dispersed, primarily rural, regional health authority. After a comprehensive organization-wide employee health risk assessment, the following measures were implemented as part of this initiative: elimination of fried foods in the cafeteria; a “portion distortion” educational campaign; a walking club and learn-to-run program; introduction of fitness center in new facility; and employee recognition to celebrate health in the workplace. The workforce strategy there embraced an across-the-board pledge to workplace wellness, a partnership between employer and employee, and an emphasis to maximize employee health in the workplace without regard to operational considerations (Seymour, 2007).

While focusing on physical health is important, there is evidence of stress-reducing initiatives that companies can undertake in pursuit of improving SWB. Bono, Glomb, Shen, Kim, and Koch (2013), for example, demonstrated how positive events and reflections at work might decrease the negative effects of stress and concluded that “positive daily experiences at work, such as socializing, positive feedback, and goal accomplishment, relate directly to reduced stress and improved health” (p. 31). Recognizing that organizational performance and productivity are contingent on the health and well-being of their workers, some organizational leaders are seeing a direct benefit of employee health intervention programs (Mhurchu, 2010), which might feed the economic-benefit argument of CSR.

### **Healthcare Costs, CSR, and SWB: A Conclusion**

Factors that influence employee health and well-being can have a significant impact on the financial health and profitability of an organization (Cooper & Cartwright, 1994). Because hospitals and other healthcare organizations at their core are businesses with an implicit set of socially important expectations, they are subject to business drivers for profit and survival as well as societal drivers for public welfare and care. Vividly for this type of organizations, health care and costs have become inextricably linked. However, most businesses face similar issues and pressures where healthcare costs are a significant business driver, and companies that ignore their employees’ well-being are losing monetarily (Danna & Griffin, 1999). They need to mitigate the risk of increasingly prohibitive cost of ensuring and providing for employee health. U.S. corporations pay about 30% of the national health bill by providing medical insurance as an employee benefit (Conrad, 1988; Cooper & Cartwright, 1994). Between 1965 and 1985, individual insurance premiums rose by 50%, and employers’ contributions increased by over 140% (Cooper, 1985). Two decades ago, the total cost of stress to U.S. organizations resulting in absenteeism, reduced productivity, workers compensation, and direct medical expenses was already more than \$150 billion a year (Karasek & Theorell, 1990). One report revealed that companies are saving money with more employees opting for managed-care programs (Geisel, 1998). The perception of healthcare quality,

however, fluctuates, with a reported 25 percent of employed Americans in 1997 believing that the overall quality of health care was worse than five years before that (Brostoff, 1997).

On the other hand, employees with high subjective well-being have 41% lower health-related costs when compared with employees who have lower well-being, and in a firm with 10,000 employees, for example, that disparity can cost the firm nearly 30 million U.S. dollars (Avey, 2010). As Avey points out, the healthcare costs of a 60-year-old with high well-being are lower than those for a 30-year-old with low well-being. This further indicates a CSR type of prescription for curing costly care, by attending to workplace wellbeing in the first place. As Danna and Griffin (1999) identified corporate healthcare costs as one of the consequences of not attending to workplace well-being (see Appendix A), we suggest that their framework for potential research and practice might also expand to include CSR solutions that combine a socially important attention to SWB while mitigating financially draining healthcare costs. We propose that the higher the corporate attention to CSR programs that include SWB, the lower will be the corporate healthcare costs and the higher will be the corporate reputation for being socially responsible. Danna and Griffin's (1999) framework can therefore be seen in light of CSR and might expand to include CSR solutions or interventions that combine a socially important attention to SWB while mitigating the economic impact of health and well-being related costs.

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**Appendix A**

A Framework for Organizing and Directing Future Theory, Research, and Practice Regarding Health and Well-Being in the Workplace (Danna & Griffin, 1999, p. 360)

