

THE BUSINESS AND ETHICAL IMPERATIVE FOR HOLISTIC WORKPLACE WELLNESS



The American workforce was tested in 2020 when COVID-19, a multifaceted threat, attacked our health, way of life and peace of mind. The acute effects of the virus included prolonged financial insecurity and social isolation, which remain chronic. Simultaneously, technology that was still emerging quickly became part of standard business practices. Together, these events caused significant stress and burnout that affected nearly every American worker and, by extension, the companies that employ them.

The impact of this stress will be felt over time, as eroded health and wellness coupled with fatigue and distraction create personal costs to individuals and collective costs to companies and society. As employees suffer from stress, organizations will face higher healthcare costs, elevated rates of absenteeism and turnover, and lower productivity due to distraction.

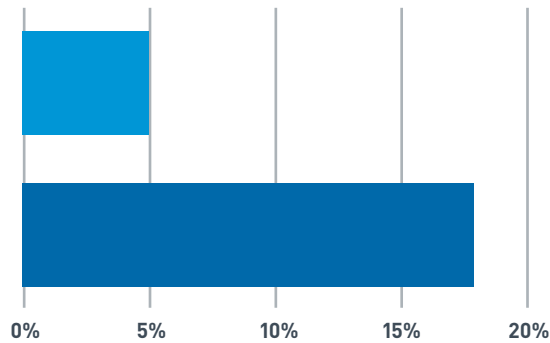
Financially and ethically, it is imperative that companies address employee stress. Organizations must develop practices that help employees build resilience and encourage wellness — financially, mentally and physically.

By reviewing relevant research on stress-related pathologies from Dr. Eva Szigethy and Dr. Sansea Jacobson at UPMC, and leveraging internal expertise from PNC Organizational Financial Wellness, Solebury Trout and the Responsible Investing team at PNC Asset Management, we explore what organizations can do to help their employees build resilience and deliver wellness to their teams.

Companies that support their employees' wellness and make systemic changes will benefit from improved performance, enhanced employee engagement and the potential for better stock market performance.

Employed workers with poor mental health before pandemic

Employed workers with poor mental health during pandemic



Employed workers are more than 3x as likely to report poor mental health now versus before the pandemic.



COVID-19 Exacerbates Stress in the Workplace

Research shows a significant decline in the mental health of American workers due to COVID-19. During the pandemic, self-reported employee mental health issues more than tripled, increasing from 5% to 18%.¹ Simultaneously, Americans reported increased financial stress. In 2019, 46% of workers reported being concerned about the economy, and 64% expressed concern about work. By May 2020, those numbers had risen to 70% in both categories.²

The Consequences of Chronic Stress

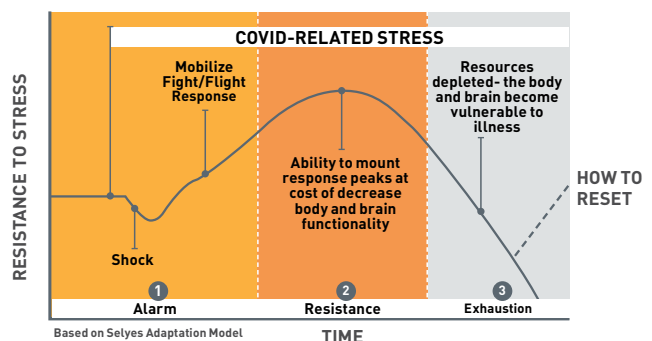
When stressed, the brain goes into overdrive to escape harm and return to safety. This process creates a significant burden on the body.

"There is one main reason we have a brain — to keep us alive. Our brains have to determine when we are in danger and when it's safe. Our stress response was designed to warn us how much danger we are in and activate us to return to safety as quickly as possible. Our automatic response is to fight or flee for our survival," Dr. Szigethy says.

When the stress response becomes chronic, we deplete the energy resources we need to keep the rest of the body functioning well. Even our immune systems suffer. Our bodies stop destroying bacteria, viruses, tumors and irregular cells. As a result, there is a significant risk of developing numerous stress-related diseases — including cardiovascular disease, cancer, psychiatric disorders (anxiety and depression), obesity and, quite commonly, gastrointestinal disease.

The consequence of chronic stress is pervasive and costly. It's estimated that workplace stress causes more than 100,000 deaths and nearly \$200 billion in incremental healthcare costs each year in this country.³ In addition to health claims, stress-related diseases contribute to absenteeism and decreased productivity, worker turnover, and family medical leave. These conditions result in indirect costs to employers that are estimated to exceed \$800 billion in the United States.⁴ We can only believe that stress related to COVID-19 has driven up these costs.

STAGES OF STRESS RESPONSE





Avoiding Burnout and Moving Toward Resilience

The World Health Organization now officially recognizes burnout as “a syndrome resulting from chronic workplace stress that has not been successfully managed.”⁵ There are three levels of burnout. The first is mild and may quickly subside. However, if it advances, stress can lead to longer periods of pervasive boredom, irritation and loss of interest. The most dangerous level — chronic stress — is associated with an increased risk of cardiovascular disease.⁶

To help prevent the escalation of burnout, Dr. Szigethy recommends employees practice (and companies support) intentional programs that allow people to “RESET” their stress response to safer levels. The basis of this RESET program involves:

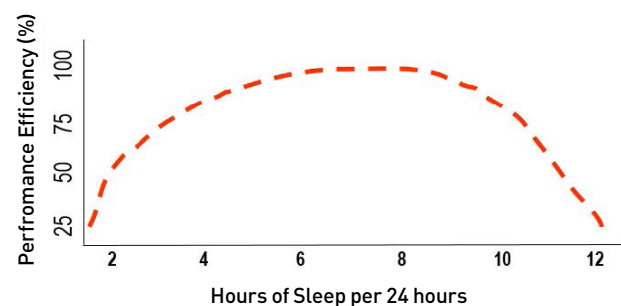
- **Relaxation** — Unwinding and discharging from stress cycles through vacation, tension-release exercises, breathing, meditation and savoring the moment
- **Exercise** — Interrupting stress cycles and reducing stress hormones through physical activity, minibreaks and social connectivity
- **Sleep** — Matching sleep cycles to light cycles, practicing mindfulness before bed and achieving a minimum of seven hours of sleep, which provides an anti-inflammatory and restorative chemical cleansing of the brain
- **Emotional re-regulation** — Decompressing emotionally to protect against future stress and counterbalancing compartmentalization by smiling, laughing, good cathartic crying and maintaining a purposeful presence
- **Think Positive** — Practicing positive psychology by keeping a gratitude journal, focusing on accomplishments and silver linings, and expressing intentional empathy, all ways of gaining resilience through crisis

Sleep is a critical component of **RESET**. For many with fatigue and sleep problems, the pandemic has become the perfect storm, blurring the time boundaries between work and home, sleep and wakefulness. This is particularly important as there is a direct link between sleep and job performance: People who got less than 6 hours of sleep were less productive than those who slept the optimal 8 hours.

The good news is that improved sleep has a positive impact on all of these conditions. It helps us move our brains and bodies from a state of danger back to safety, allowing us to shift from stressed to resilient.

**OPTIMAL
SLEEP
DURATION**
+
**OPTIMAL
SLEEP
CONDITIONS**

- Time of sleep to align with your circadian biological clock (dark/light hormonal cycles)
- Good sleep habits
 - Reduce environmental stimulation
 - Comfortable bed
 - Low arousal bedtime activities
 - Reduce caffeine
 - Treat sleep apnea





Small Changes in Behavior Can Make a Big Difference

For professionals who are struggling with looming burnout, allowing our bodies and minds to reset can go a long way in terms of recovery. In addition to sleep, the RESET principle includes many mindfulness techniques that Dr. Szigethy emphasized. Making a daily habit of RESET processes — such as scheduled exercise, yoga or meditation — is just as important to our health as brushing our teeth every day.

These small, achievable behaviors contribute to a lifetime of resilience, protecting our long-term health. The good news is that employers are starting to catch on. A McKinsey study — “Mental Health in the Workplace” — shows that 60% of employers started or expanded their behavioral health services in 2020.⁷

Respondents include UPMC and PNC:

- At UPMC, employees and household members over the age of 14 are eligible for six free, confidential counseling sessions per year. The employee assistance program also offers practical support regarding child care, elder care, housing, legal issues, financial matters and career development. Program Manager Victoria Deans, LCSW, notes, “It’s critical not only to provide the support services, but also to ensure that our professionals can access them confidentially and easily.” Her team offers these services both in person and virtually, with support available before, during and after typical work hours. “It’s gratifying to know that our team can give back to this extraordinarily hardworking community of medical professionals without causing disruption to their personal or professional lives.”
- At PNC, all employees and their family members in the home are eligible for up to five free, confidential professional counseling sessions per topic per year, as part of the employee assistance program (EAP). This includes in-person, telephonic, video or digital sessions for help with anything from anxiety to depression to grief. The EAP also provides access to articles, videos, elder care, parenting support and more. A digital mental health tool is also available to employees, offering self-paced, clinically effective support. And through PNC’s Mental Health Insights initiative, education and live events are offered to reduce the stigma of mental health and help employees and managers detect potential signs of distress and offer appropriate support to those around them. “Just as we provide protective equipment to help protect the physical health of our employees, we have to provide a broad range of confidential resources to promote mental well-being, and we can’t stop

there,” says PNC Chief Human Resources Officer Vicki Henn. “Our managers need to be supported to be able to recognize when someone may be struggling and know where to turn for direction.”

To address workforce burnout, it’s important to focus on supporting individuals in addition to creating meaningful, sustainable change at the fundamental level. According to research, organizations that cultivate the most well-being acknowledge problems, respond with systemic change, encourage a sense of community, and provide resources that promote resilience and self-care.⁸

At UPMC, Dr. Jacobson, along with the UPMC Graduate Medical Education Committee, worked with more than 80 physicians and content experts from across the nation to compile evidence-based resources and educational materials specific to physician well-being. One particularly practical resource that came out of this collaborative effort is a facilitator’s guide for an “Appreciative Inquiry,”⁸ which provides methodology that can help recognize what is already working well for wellness within a work community and how to build upon these strengths. Although Dr. Jacobson’s wellness initiative was designed by physicians for physicians, it conceptually sets a universal standard for employers. Specifically, it establishes the expectation that employers must understand stressors unique to their industry and local work community. In doing so, companies become well-being champions as they are better equipped to support employees in relevant ways. It also helps decrease barriers, so employees are more likely to reach out for help when they need it.



Doing Well By Investing for Wellness

PNC has long been committed to improving the wellness of our clients' employees, and we previously highlighted **the impact of financial stress**. However, we are also concerned about the way in which current events have impacted the overall mental health of large and small organizations as they shifted to a remote work environment. We believe it is imperative that these companies support employee wellness. Employers should systemically support their people to build better organizational resilience, improve employee engagement and ultimately achieve better operational performance.

A recent meta study, which included 339 research papers and 1.8 million workers at more than 80,000 business units, strongly supports this view. The study finds a strong correlation between employee well-being and employee productivity, customer loyalty, business unit profitability and reduced employee attrition.⁹

Additionally, publicly traded companies recognized for their employee health and wellness programs significantly outperformed the S&P 500 benchmark index. For example, from 2000 to 2014, winners of the C. Everett Koop National Health Awards, which recognize organizations for outstanding work site health promotion and improvement programs, outperformed the S&P 500 by more than 2.3 times.¹⁰

While we believe that these factors sufficiently justify the importance of employee wellness, we also observe that both customers and investors have bolstered their expectations in regard to organizations and how they will support their people.

A demand for "socially conscious" consumerism and responsible investing has grown significantly over the last decade. Events like the global pandemic and protests for racial justice accelerated this trend over the last year. In fact, data from the U.S. Forum for Sustainable and Responsible Investment shows that some sort of responsible investing overlay is applied to 1 in every 3 U.S. dollars under professional investment management. Historically, many investors viewed responsible investing as a way to avoid harm or to align their portfolio with their values. Now, more and more investors are integrating environmental, social and governance (ESG) factors into their investment process.

While ESG investing continues to grow in scope and market share, the types of issues it incorporates are also growing. For example, due to increased employee stress during the COVID pandemic, mental health and employee well-being are quickly becoming points of investor interest and disclosure. Consequently, ESG investors are seeking information and engaging in dialogue with firms regarding benefit programs aimed at employee well-being. They are also seeking quantitative evidence that demonstrates the management of employee well-being. Quantitative focus areas include:

- Employee retention or turnover rates
- Annual employee engagement survey response rate and performance score relative to industry peers
- Employee utilization rates of employee assistance programs and other benefits
- Glassdoor reviews or other quantitative determinants of firm culture

What's more, the U.S. Securities and Exchange Commission updated their guidelines, and, for the first time in 30 years, public companies are asked to disclose human capital management in their annual reports.

Ultimately, we believe the evidence makes a compelling case: Companies that promote employee wellness increase engagement, improve performance and increase value for stakeholders; therefore, promoting employee wellness is a prudent investment.



Financial Wellness, Advisory and Resources from PNC

As a financial wellness industry leader, PNC specializes in helping clients deliver robust financial wellness programs to their employees. We offer customized solutions that meet our customers' needs regardless of where they are in their financial journey. Additionally, we work with employees to achieve results that can help impact their overall financial confidence, well-being and security.

PNC will collaborate with your company's Benefits Manager to customize a program that meets your organization's needs.

One of our strengths is our ability to help your management team design a portfolio that reflects your values — to avoid harm, benefit stakeholders, and contribute solutions to social and environmental change. We build customized Responsible Investing (RI) solutions designed to meet the unique characteristics of each client's objectives. Our dedicated team believes there's no one-size-fits-all approach to RI. Instead, we draw from our robust investment strategy, manager research, and portfolio construction processes and combine what we learn with data-driven insights. Additionally, Solebury Trout's ESG 360SM platform encompasses both investor relations and corporate communications strategies that help clients build, improve and promote an ESG strategy focused on creating long-term value and driving stakeholder engagement.



LEARN MORE

If you'd like to learn more or schedule a holistic financial wellness review for your company, please reach out to a Financial Wellness Consultant. Or, visit our solution site, **pnc.com/wellness**.

¹ <https://www.flexjobs.com/blog/post/flexjobs-mha-mental-health-workplace-pandemic/>

² "Stress in America™ Stress in the Time of COVID-19 Volume 1," American Psychological Association, May 2020

³ Goh, J., Pfeffer, J., & Zenios, S. A. (2015). The relationship between workplace stressors and mortality and health costs in the United States. *Management Science*, 62(2), 608-628

⁴ Gallup-Healthways Well-Being Index, 2012, PwC, 2013, Absence Management Survey by Direct Health Solutions, 2014. Based on a study of 1,872 respondents to the WHO-HPQ, where absenteeism levels were found to be on average around 10% of presenteeism levels.

⁵ Burnout an "occupational phenomenon": International Classification of Diseases (who.int)

⁶ <https://www.psychiatristimes.com/view/psychiatrist-burnout-tips-promoting-resilience-and-wellness> and Melamed, 2006

⁷ <https://www.mckinsey.com/industries/healthcare-systems-and-services/our-insights/mental-health-in-the-workplace-the-coming-revolution>

⁸ Shanafelt, 2017. Shanafelt TD, Noseworthy J. Executive Leadership and Physician Well-being: Nine Organizational Strategies to Promote Engagement and Reduce Burnout. *Mayo Clin Proc*. 2017;92(1):129-146

⁹ Jan-Emmanuel De Neve & Christian Krekel & George Ward, 2019. "Employee wellbeing, productivity and firm performance," CEP Discussion Papers dp1605, Centre for Economic Performance, LSE

¹⁰ <https://pubmed.ncbi.nlm.nih.gov/26716843/>

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