

Reducing business costs flashcard



Workplace wellness services basically mean providing services to the employees of an organization which are meant not only to cure their illness and addiction problems but also to prevent from them in the future. These services include wellness and health-care programs which will focus on the eradication of personal, mental and health problems through self-maintenance. Wellness services include all those services for improving the aspects of employee life which has an effect on their work performance.

This involves measuring the impact of the particular behavior on employee performance and then taking steps accordingly to modify or remove the behavior as the situation demands. Employers are willing to spend on the wellness programs because they result in making the employees motivated, focused and productive. This way there would be decreased absenteeism and fewer accidents on the job which will benefit the company.

Along with this, wellness programs also help to control the health-care costs of an organization because the employees don't face health problems frequently since they will have a healthier life-style after going through the program (Anderson, 1999). The ultimate goal of any business is to make it as profitable as possible and doing so requires managing the most important resource of the organization which is the human resource. It is just like the capital asset of the organization and sustaining the health of this asset is extremely important.

Today workplaces have become an extremely demanding and complex environment full of stress where employees are competing with each other for bonuses and promotions. They are faced with a pressure to perform and

compete or they will be left behind in this world of fierce competition because companies today want quality employees who excel in performance and productivity. It has been estimated that people spend two-thirds of their lives in their work environment which increases the level of stress (Anderson & Anderson, 1988).

Employees suffer with various other problems besides the work and performance pressure.

Any personal or social problem will have an adverse effect on his job at the workplace. The wellness programs are not only intended to improve the work life of an employee but also his personal and social life which had become problematic for him. Employee wellness programs can be initiated internally by the organization as well outsourced to companies who specialize in this task.

In fact, in the 21st century organizations have started to outsource wellness services to vendors who are qualified and experienced in working with the employees to solve their physical, mental, personal, emotional and psychological problems. These firms offer a range of services to the employees like stress management, smoking cessation, family specific services, drug abuse and alcoholism programs, physical fitness, weight loss programs and many more (Parkinson, 1982). Companies are already faced with a huge number of costs which are necessary to keep the business running.

Every organization attempts to minimize its costs and maximize its profits to achieve economies of scale. A part of these costs are related to their workers

besides paying their salaries, wages and bonuses etc. These come from the employee health-care costs and benefits, workers performance cost and risks to the organization. These expenses are necessary to be made in order to keep the employees motivated because when employees receive free health treatments and compensations from their workplaces so they feel satisfied and more motivated to work with increased productivity.

Health-care costs are related to the medical costs, mental health costs, disability or worker's compensation which is compensation provided for the damage resulting from the work environment (Anderson, 1999).

Performance costs result due to absenteeism or decreased worker productivity. The organization aims to minimize these types of cost by introducing wellness programs since these costs have continuously increased due to a number of health problems faced by the employees. The factors resulting in these costs should be controlled by providing wellness services (Anderson & Anderson, 1988).

Some organizations think that providing these services would further increase their business costs associated with employees but they fail to see the long run benefits arising out of these wellness services being given to the employees. These services actually reduce the health-care costs of the business since employees have a healthier life-style and work culture so they are exposed to less medical problems.

Some interesting facts and figures are presented below which will prove the extent to which wellness programs can decrease the business costs of organizations.