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*A Framework
for Redesigning or
Fine-Tuning Your
Benefit Package—*
**Results From
a National
Survey of
Stressful Life
Events**

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► **The results of a national survey of stressful life events are introduced as a useful framework for redesigning or fine-tuning corporate benefit packages to better meet employee needs, as well as to attract and retain top talent. Among the specific recommendations are (a) expanded bereavement leave, (b) hospice services, (c) employee assistance program access, (d) child care/elder care and (e) group legal services. Offering benefits that enable individuals to cope more effectively with major life event stressors is viewed as a powerful way of strengthening the psychological contract between employee and employer.** ◀

At a time when the U.S. unemployment rate is at its lowest point in decades, corporate benefit packages have become increasingly important in attracting and retaining talented employees (Baron and Kreps 1999; Bohl 1999; Kleinert 1997). Typical benefit packages now account for nearly 30% of overall compensation and consist of an incredible variety of specific programs (ACA and AMA 1998; Beam and McFadden 1998; Employee Benefit Research Institute 1996; Hansen 1999; Rosenbloom 1996).

The strategic challenge facing every employer is to design a cost-effective benefit package that will contribute to the development and maintenance of a productive and stable workforce (Ashen 1997; Barocas 1997; Baron and Kreps 1999; Eckhardt 1998; Lofgren 1999; Rosen 1996). With this in mind, compensation and benefit specialists have attempted to identify prominent employee needs and preferences in order to formulate attractive benefit packages.

One particularly promising approach involves focusing on the issue of stress—how it impacts both individuals and organizations and what can be done about it. From the voluminous literature on stress (Baum and Posluszny 1999; DeFrank and Ivancevich 1998; Fink 2000; National Institute for Occupational Safety and Health 1999), the following pertinent conclusions can be drawn:

1. The incidence of dangerously high levels of stress has reached epidemic proportions in the United States. For instance, a recent study in the *American Psychologist* (Swindle, Heller, Pescosolido, and Kikuzawa 2000) found that 26% of adult Americans reported being on the verge of a serious nervous breakdown.
2. Stress can have a devastating and even lethal impact on victims, both physically and psychologically. Research has shown that stress is a major cause of strokes, heart attacks, high blood pressure and ulcers, as well as depression, eating disorders and suicide (Baum and Posluszny 1999).
3. Many of the most potent life events that trigger stress are unrelated to work. Instead, they deal with major personal and family crises. (Hobson et al. 1998; Miller and Rahe, 1997).

4. The economic costs of stress for employers are staggering. They include decreased performance, productivity and quality, more accidents and injuries, increased health care costs, and higher levels of absenteeism and turnover (DeFrank and Ivancevich 1998; Quick et al. 1997). Estimated annual costs for the United States as a whole range from \$200-\$300 billion.
5. Organizations are in a unique and powerful position to assist employees and their families in dealing effectively with stress and stressful life events (Cooper and Kompier 1999; Ganster and Murphy 2000). This assistance can significantly strengthen the psychological contract (Rousseau 1995) or bond between employees and employer, leading to improvements in operational effectiveness and profitability (Cascio 1999). For example, D'Andrea (1999) compared the stock performance of the 61 companies on the *Working Mother* list of "best companies to work for" with the Standard & Poor's (S&P) 500 Index during the period 1996-1998. All of the listed companies had supportive benefits, policies and practices to help employees deal with personal and family challenges. Study results indicated that these firms consistently outperformed the S&P 500 over the two-year period.

STRESSFUL LIFE EVENTS NATIONAL SURVEY

Fresh insights into what employees value and find most stressful can be derived from the results of a recent national survey conducted by Hobson, Kamen, Szostek, Nethercut, Tidemann and Wojnarowicz (1998). The researchers collected data from a large representative sample of 3,122 adult Americans.

Respondents were asked to rate the perceived stressfulness associated with 51 distinct life events, using a 1-100 (low to high) scale. Average scores were then calculated for each of the 51, with larger scores indicating higher levels of stress.

The 51 life events, rank-ordered by their average stressfulness, are presented in the table. The scores range from a high of 87 for "death of spouse/mate" to a low of 22 for "receiving a ticket for violating the law."

Content of the Most Stressful Life Events

Of particular interest is the content of the top ten most stressful life events. Notice that none of them have a direct relationship to work. Instead, they represent a variety of potent life and family-related events, such as death and dying, serious illness, infidelity and divorce, and institutional detention. In other words, the life events that Americans find to be most stressful and challenging have nothing to do with their employment.

The first life event that is clearly and directly linked to work is #13, "being fired/laid off/unemployed," with a rating of 64. Indirect relationships with work probably exist in the following instances involving #6 "foreclosure of loan/mortgage"—71, #14 "experiencing financial problems/difficulties"—62 and #19 "loss of or major reduction in health insurance/benefits"—56.

In summarizing the content of the top 20 rated life events, Hobson et al. identified five overlapping themes: death and dying, health care, crime and the criminal justice system, financial/economic issues, and family-related concerns. Only one of these five, financial/economic issues, is directly related to work.

IMPLICATIONS FOR BENEFIT PACKAGE REDESIGN

Careful analysis of the Hobson et al. results offers a number of important implications for

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TABLE

Rank-Ordered Life Event Means in the Revised Social Readjustment Rating Scale

Life Event	Mean	Life Event	Mean
1. Death of spouse/mate	87	27. Experiencing employment discrimination/ sexual harassment	48
2. Death of close family member	79	28. Attempting to modify addictive behavior of self	47
3. Major injury/illness to self	78	29. Discovering/attempting to modify addictive behavior of close family member	46
4. Detention in jail or other institution	76	30. Employer reorganization/downsizing	45
5. Major injury/illness to close family member	72	31. Dealing with infertility/miscarriage	44
6. Foreclosure on loan/mortgage	71	32. Getting married/remarried	43
7. Divorce	71	33. Changing employers/careers	43
8. Being a victim of crime	70	34. Failure to obtain/qualify for a mortgage	42
9. Being a victim of police brutality	69	35. Pregnancy of self/spouse/mate	41
10. Infidelity	69	36. Experiencing discrimination/harassment outside the workplace	39
11. Experiencing domestic violence/sexual abuse	69	37. Release from jail	39
12. Separation or reconciliation with spouse/mate	66	38. Spouse/mate begins/ceases work outside the home	38
13. Being fired/laid off/unemployed	64	39. Major disagreement with boss/co-worker	37
14. Experiencing financial problems/difficulties	62	40. Change in residence	35
15. Death of close friend	61	41. Finding appropriate child care/day care	34
16. Surviving a disaster	59	42. Experiencing a large unexpected monetary gain	33
17. Becoming a single parent	59	43. Changing positions (transfer, promotion)	33
18. Assuming responsibility for sick or elderly loved one	56	44. Gaining a new family member	33
19. Loss of or major reduction in health insurance/benefits	56	45. Changing work responsibilities	32
20. Self/close family member being arrested for violating the law	56	46. Child leaving home	30
21. Major disagreement over child support/ custody/visitation	53	47. Obtaining a home mortgage	30
22. Experiencing/involved in auto accident	53	48. Obtaining a major loan other than home mortgage	30
23. Being disciplined at work/demoted	53	49. Retirement	28
24. Dealing with unwanted pregnancy	51	50. Beginning/ceasing formal education	26
25. Adult child moving in with parent/parent moving in with adult child	50	51. Receiving a ticket for violating the law	22
26. Child develops behavior or learning problem	49		

redesigning employee benefit packages. Among the most important are these.

Bereavement leave. Given the devastating impact of the death of a spouse/mate or close family member, companies should ensure that their benefit package includes a generous bereavement period of at least three to five days. This affords employees the opportunity to begin to deal with their grief. Supervisors should also be trained to be understanding and supportive during the grieving process, which can last up to one year or more.

Hospice care. Hospice is an underpublicized, underutilized program to provide in-home care and counseling to terminally ill patients and their immediate family. The stress of watching a loved one dying can be overwhelming. In addition to caring for the medical and psychological needs of the patient, hospice also addresses the psychological needs of family members, helping them to more effectively cope with death and dying.

Hospice programs have been consistently well received by both terminally ill patients and

their family members. These programs also represent a more cost-effective utilization of health care resources.

Survey results strongly support the inclusion of hospice options in an employee benefit package. It is often necessary to inform and educate employees and their families about how hospice operates and the substantial benefits for all parties involved.

Health care benefits. The widely recognized importance of health care benefits is further supported by the findings of this study. Four of the top five most stressful life events involve health-related issues. Thus, the availability of high-quality, user-friendly health care benefits is critical in helping employees and their families cope with these potent stressors.

Family medical leaves. The survey results clearly confirm that individuals dealing with serious family medical problems are under a great deal of stress. Consequently, organizations should actively encourage employees to take advantage of the Family and Medical Leave Act (FMLA). Progressive firms interested in more effectively supporting employees during these critical periods can augment the FMLA by: (1) providing partial salary or pay during the leave period; (2) offering work at home, reduced work-hours and/or flexible work-hours; and (3) extending the time available for family medical leaves.

Employee assistance program (EAP). Inclusion of an EAP option in company benefit packages is strongly supported by survey findings. The counseling and support services provided by EAPs can be instrumental in helping employees successfully cope with life's major stressors and function more effectively at work (Bruhnsen 1994; Edlin 1993; Semenuk 1996).

Health and wellness programs. Given the presence of several health/wellness-related life events in the top 20, organizations should be encouraged to offer physical and psychological programs to improve the quality of life for both employees and family members. These should address such topics as stress management, smoking cessation, diet and nutrition, fitness and exercise, disease prevention and management, self-esteem and mental health, parenting, conflict resolution, dealing with divorce, and elder care, to name a few.

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Child care/elder care. Demographic changes occurring in the United States, coupled with the results of this survey, strongly suggest that companies should assist employees in securing affordable high-quality child care/elder care. Individuals with child-care or elder-care responsibilities face a host of significant stressors and benefit greatly from employer assistance in this area.

Group legal services. Virtually all of the top 20 most stressful life events in some way involve interfacing with our legal and/or criminal justice system. Consequently, the availability of quality legal services at affordable prices constitutes an extremely attractive addition to a company's benefit package. Such services would be invaluable in helping employees deal with the intricacies of the legal system and substantially reduce the associated stress.

Financial/investment services. Another theme that permeates the top 20 concerns the financial impact of these life events on employees and their families. In many instances, this impact can be devastating. In order to help employees plan for financial crises and effectively manage them when they occur, organizations would be well advised to provide the services of financial/investment professionals. Such advice could be crucial in helping employees overcome financial crises and cope with the associated stresses.

CONCLUSIONS

Organizations that want to develop a world-class workforce will need to offer a world-class

benefit package in order to attract and retain the best employees. The results of the Hobson et al. survey provide invaluable insights into what individuals value most dearly. Companies that redesign or realign their benefit packages to provide support to employees in dealing with life's most potent stressors should achieve success in meeting this critical challenge.

Viewed within the context of Rousseau's (1995) notion of psychological contract, timely organizational support/assistance to employees confronted with stressful life events can be expected to result in future efforts to reciprocate. This could be in the form of increased motivation, productivity, attendance, commitment, loyalty, etc. (Baron and Kreps 1999; Nicholson and Johns 1985). Companies with optimally configured benefit packages can significantly strengthen the psychological contract with employees and help create the "culture of caring" that *Fortune* (January 22, 2001) identified as a common denominator in America's top 100 companies to work for. Becoming such an employer of choice tremendously enhances a firm's ability to achieve and maintain a superb workforce. ◀

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