

Why Is the U.S. Health Disadvantage Important to Businesses?



Employers share the burden as chronic diseases, such as obesity and diabetes become more common among workers and their dependents. Poor health generates costs for employers, such as greater healthcare expenses; and higher rates of disability, absences for illness and medical appointments, and presenteeism (working while sick) generate indirect costs that reduce workforce productivity and contribute to declines in labor force participation.¹

Unmet vital conditions and associated lack of educational and economic opportunities shape the health, wealth, and well-being of Americans, drive the U.S. health disadvantage, and raise costs for businesses.

Today's business leaders can play a meaningful role in the lives of their employees, consumers, and communities. Helping communities meet the vital conditions that all people need to thrive can create opportunities for business.

A stakeholder approach argues that businesses succeed when they create value for the groups that are part of the cooperative scheme that allows a firm to exist and to be successful over time. Stakeholders are employees, customers, suppliers, communities, and shareholders and investors. Firms that consistently engage stakeholders tend to achieve better outcomes, including greater innovation and higher profits, over time.²



Businesses can be rewarded with a range of values for taking steps in communities to address the U.S. health disadvantage



- ✓ **Healthier workers and lower healthcare costs:** For example, annual healthcare costs to employers for employees with diabetes are more than \$4,000 higher than for employees without diabetes.³
- ✓ **More productive on-the-job employees:** For example, workers who live in healthier communities are more likely to be punctual and have fewer unplanned absences.⁴
- ✓ **Greater ability to recruit and retain talent:** Businesses can implement specific community-strengthening strategies that substantially reduce recruitment costs and increase retention rates. For example, see detailed Exemplars for Belden, Inc., Greyston Bakery, Bank of America, and Hyatt Hotels in *Community Health and Economic Prosperity: Engaging Businesses as Stewards and Stakeholders—A Report of the Surgeon General*.⁵
- ✓ **Greater brand recognition and more loyal customers:** For example, 66% of respondents in a Nielsen survey said they are willing to pay more for products and services from companies committed to positive social and environmental action. According to a Cone/Porter Novelli study, 88% of consumers would buy from, and 66% would switch purchases to, a purpose-driven company.⁶
- ✓ **Greater profitability:** For example, publicly traded companies with a stated purpose, generous compensation, and quality customer service that invest in their communities and minimize their adverse impact on the environment outperform other companies by a factor of 10.⁷

Notes

¹ American Diabetes Association. (2018). Economic costs of diabetes in the U.S. in 2017. *Diabetes Care*, 41(5), 917–928; and Gallup-Share Care Wellbeing Index. (2017, November 13). *The cost of diabetes in the U.S.: Economic and well-being impact*. Retrieved from <https://wellbeingindex.sharecare.com/diabetes-us-economic-well-being-impact/>; Bipartisan Policy Center and de Beaumont Foundation. (2019). *Good health is good business: The value proposition of partnerships between businesses and governmental public health agencies to improve community health*. Washington, DC: Bipartisan Policy Center; Kindig, D., Isham, G., & Siemerling, K. Q. (2013). *The business role in improving health: Beyond social responsibility*. Washington, DC: Institute of Medicine. Retrieved from <https://doi.org/10.31478/201308b>; and Susser, P., & Ziebarth, N. R. (2016). Profiling the U.S. sick leave landscape: Presenteeism among females. *Health Services Research*, 51(6), 2305–2317.

² Choi, J., & Wang, H. (2009). Stakeholder relations and the persistence of corporate financial performance. *Strategic Management Journal* 30(8), 895–907; De Bussy, N. M., & Suprawan, L. (2012). Most valuable stakeholders: The impact of employee orientation on corporate financial performance. *Public Relations Review*, 38(2), 280–287; Dizik, A. (2016, February 21). The relationship between corporate culture and performance: Researchers find that a positive culture boosts performance, but performance alone doesn't create a positive culture. Retrieved from <https://www.wsj.com/articles/the-relationship-between-corporate-culture-and-performance-1456110320>; Edmans, A. (2011). Does the stock market fully value intangibles? Employee satisfaction and equity prices. *Journal of Financial Economics*, 101(3), 621–640; Edmans, A. (2016, March 24). 28 years of stock market data shows a link between employee satisfaction and long-term value. Retrieved from <https://hbr.org/2016/03/28-years-of-stock-market-data-shows-a-link-between-employee-satisfaction-and-long-term-value>; Graves, S. B., & Waddock, S. A. (2000). Beyond built to last . . . : Stakeholder relations in built-to-last companies. *Business and Society Review*, 105(4), 393–418; Kestenbaum, R. (2018, December 4). Customer satisfaction is more important than you thought. Retrieved from <https://www.forbes.com/sites/richardkestenbaum/2018/12/04/customer-satisfaction-is-more-important-than-you-thought/#76d58fc55ed9>; Laughland, P. (2011, June 10). Stakeholder relations sustain positive financial performance. Retrieved from <https://www.nbs.net/articles/stakeholder-relations-sustain-positive-financial-performance>; and Shaheen, I., & Naseem, N. (2015). A review of customer satisfaction, employee satisfaction and their impact on firm performance. *International Journal of Management & Organizational Studies* 4(1), 34–38.

³ Ramsey, S., Summers, K. H., Leong, S. A., Birnbaum, H. G., Kemner, J. E., & Greenberg, P. (2002). Productivity and medical costs of diabetes in a large employer population. *Diabetes Care*, 25(1), 23–29.

⁴ McHugh, M., French, D. D., Farley, D., Maechling, C. R., Dunlop, D. D., & Holl, J. L. (2019). Community health and employee work performance in the American manufacturing environment. *Journal of Community Health*, 44, 178–184.

⁵ <https://www.hhs.gov/surgeongeneral/reports-and-publications/index.html>

⁶ Komornicki, S. (2018, May 30). Americans more loyal and willing to defend purpose-driven brands, according to new research by Cone [Press release]. Retrieved from <https://www.conecomm.com/news-blog/2018/5/29/americans-more-loyal-and-willing-to-defend-purpose-driven-brands-according-to-new-research-by-cone>; and McCaskill, A. (2015, October 12). Consumer-goods' brands that demonstrate commitment to sustainability outperform those that don't. Retrieved from <https://www.nielsen.com/us/en/press-releases/2015/consumer-goods-brands-that-demonstrate-commitment-to-sustainability-outperform/>

⁷ Mackey, J., & Sisodia, R. S. (2013). *Conscious capitalism: Liberating the heroic spirit of business*. Boston, MA: Harvard Business School Publishing.

ABOUT THIS FACT SHEET | The content of this fact sheet is adapted from *Community Health and Economic Prosperity: Engaging Businesses as Stewards and Stakeholders—A Report of the Surgeon General*.



The complete Surgeon General's report describes the U.S. health disadvantage and the importance of strengthening communities and improving the health of residents. It also offers recommendations for how businesses can address the U.S. health disadvantage by engaging with and investing in communities, while creating value, lowering business costs, and improving the health of employees and other stakeholders.

For more content—including supporting references and additional resources—view the complete report, business digest, fact sheets, and other supplementary materials at <https://www.hhs.gov/surgeongeneral/reports-and-publications/>



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