

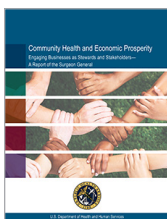
Executive Summary of

Community Health and Economic Prosperity

Engaging Businesses as Stewards and Stakeholders—
A Report of the Surgeon General



ABOUT THIS REPORT | This Executive Summary appears in *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/>

Executive Summary

The health of Americans is not as good as it could be and is worse than the health of populations of other wealthy nations. America's lower health status, referred to as the U.S. health disadvantage, inflicts costs on individuals, families, businesses, and society. The coronavirus pandemic of 2020 exposed additional costs as the virus claimed more lives among those with certain underlying conditions—such as obesity and diabetes that are found in greater proportion among Americans than among residents of many other wealthy countries—and disrupted the economy to such a grave extent that access to healthcare coverage was diminished, as millions of individuals lost employer-sponsored health insurance, and preventive services were interrupted. For businesses, the U.S. health disadvantage increases healthcare costs, lowers productivity and competitiveness, and compromises business success and growth. This report strives to convince business leaders of the importance of community health to the bottom lines of businesses and to the health of the economy. The report (a) highlights the U.S. health disadvantage and the importance of strengthening communities and improving the health of residents, and (b) 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. Given the power of business in American society, efforts to improve community health and recover and then extend economic prosperity will be insufficient without actions by business leaders.

The U.S. health disadvantage has its roots in communities where the vital conditions that shape health are unmet. The seven vital conditions that shape health, wealth and, well-being are

- Basic needs for health and safety, such as clean air and water, nutritious food, and a safe environment;
- Meaningful work and wealth, including employment, job training, and financial savings and security;
- Humane housing, such as safe structures; affordable costs; diverse neighborhoods; and proximity to work, school, and recreation;
- Reliable transportation, including efficiencies in time and energy use and opportunities for active transportation;
- A thriving natural world, such as a healthy environment and green spaces, and protections from such threats as heat and wind;

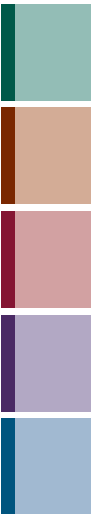
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- Life-long learning, including literacy and numeracy skills, quality early child education, elementary and high school education, and access to career and adult education; and
 - Belonging and civic muscle, conveying a sense of inclusion and the power to influence the policies and practices that shape the world.

These vital conditions shape health and well-being through biologic and social mechanisms. Low-opportunity neighborhoods that lack some or all of the vital conditions are plentiful across the United States. These neighborhoods exist in every state and are often found very close to high-opportunity neighborhoods. People are more likely to be healthy and skilled and participate in the labor force when they grow up and live in thriving neighborhoods, where the vital conditions are met. Thus, improving the vital conditions, equitably for all Americans, can improve health, wealth, and well-being and contribute to individual, business, and community success. Although people and governments are interested in improving the vital conditions, businesses have a particular interest because doing so promotes a rich local network of businesses, suppliers, employees, colleagues, and clients, and creates (a) healthier employees (and families) with more skills and greater productivity and (b) wealthier, more financially stable consumers with more discretionary income and a greater ability to engage in the marketplace. The community assets that comprise the vital conditions that shape health, wealth, and well-being create an excellent environment for private enterprise. Strengthening these assets promotes a thriving local network of businesses, suppliers, employees, colleagues, customers, and clients.

Unmet vital conditions in communities across the United States harm health and diminish economic opportunity. Economic mobility—the ability to climb the economic ladder and the ability of children to grow up and earn more money than their parents—is lower in the United States than in other wealthy countries. Unmet vital conditions, including lack of economic opportunity, diminish the life chances of Americans who experience them. Improving the vital conditions may be a promising strategy for promoting socioeconomic mobility.

Improving educational opportunities (from early child development to higher education and career development) and economic opportunities (jobs, job skills, career pathways, and family-sustaining incomes) improve health and may also be a promising strategy for promoting socioeconomic mobility. Income inequalities and lack of economic opportunities have been linked to a focus on profits for business at the expense of broader societal value. Restoring economic opportunity and mobility to more Americans results in higher incomes and standards of living, more prepared workers, greater discretionary consumption, and more social cohesion—all of which would have positive implications for communities, businesses, and economic prosperity.

Business has long been a force for good in American society and around the world. Business and society are mutually dependent and best thrive together. Businesses produce wealth,




create value, provide jobs, pay taxes, offer goods and services, and bring innovations to the marketplace. However, some business practices, such as a narrow focus on profit at the expense of health, the environment, and other critical common goods, have harmed both society and business. As a result, the American dream is fading for many Americans—particularly African Americans, Hispanic Americans, American Indians and Alaska Natives, and people with low incomes. Businesses can be a force in reversing this situation.

The growth in transparency, the increased recognition of interdependence between business and society, and consumers' growing attention to values each pose threats and opportunities to a business's reputation, brand, and long-term success. Businesses are looking carefully at these threats and opportunities and increasingly choosing to align business values, policies, investments, and actions with the expectations of consumers and the public. Businesses are undertaking this alignment in ways that solve business problems, create shared value for business and society, and earn profits by meeting the needs of multiple stakeholders, each of which is essential to business success. These stakeholders include employees, suppliers, customers, and communities, as well as investors and shareholders.

A stakeholder approach provides a framework for this alignment. According to stakeholder theory, businesses exist to create value for the groups who make the business “a going concern”—that is, the groups that are part of the cooperative scheme that allows a firm to come into being and to be successful over time. Stakeholder firms (firms that have implemented the principles of stakeholder theory) tend to achieve better business outcomes, including greater innovation and higher profits, than firms that have not embraced a stakeholder approach. Stakeholder theory offers a constructive view of business, and a way of understanding and operating a business by rewarding stakeholders and creating value for people and communities.

Organizations in the field of community development and community finance have been working for decades to bring opportunity to communities. These are mission-driven enterprises that foster vibrant economic, social, and health conditions to increase opportunities for people with low incomes. Businesses can partner with these organizations to address the vital conditions and help meet the need for a healthy, skilled labor force and financially secure workers and consumers. The human capital potential that could be unleashed if *every person* had access to thriving neighborhoods would transform America's communities, businesses, and economy. Such transformation requires investments and partnerships across the public, private, and nonprofit sectors. Community development organizations are prepared to partner on such investments.

Community development and community finance organizations leverage public, private, and philanthropic investments to develop real estate (such as affordable housing), promote small businesses and entrepreneurship, and strengthen human capital (e.g., through early childhood



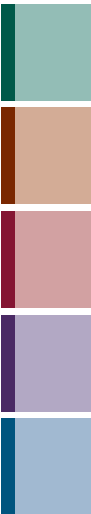
education and workforce training). Community development actors include community development corporations, affordable housing developers, community development financial institutions (CDFIs), nonprofit service providers, and community members.

CDFIs invest in people and places that lack access to safe, affordable financial products and services. CDFIs are working to close wealth gaps across America by investing in the engines that create mobility from poverty, such as good schools, safe and affordable housing, early childcare and education, access to healthy food, and quality healthcare. Businesses and other investors seeking careful, knowledgeable investors in underserved areas can partner with CDFIs to raise capital for community investments.

The current scale of community development is insufficient to address the many complex causes of poverty and to ensure the vital conditions that shape health, wealth, and well-being are met for all Americans. Addressing poverty and meeting the vital conditions are in the direct interest of stakeholders beyond the field of community development, including government officials, businesses and business owners, educators, and healthcare providers and payers. New business models are needed to closely align the financial interests of those who benefit from a healthier, more productive population and those who create the conditions that promote human flourishing.

In addition to community development actors, businesses that would like to invest in or engage with communities can collaborate with a variety of other partners, including social enterprises, public health departments, philanthropic foundations, and anchor institutions.

- Social enterprises are in the business of knowing communities and effecting change to make them stable and help them thrive, all while operating a successful company. Their goal is to achieve a positive societal impact within the requirements of the market.
- Public health departments collaborate with a variety of organizations to meet shared goals and address the vital conditions that shape health. They can be creative, dependable, and effective partners of businesses.
- Foundations and philanthropies are critical partners at the local, regional, or national levels, bringing rich community knowledge, long-standing relationships, and a range of resources, including investment resources, to achieve shared goals.
- Anchor institutions are place-based economic engines with an embedded social mission that is inextricably linked to the long-term well-being of surrounding communities. Businesses can join with—or become—anchor institutions as they work to increase local hiring and procurement and support equitable economic development.




Data are critical to better understand community needs, begin to address the U.S. health disadvantage, and monitor the impact of business investments. As partners in a data-driven approach to community engagement and investment, businesses can help to identify strategies that create a healthier workforce and more prosperous communities and to monitor their progress in achieving specific outcomes. Data-driven approaches offer businesses and employers a pathway to make broader improvements and measure their contributions and returns in the context of the larger ecosystem of communities and society.

The report concludes that businesses and employers serve communities as one of the many stakeholders whose engagement businesses require for their long-term success, and whose interests stakeholder businesses seek to enhance. Because the vital conditions that all people depend on to reach their potential are not shared equitably and are currently threatened in many U.S. communities, businesses have an opportunity to play a more vigorous role in reversing the U.S. health disadvantage and helping to assure fair opportunities for people and businesses and across society.

Greater engagement with stakeholders; greater investment with community development, community finance, and other partners; and greater attention to aligning private value and public good are required to secure a healthier and more prosperous shared future. Markets often reward products that undermine health and well-being and do not place enough value on the vital conditions that actually enhance feelings of freedom, security, justice, connection, and self-determination. A challenge for business and society is to bring values for health, wealth, and well-being into the marketplace.

The videotaped killing of George Floyd while in the custody of the Minneapolis police on May 25, 2020, and the resulting public protests and social unrest that erupted all over the world underscore the need to ensure that there is not a misperceived optimistic tone regarding this task. This report recognizes that inequality, racism, and discrimination in society, in social institutions, in the criminal justice system—and everywhere—is not a new issue in 2020. The root causes of inequality have been present since the founding of our country. This report asks what businesses and their leaders can do to address the causes and consequences of inequality. This will not be easy or quick.

The future of society holds either greater fragmentation or greater recognition and bolstering of interdependence. Making progress toward a more equitable, just, and prosperous future that is built upon a shared understanding of our interdependence, requires an expanding network of entrepreneurs, business leaders, elected officials, community leaders, developers and changemakers, and everyday people—who act as stakeholders, stewards, and creators of



shared value—to push forward a transformation from fragmentation and discord to interdependence and inclusion. Given the powerful role of business in the United States, even sweeping efforts to strengthen and sustain community health and economic prosperity will not be enough without associated actions by businesses.

Report Recommendations

The Surgeon General recommends the following actions to strengthen community health and economic prosperity, develop a competitive business advantage, and build resilience, for both community and business. These approaches can help companies account for the interdependence between business and society, and between community health and economic prosperity, when making business decisions. These strategies can help address the U.S. health disadvantage and help to ensure that the vital conditions are met for all Americans.

1. Learn More About Your Stakeholders

Valuing the needs and interests of all stakeholders, and avoiding prioritizing one stakeholder at the expense of another, helps ensure success.

- **Fully understand the cost of poor health and other community challenges and the impact of these challenges on your company.** Understanding the world you live in and developing business models that work to enhance that world help make explicit the connections among good business practices, profitability, and responsibility to community and society.
- **Join the dialogue on community health, wealth, and well-being.** Engage in conversations about how to create a more equitable, just, and prosperous society, including addressing health, wealth and well-being gaps across communities. View problems, policy options, and solutions from the perspective of the well-being of others.
- **Meaningfully engage all stakeholders on ways to optimize value.** Meaningfully engaging each stakeholder brings innovative ideas to the fore, increases productivity and commitment to the enterprise, improves business practices, and creates more sustainable operations.
- **Identify the interdependencies between your company and your stakeholders and between your business and society, and work toward ways of operating that benefit these stakeholders and society.** Paying attention to these interdependencies and delivering value to multiple stakeholders can help a business succeed.

2. Foster a Culture of Stewardship


Stewardship refers to a company managing its impact on society. This requires addressing problems at a systems level—through policy, investment, and education, for example.

- **Embrace the positive role of business to strengthen communities.** Businesses are perhaps the most powerful institutions on earth. Wielding that power for good has been a successful strategy for business.
- **Support local, state, and federal policies that meaningfully increase economic opportunities and equitably improve the health of communities, employees, and families.** Businesses have a powerful voice that can shape policy, including spending and implementing policies that have equitable impacts, with the most beneficial impacts on those most in need.
- **Use hiring and procurement tools to strengthen communities and explore opportunities to unleash untapped potential at the local level.** Strengthening local business relationships can help improve hiring and address supply-chain problems while also strengthening communities.
- **Invest business profits in strengthening communities.** Businesses can invest in other businesses, entrepreneurs, community development, and more, while prioritizing investments that meet a community need and support commercial success.

3. Develop Strategic Cross-Sector Partnerships

Most efforts to improve community health, wealth, and well-being involve partnerships that bring a range of expertise and additional resources. Effective partners for business include community development organizations, philanthropic foundations, local government agencies, and other businesses.

- **Collaborate with local, regional, and national partners from across sectors to implement effective solutions.** Complex societal challenges—like opioid misuse, disengaged young people, and even lack of access to broadband Internet in rural areas—demand the resources, know-how, and creativity that multiple organizations working together provide.
- **Partner with community development corporations and community development financial institutions.** Collaborating with these partners brings specialized skills, financial capabilities, and deep community knowledge and trust.



4. Measure Performance Using Meaningful Indicators of Community Health and Well-Being

Many companies have key performance indicators to evaluate performance in major areas of business operations. Consider whether your company's performance metrics can be improved by including community health indicators.

- **Ensure that philanthropic giving strengthens community health and economic prosperity.** Businesses can help to ensure that their charitable contributions benefit the community by focusing their investment portfolios and holding themselves accountable for outcomes.
- **Redefine productivity in the value chain to include the economic costs from societal problems.** Societal problems create economic costs in a company's value chain. Addressing problems in the value chain—for example, by using resources more efficiently or implementing stronger employee health and safety protections—can optimize productivity and benefit both business and society.
- **Align wages, salaries, and benefits with the needs of a healthy, equitable, and prosperous society.** A job can be one of the most fulfilling aspects of life, bringing meaning and purpose to employees and their families. But jobs can also be dangerous, demoralize workers, and keep workers and families in poverty. Improving wages, salaries, benefits, and working conditions can turn an arduous and repetitive job into an opportunity and a livelihood.
- **Create shared value for companies and communities by combining social purpose with business opportunities.** Shared value happens when profitable business strategies produce real societal benefits. Business can uncover these opportunities by choosing to help solve a particular social problem and doing so in a way that creates or augments a business opportunity.

These recommendations offer opportunities for businesses, working together with others, to more purposefully embrace their roles as stakeholders in a society that works for everyone. With growing awareness of interdependence, greater engagement of all stakeholders, and an alignment of business earnings and societal gains, such partnerships and investments can ripen into healthier people and communities, a more equitable and just society, and a sustainably prosperous economy upon which everyone depends.



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