How to Control Workers’ Compensation Costs through Job Satisfaction

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Overview

- Traditional methods of cost reduction.
- Employer costs: economic, social and organizational
- Current research on job satisfaction and workers’ compensation
- Antecedents to job satisfaction
- Practical implications for leaders
Workers’ Compensation Costs

Economic Costs

- Insurance premiums, medical costs, and legal fees.
- Workers’ compensation premiums have tripled in California since 1999 (Neumark, 2005).
Workers’ Compensation Costs

- Social Costs
  - Productivity
  - Changes in employment and earnings
  - Competitiveness
  - Family members
  - Community members
  - Medical community
  - Behavioral costs, such as:
    - depression
    - increased drug use
    - anger

(Boden et al., 2001, Dembe, 2001)
Workers’ Compensation Costs

Organizational Costs

- Hiring and training replacements
- Productivity of co-workers
- “Hidden” administrative and supervisory costs
- Redundant hiring
- Productivity impact of deteriorations in morale

(Reville et al., 2001, p. 458)
Traditional Methods of reducing costs

- Do nothing
- Awareness of prevention
- OSHA regulations (e.g., IIPP)
- Ergonomics
Emerging Research

- Bigos (1991, 1992) and his colleagues found that two factors, prior back injury and job dissatisfaction, were predictors of future back injuries.

- Kim et al. (2002) noted that up to 90% of occupational injuries may be due to behavioral factors and noted, “According to these studies increasing employee job satisfaction is as important as eliminating physical hazards in the workplace” (p. 63).

- Greenwood and Wolf (1987) found that organizations with more satisfied workforces “have fewer workers’ compensation claims” (p. 15).
Emerging Research

Hosegood Martin (2007):

- Explored job satisfaction and job stress levels among 15 CSU auxiliary organizations (308 employees); explored correlations between job stress and job satisfaction and organizational X-mod factors.
Results

3 key findings:

1. Among *aggregate* data, a negative correlation \((r = -0.620, p < 0.05)\) emerged between job satisfaction and job stress \((N = 15 \text{ auxiliaries})\)
2. Among *individual participants* \((N = 308)\), significant correlations emerged, including:

- Job stress and job satisfaction \((r = -.369, p < .01)\)
- Previous injuries and job satisfaction \((r = -.187, p < .01)\)
- Participant age and job stress \((r = -.122, p < .05)\)
- Previous injuries and job stress \((r = .235, p < .01)\)
- Years within the organization and participant age \((r = .456, p < .01)\)
- Previous injuries and participant age \((r = -.127, p < .05)\)
- Years in the organization and X-mod factor \((r = -.160, p < .05)\)
- Participant age and X-mod factor \((r = -.140, p < .05)\)
- Injuries within past one year and injuries within past four years \((r = .311, p < .01)\)
3. Additional correlations emerged within *individual auxiliary organizations*

- Three organizations had negative correlations between job stress and job satisfaction
- Two organizations had positive correlations between age and job satisfaction
- Three organizations had negative correlations between job satisfaction and previously reported injuries
- One organization had a negative correlation between job satisfaction and participant days away from work.
Qualitative Findings of High and Low Job Satisfaction Auxiliaries

<table>
<thead>
<tr>
<th>Finding</th>
<th>HIGHSAT</th>
<th>LOWSAT</th>
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<tbody>
<tr>
<td>High Job Stress</td>
<td>Absent</td>
<td>Present</td>
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<tr>
<td>Satisfaction with immediate supervisor</td>
<td>Present</td>
<td>Absent</td>
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<tr>
<td>Organizational Change</td>
<td>Absent</td>
<td>Present</td>
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<tr>
<td>Leadership and/or Supervisory Training</td>
<td>Present</td>
<td>Absent</td>
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<td>Management Support</td>
<td>Present</td>
<td>Present</td>
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<td>Mentoring Program</td>
<td>Present</td>
<td>Absent</td>
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<td>High Staff Turnover</td>
<td>Present</td>
<td>Present</td>
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Key: HIGHSAT = High Job Satisfaction organizations; LOWSAT = Low Job Satisfaction Organizations.
Study conclusions

- Relationship between job satisfaction and workers’ compensation costs.
- Controlling antecedents to job stress could lead to decreases in workers’ compensation costs.
Practical Implications for the CSU

- Antecedents to Job Satisfaction
  - Job Stress
  - Employee age
  - Employee years of service within an organization
  - Positive Supervision
  - Organizational Change
Job Stress

- Employee overall health
- Life changes
- Supervisor support
- Job control
- Information sharing
Employee Age

- Recruitment and retaining older staff
- Injury prevention among younger staff
- Mentoring programs
Employee Years of Service with an Organization

- Effective hiring practices
- Helping employees feel valued, rewarded and appreciated
Positive Supervision

- Quality of supervision is key
- Setting clear expectations
- Providing support and encouragement to staff
- Providing feedback
- Organizational climate
- Treating staff as individuals while maintaining fairness to all
Organizational Change

- Anticipating change
- Open communication
- Proximity to the supervisor
Summary

- Need for new methods to control workers’ compensation costs
- Emerging research
- Steps leaders can take to increase employee job satisfaction