



# THE BUSINESS CASE FOR INVESTING IN THE HEALTH OF WORKERS



Successful organisations know investing in workplace health makes good business sense, producing returns on investment through cost savings, increased productivity, increased engagement and a workplace where people want to work. The evidence suggests the most successful workplace wellness programs are those which have the support of managers and business owners. Here's your justification that it's time to make workplace wellness 'business as usual'.



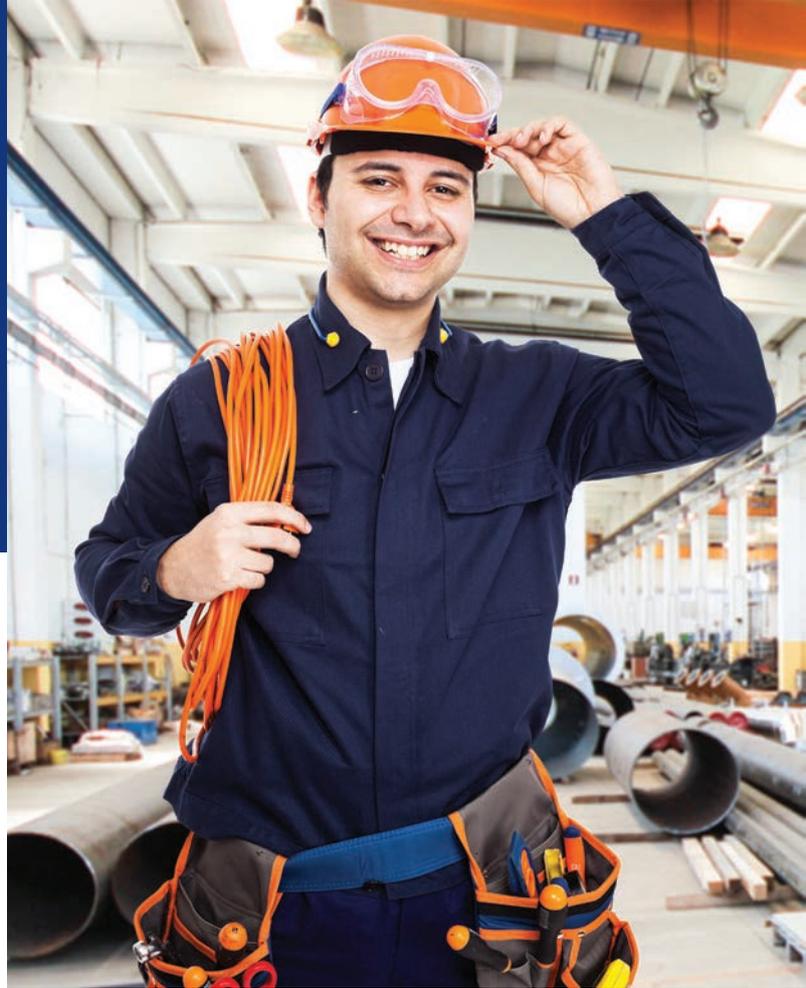
*Funding for the Healthy Workers Across Industry program is provided by SA Health*

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# WHY SHOULD BUSINESSES INVEST IN WORKPLACE HEALTH AND WELLBEING?

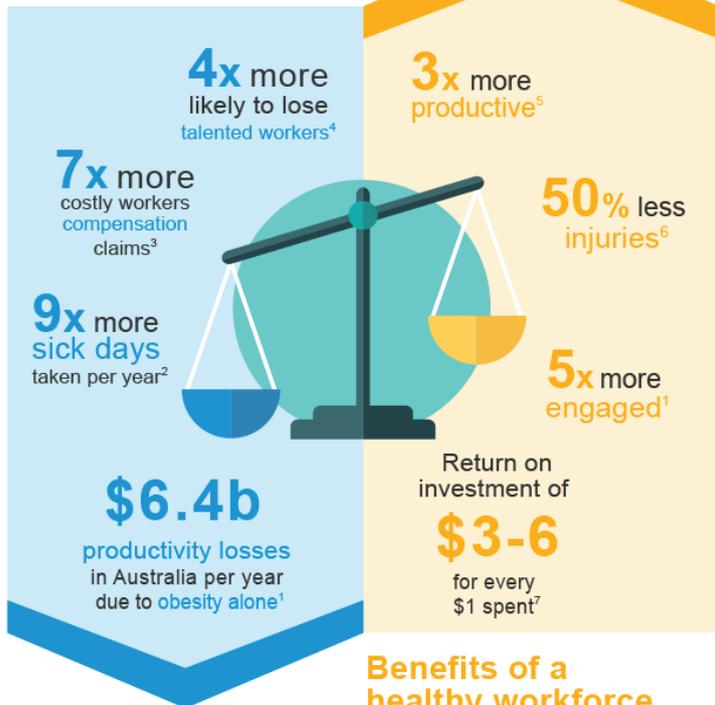
Providing workplace health and wellbeing programs and activities can deliver a range of benefits for employers and employees.

These benefits range far beyond just a return on investment, and although often less tangible, the value of investment is highly sought after and worth it.



## The cost of not investing

### Costs of an unhealthy workforce



Businesses choose to focus on health and wellbeing in their workplace for one or more of the following reasons:

- > To better manage an ageing workforce and mental health
- > To be an employer of choice
- > To improve work, health and safety
- > To improve human capital such as absenteeism, productivity and employment engagement
- > For ethical and social responsibility

(1) Hooper, P. and Bull, F.C., 2009. Healthy active workplaces: Review of evidence and rationale for workplace health. Department of Sport and Recreation, Western Australian Government. Perth. (2) Medibank Private, 2005. The health of Australia's workforce. (3) Ostbye, T. et al. Arch Intern Med, 2007. Apr 23; 167(8): 766-73. Obesity and workers' compensation: results from the Duke Health and Safety Surveillance System. (4) The Wellness Imperative: Creating More Effective Organizations, 2010. World Economic Forum, in partnership with Right Management. (5) Medibank Private, 2005. The health of Australia's workforce. (6) Sims, J., 2010. Wellness and Productivity Management, presentation to the Health and Productivity Management Congress 2010. (7) Bellew, B. 2008. Primary prevention of chronic disease in Australia through interventions in the workplace setting: a rapid review. Sax Institute for the Chronic Disease Prevention Unit, Department of Human Services, Victoria.



# DOES YOUR BUSINESS WANT TO MANAGE AN AGEING WORKFORCE AND MENTAL HEALTH?

Australians are generally healthy and living longer lives and therefore in the workforce longer. As a result businesses are being tasked with trying to mitigate the risks of chronic disease, including mental health, and age-related conditions.

- > Fifty per cent of Australians are estimated to have at least one of eight selected common chronic conditions: cancer, cardiovascular disease, mental health conditions, arthritis, back pain and problems, chronic obstructive pulmonary disease, asthma and diabetes.<sup>1</sup>
- > There is no question businesses will have come across mental health issues in the workplace, with one in five Australian workers currently experiencing a mental health condition.<sup>2</sup>

**It is estimated that untreated mental health conditions cost Australian workplaces approximately \$10.9 billion per year. This comprises \$4.7 billion in absenteeism, \$6.1 billion in presenteeism and \$146 million in compensation claims.<sup>3</sup>**



Chronic disease including mental health conditions can have a range of potential impacts on your employee's individual circumstances, as well as negative impacts on your business including loss of productivity, absenteeism, motivation and engagement. For every \$1 invested in strengthening mental health and wellbeing in the workplace, including the promotion of healthier lifestyle choices among your employees, your business will see a positive return on investment on average of \$2.30.<sup>3</sup>

<sup>1</sup> AIHW Australia's Health 2018 <https://www.aihw.gov.au/reports/australias-health/australias-health-2018/contents/table-of-contents>

<sup>2</sup> TNS (2014). State of Workplace Mental Health in Australia. Melbourne: beyondblue. [https://www.headsup.org.au/docs/default-source/resources/bl1270-report---tns-the-state-of-mental-health-in-australian-workplaces-hr.pdf?sfvrsn=94e47a4d\\_8](https://www.headsup.org.au/docs/default-source/resources/bl1270-report---tns-the-state-of-mental-health-in-australian-workplaces-hr.pdf?sfvrsn=94e47a4d_8)

<sup>3</sup> PwC. (2014) 'Creating a mentally healthy workplace: return on investment analysis'. <https://www.headsup.org.au/docs/default-source/default-document-library/research-by-pricewaterhouse-coopers>



# DOES YOUR BUSINESS WANT TO BE AN EMPLOYER OF CHOICE?

**Employers of Choice** are required to demonstrate their achievements across key areas, including Organisational Culture & Leadership, Employee Education, Training & Development, Employee Health, Safety & Satisfaction, Performance Management, Recognition & Remuneration.

Committing to workplace health and wellbeing is **linked to high performing staff, to a supportive workplace and addressing employee health and safety**. If your business is looking to be an employer of choice, you should consider introducing workplace wellness programs.

Entries are assessed against the EOC Framework where the key attributes ensure well-managed, high-performing, industry-leading organisations provide a stimulating and supportive workplace.

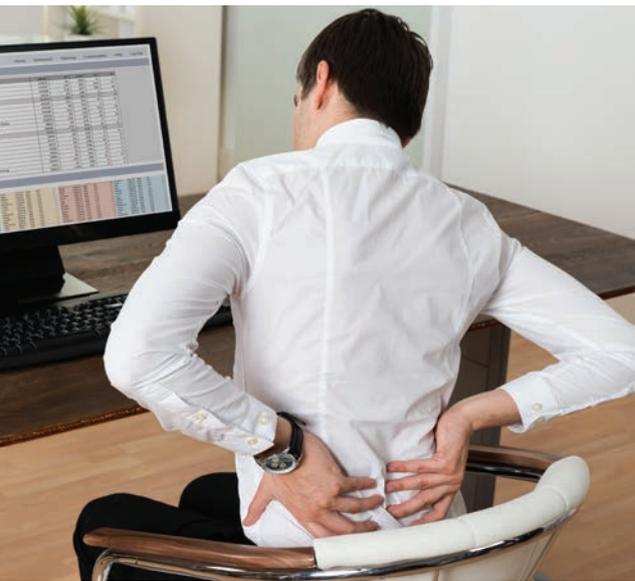
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# DOES YOUR BUSINESS WANT TO IMPROVE OCCUPATIONAL HEALTH AND SAFETY?

Evidence is building that healthy workers are safer workers. Healthy workers are less likely to be injured and file for workers compensation. If they are injured, healthy workers have a faster recovery time. The Workplace Wellness in Australia report provided by PricewaterhouseCoopers outlines that individual wellness directly and indirectly impacts injury.<sup>4</sup> This can be explained in two ways;



**Delayed return from injury** - There are some industries and workplaces which experience a higher risk of chronic diseases due to unhealthy lifestyles, exacerbated by challenging working conditions such as long working hours, fatigue, or isolation if working in remote areas, and the demographics of the workforce. Chronic conditions complicate and slow rehabilitation and recovery from injury, which can have substantial workers compensation cost implications, including ongoing benefit payments, medical costs and a lower chance of achieving a durable return to work.

**Decreased risk of workplace injury** - Poor health is a significant risk factor for workplace injuries and increases the likelihood of industrial accidents.<sup>5</sup> Research shows obese workers are twice as likely to have a work injury and smokers are more likely to have one. Alcohol consumption is also associated with increased work injury. Overall, workers with medium to high health risk were three times more likely to file for workers compensation claims.



Safe Work Australia states that in 2016 – 2017, 38 per cent of serious claims were due to body stressing and six per cent to mental stress, where preventative support via health and wellbeing in the workplace can make a significant difference. There is a strong imperative to support employees within the workplace to be “fit for work and look to minimise hazards that contribute to physical and psychological injury”.<sup>6</sup>

4 <https://www.usc.edu.au/media/3121/WorkplaceWellnessinAustralia.pdf>

5 Goetzel, R.Z., & Ozminkowski, R. J. , The health and cost benefits of work site health-promotion programs. Annu. Rev. Public Health, 2008. 29: p. 303-323.

6 <https://www.safeworkaustralia.gov.au/book/work-related-injury-and-disease-key-whs-statistics-australia-2018>



# DOES YOUR BUSINESS WANT IMPROVED HUMAN CAPITAL?

The drivers in human capital include reducing absenteeism, productivity, employee engagement and retention, and talent attraction. SA Health and the Workplace Wellbeing – A Future that Works report outlines the supporting statistics.<sup>7,8</sup> Businesses supporting the human capital approach to health and wellbeing generally integrate human resources and health and wellbeing into the businesses culture.

## Lower absenteeism

A healthy workforce means healthier employees are absent less often. Statistics show workers engaging in unhealthy lifestyle behaviors took 18 days of annual sick leave compared to two days of annual sick leave for those workers with healthier lifestyles.

## Better worker engagement

Employers recognise a strong workplace wellness program can drive employee engagement, which subsequently has positive effects on performance and retention. Studies show healthy workers are five times more engaged with their workplace. Research indicates 61 per cent of employers identify high team morale as the greatest indicator of employee wellbeing.

## Greater productivity

Healthy workers rate their work performance much higher than unhealthy workers, with research indicating healthy workers are three times more productive. The greatest area of positive impact for workers who have a workplace wellbeing program is in improved productivity.



## Lower staff turnover

Workplaces which actively promote health and wellbeing can be four times less likely to lose experienced staff within the next year, with one in five workers willing to sacrifice a promotion in order to obtain better wellbeing at work.

<sup>7</sup> <https://www.sahealth.sa.gov.au/wps/wcm/connect/public+content/sa+health+internet/healthy+living/healthy+communities/workplaces/for+business/good+health+good+business>

<sup>8</sup> <http://www.australianpa.net.au/news/2017/11/10/a-future-that-works-workplace-wellbeing-report>



# IS YOUR BUSINESS COMMITTED TO ETHICAL AND SOCIAL RESPONSIBILITY?

One of the main reasons employers implement health initiatives is because they feel it is the right thing to do. It's important to look after your employees and have a culture of care, as well as contributing to wider societal goals.



- > Your business is likely to have a more positive public image
- > It will reinforce your competitiveness as an employer of choice
- > You recognise the balance between private and working life<sup>9</sup>

Research shows organisations committed to implementing corporate socially-responsible activities into their business performance significantly influence the employee's wellbeing. Wellbeing at work as a comprehensive concept, including well-balanced physical, psychological, emotional and social issues inside and outside of a workplace, contributes to the total personal benefit of each employee, as well as to the organisation's long-term effectiveness and competitiveness.<sup>10</sup>

## Templates to help design your own business case

The following websites have templates to download to help you design a business case which could suit your business:

- > SA Health Workplaces – building a business case including the workplace cost calculator<sup>11</sup> [www.sahealth.sa.gov.au/healthyworkers](http://www.sahealth.sa.gov.au/healthyworkers)
- > Worksafe QLD - making a business case for the rationale to address worker health - business case template<sup>12</sup>
- > Comcare – This document provides guidance on how to present a business case to senior management<sup>13</sup>

<sup>9</sup> [https://www.comcare.gov.au/\\_\\_data/assets/pdf\\_file/0006/99303/Benefits\\_to\\_business\\_the\\_evidence\\_for\\_investing\\_in\\_worker\\_health\\_and\\_wellbeing\\_PDF\\_89.4\\_KB.pdf](https://www.comcare.gov.au/__data/assets/pdf_file/0006/99303/Benefits_to_business_the_evidence_for_investing_in_worker_health_and_wellbeing_PDF_89.4_KB.pdf)

<sup>10</sup> <https://scindeks-clanci.ceon.rs/data/pdf/1820-3159/2015/1820-31591502137D.pdf>.

<sup>11</sup> <http://www2.sahealth.sa.gov.au/wps/wcm/connect/8bd78b8047962e0a95b7d77c69742d6b/Building+a+Business+Case+-+HWHF-PPPB-20140704.pdf?MOD=AJPERES&-CACHEID=ROOTWORKSPACE-8bd78b8047962e0a95b7d77c69742d6b-mwMJBs0>

<sup>12</sup> [https://www.worksafe.qld.gov.au/\\_\\_data/assets/word\\_doc/0005/83741/business-case-template.doc](https://www.worksafe.qld.gov.au/__data/assets/word_doc/0005/83741/business-case-template.doc)

<sup>13</sup> [https://www.comcare.gov.au/Forms\\_and\\_Publications/publications/services/fact\\_sheets/fact\\_sheets/presenting\\_the\\_business\\_case\\_for\\_investment\\_in\\_health\\_and\\_wellbeing](https://www.comcare.gov.au/Forms_and_Publications/publications/services/fact_sheets/fact_sheets/presenting_the_business_case_for_investment_in_health_and_wellbeing)

## **BUSINESS SA AND HEALTH AND WELLBEING IN THE WORKPLACE**

Business SA is the state's peak business support organisation, dedicated to helping businesses of all sizes grow and prosper. We have a range of resources and services for your business to drive a culture of health, safety and wellbeing. These include:

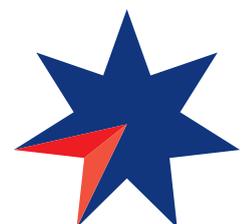
- > A variety of training courses led by high quality facilitators
- > Skilled workplace relations and work health and safety consultants
- > Highly-experienced and skilled workplace relations, injury management and work health and safety consultants
- > A Business Bookshop offering diverse subjects including workplace relations, human resource management, taxation, health and safety and employment law.

### **FOR MORE INFORMATION**

Web: [business-sa.com](http://business-sa.com)

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Email: [customerservice@business-sa.com](mailto:customerservice@business-sa.com)



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