


# BUSINESS AND HEALTH

NOVEMBER 1984

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# Wanted: Smoking Policies for the Work Place

BY MARVIN M. KRISTEIN

*Nonsmoking programs are good for  
corporate health and employees, too.*

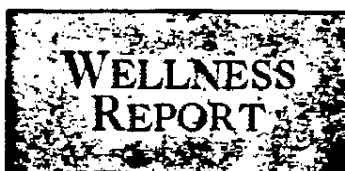
**E**mployers are taking a two-pronged approach to smoking. They are beginning to adopt no smoking policies in at least part of the work place. And they are offering programs —

often with cash incentives — to aid smoking employees to quit. There is some evidence that both these types of programs may be profitable for the companies involved, and certainly for society.

These steps are attractive to employers concerned about health care, particularly if the costs of smoking to business are calculated. They also are attractive to employers concerned about occupational risks and suits brought by nonsmokers desiring a safe working environment.

The business of business is to make money. Financial officers are trained to adopt a risk-return attitude to making money. The objective is to maximize return for any given risk and to reduce the risks associated with any given return. Increasingly, companies are becoming concerned with the potential costs of high risk employees. The typical heavy smoker consuming more than a pack a day is running a 20 percent lifetime risk of respiratory disease and a 35 to 40 percent lifetime risk of heart attack, stroke and other cardiovascular problems. For persons age 30 to 49, State Mutual Life Insurance Company of America found smokers have a 4.3 greater rate of death from all causes than do nonsmokers.<sup>1</sup> This analysis is a matter of averages. Many smokers live long and productive lives. Many are gifted, brilliant, hard working and rarely ill.

Nevertheless, the question for the corporate planner and policy maker is one of risk-return. The typical smoker is at much higher risk for serious illness, premature death,



accidents and absenteeism than the typical nonsmoking employee. To offset this real increased risk, the smoking employee would have to be clearly more productive than the nonsmokers.

Given this, it is instructive to analyze smoking policies in terms of how well they reduce health risks. Consider the following three examples. A do-nothing policy increases the risks, present and future, for a given level of return. A policy in which smoking is controlled in the work place, either by banning it in all or part of the office or hiring only nonsmokers, reduces the risks and is potentially cost-effective for most businesses. A third alternative, providing aids, supports and/or subsidies to help employee smokers to quit, perhaps as part of broader health promotion and health education programs, may increase the net profits and reduce the risks for many businesses but is probably less cost-effective than banning smoking.

## Costs of Ignoring the Issue

A number of developments have taken place in recent years that illustrate why a company policy of ignoring the issue of smoking in the work place makes little sense for employers. To begin with, there is an increasingly smaller minority of adults who smoke. At the same time, the literature on damage such as respiratory disease to the involuntary smoker is growing, thus supporting the increasing militancy of nonsmokers as well as court decisions that nonsmokers are entitled to a smoke-free work environment. Legislation in California, Minnesota, Suffolk County, N.Y., and a growing number of communities around the country limits smoking in public places and provides for smoke-free work places for those who request them.

The costs of a do-nothing policy, in terms of smoking, are hurting employers. Recent research shows that the costs of smoking employees to business are \$300 to \$350 per average smoker per year at a minimum.<sup>2</sup> These costs include only short-term losses that affect employers such

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as fire, accidents, ventilation, cleaning, productivity and occupational health risks. One Los Angeles company estimates production losses alone at \$675 per smoker per year. Adding longer term costs such as absenteeism, premature mortality and illness would raise the total to at least \$1,000 per year for each smoker.<sup>3</sup>

It is curious, given these cost estimates, that company policies dealing with smoking largely have been in response to occupational risk, safety, product cleanliness, customer contact and office appearance, and not to employee health, productivity and health care costs.

For example, Campbell Soup's company-wide no smoking policy was started more than 30 years ago to promote product cleanliness. It covers both production line and office employees to make it an equitable policy for all Campbell workers. In recent years, the company expanded its health promotion program to include subsidies for smoking cessation classes.

The history of Johns-Manville Corp in the importance of heeding the relative occupational risk and smoking. The company (Johns-Manville went into bankruptcy as a consequence of the asbestos related health problems of its employees) currently forbids smoking in all parts of the work place. The company has no smokers and has fired employees who smoke in the no smoking rules.

Given the synergistic relationship between asbestos exposure and lung disease, if a company originally had followed such a company-wide policy, the actual risk of lung disease to employees might have been reduced by over 90 percent.<sup>4</sup> Asbestos related lung disease is highly related to smoking. Asbestos workers who smoke have 11 times the risk as nonsmoking asbestos workers.

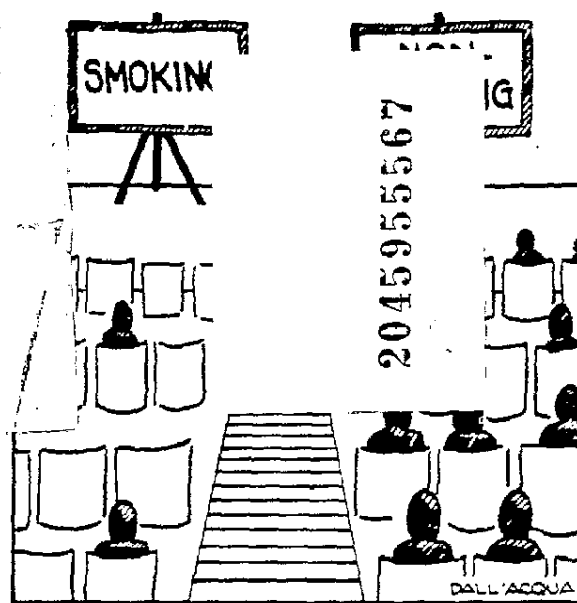
A company does not have to be in the asbestos business for its employees who smoke to be at increased risk due to work place exposures. The synergistic effects between smoking and occupational exposures are significant for industries involving a wide range of chemicals, radioactive materials and metals as well.

An increasing number of companies, large and small, are coming to the conclusion that the costs of a well-designed and carefully implemented corporate program, can decrease the risks and costs associated with smoking. Three Gannett newspapers in Maine and Boeing are among the employers that recently instituted no smoking policies. Also reflecting employer preferences is that employment agencies report an increasing demand for nonsmokers.

Most companies, nevertheless, have not adopted a policy about smoking. Some are reluctant to institute a smoking policy because they are too dependent on their business relationships with the tobacco and tobacco related companies and do not want to antagonize them. In such cases, a company does, indeed, need to be cautious about adopting a no smoking policy. But this does not free management from its responsibility to respond to the continuing pressure from nonsmoking employees.

Another situation in which it is difficult — and in

some cases impossible — to institute a company policy against smoking is if a significant number of the company's leading executives and/or key supervisory employees are committed smokers. Nothing can be accomplished in a company unless top management really wants it. The office dynamics mitigating against instituting no smoking policies are likely to change as younger people rise to positions of authority. Statistically, there are fewer people, particularly men, age 30 to 40 who are smokers in contrast to people age 50 to 60. It also may be that as more and more evidence is developed about the profitability of no smoking policies, stockholders of public companies with resistant top management will have the clout to introduce such measures.



### Objections Overruled

The majority of companies that have not implemented no smoking policies are basing their reasoning in large part on outdated information and basic ignorance of the issues involved. Relatively few of these companies have even thought seriously about it. This, however, is likely to change. The published evidence on the smoking, health and work place interaction has greatly expanded in the last few years along with significant changes in public attitudes. Nonsmokers, for example, see themselves as a majority, and more and more are demanding smoke-free environments. Court decisions and state and local legislation reflect these demands. Recent actions by the tobacco industry itself, in terms of diversification and promoting sales to foreign markets, indicate a basic acceptance of a lost cause position. Even the tone of recent tobacco advertising recognizes that smoking is not for everyone.

While these are all positive and useful steps towards developing a nonsmoking policy, there is also a lag time of several years before business leaders will begin to respond affirmatively.

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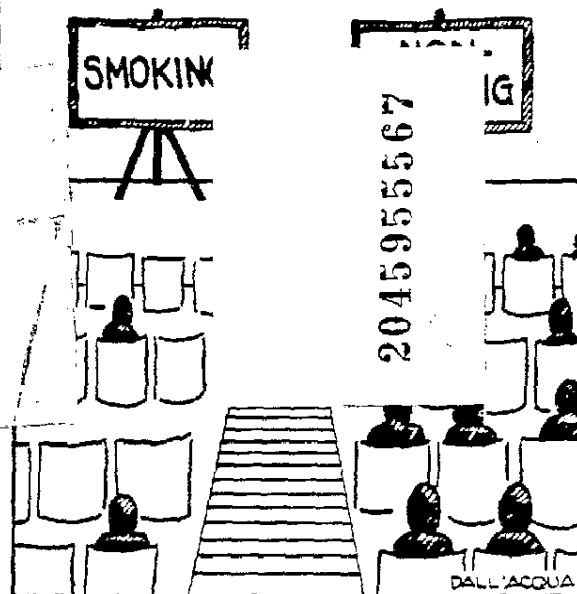
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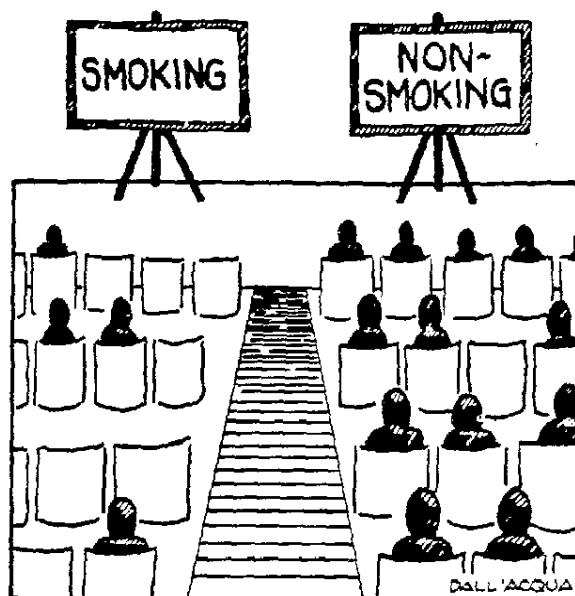
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### Company Activities in Smoking Control

Fifteen years ago, 78 percent of the population felt that managers should have the right to prohibit smoking in their place of business. Now the desire for a smoke-free work place is very much a reality and extends beyond the traditional boundaries of management-labor, employer-employee and white collar-blue collar concerns.

A review of the literature and current status of smoking control activities suggests that worksite programs have a unique potential to reach those workers who smoke and underutilize existing smoking cessation services. As Carole T. Orleans and Robert H. Shipley of Duke University Medical Center point out in their research, work place social supports can provide nonsmoking norms and reinforcement to help maintain lasting change in smoking behavior.

#### Range of Approaches

Company activities to control smoking in the work place range from policies restricting smoking in designated areas, to completely banning smoking at the worksite, to offering smoking cessation programs. Some employers provide incentives for employees who quit smoking that include cash and other tangible rewards, as well as social reinforcement through personal recognition, praise and company sponsored contests.

Smoking cessation strategies may vary depending on the number of employees, their smoking behavior, the kind of work performed and the company's involvement in the smoking industry.

The Institute on Worksite Wellness of the Washington Business Group on Health, in an ongoing review of such strategies, has identified several factors contributing to successful smoking cessation programs.

One such factor is that company policies are easier to implement and less divisive when they are developed voluntarily. For example, a study on employee smoking at Pacific Telesis revealed that 7 out of 10 (71 percent) of all employees and over half (51 percent) of the smokers would like some type of smoking policy for their immediate

work area. About three-fourths (73 percent) of all employees would like to have a smoking policy in effect for other areas at the worksite as well. Six out of 10 (59 percent) would like to see designated smoking and nonsmoking areas, for instance, in cafeterias and conference rooms.

A second success factor is that companies that offer incentives for smoking cessation realize the greatest return on their investment when they provide access to effective smoking stoppage methods, that is, those with a proven track record. This is true even when a company's program consists primarily of referring smokers to treatments available outside the work place.

Rodale Press banned smoking in January 1982 for its 350 employees. When a few workers had trouble abiding by the ban, the management encouraged them to enroll in SmokEnders, a private smoking cessation program, and Rodale refunded the \$75 registration fee as well as paying a \$25 bonus to those who successfully quit smoking.

A third important factor is to precede the offer for cessation treatment with educational campaigns and/or corporate pressure or incentives to promote quitting.

On April 1, 1984, the Group Health Cooperative of Puget Sound implemented its ban on smoking in the work place for its 5,000 employees. This prohibition represents the culmination of a two-year effort by the largest health maintenance organization in Washington state. Motivated primarily by its mission of wellness, the smoke-free policy has encouraged most if not all of its smoking employees to smoke less and many to quit smoking altogether. Cessation efforts of GHC employees are supported by the company through the availability of self-help materials and free smoking cessation classes. Employees breaking the rules repeatedly may even be fired under the new policy.

As Orleans and Shipley in their review found, successful worksite programs harness and exploit the "chief therapeutic resource — a cohesive support network" with corporate contingencies reinforcing nonsmoking.

*Sari Feldman, Washington Business Group on Health*

created by smoking and the costs of this to their corporate budget, but they so far have declined to develop no smoking policies at the worksite because they view such policies as unenforceable. This, however, is a red herring argument. To begin with, a policy of no smoking plus a policy of hiring nonsmokers only comes under a company's right to define the nature of the work place and the appropriate behavior of its employees while at work. This right has been upheld in most legal contexts. For example, the U.S. Equal Employment Opportunity Commission has held that such a policy does not involve discrimination as long as it is equally applied to all employees.

Once a company policy is set, most people follow it. No law, however, is followed perfectly. Think of speed limits. A no smoking policy can nevertheless be effective even if only 90 percent of employees follow it.

The key to appealing to employees to comply with no smoking policies is to introduce policies in a businesslike manner. The point is not to punish or attack smokers. Employees must understand that the no smoking policy involves the rights of nonsmokers and is designed for the best interests of the company. Introducing a program in such a fashion is likely to involve little employee opposition or attempts to sabotage it by smoking employees taking an excessively long time on cigarette breaks.

A carefully introduced program will cost money, perhaps in the range of \$5 to \$10 per employee for setting up the program, arranging employee meetings about the policy, and promoting it in special newsletters. The employer, however, stands to get a high rate of return on that investment. For example, suppose a company with 1,000 employees spends \$10,000 to introduce a no smoking

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policy. Based on national averages, the company will have 300 smoking employees, each costing the employer \$300 a year in extra expenses due to their smoking. If they stop, the employer could save \$90,000 a year — all based on a one-time capital investment of \$10,000.

### Calculating Costs

For managers used to dealing with hard numbers — profit and loss, for example — it is difficult to think of developing a company policy based on inferences from estimates. Many of them believe that true proof of the net gain of adopting a company smoking policy is missing because there is no smoking gun type of evidence that smoking employees involve a net cost to their employers that can be eliminated through nonsmoking policies.

While it is true that such evidence has not been published widely, a number of companies have internal studies that are firm enough for them to base policy upon. Based on a 20 to 25 percent success rate for Campbell Soup, for example, it has been calculated that its annual rate of return for money invested in smoking cessation programs for employees is between 25 and 50 percent. That means that for every \$1 invested, they will earn 25 cents to 50 cents a year.<sup>5</sup> Other companies that have reported that smoking cessation efforts are cost-effective include Metropolitan Life Insurance Co., Dow Chemical Company, Johnson & Johnson, New York Telephone Co., Ford Motor Company, IBM, E.I. DuPont de Nemours & Co. and Cyberteck Computer.<sup>6</sup>

In general, the business community cannot afford to wait for the results of long-term controlled trials of this subject. While the data on the costs of smoking are estimates and inferences, they are based on direct medical care spending and loss of gross national product (GNP), and on epidemiological studies connecting certain illnesses to smoking. These estimates are not guesses but represent aggregate cost data, time and motion studies and legal standards. The estimates based on real dollar costs involve dividing by relevant population sizes to arrive at per smoker figures. Obviously, not every smoker actually produces the average cost figure, but for every smoker who is not responsible for this average cost there must be a smoker producing twice that amount.

Using figures inflated to approximate late 1984 dollars, an estimate of the excess medical costs to the country of smoking (that is, illnesses that would be insignificant if it were not for the fact that people smoke) is \$24 billion per year and the loss in GNP, using minimal human capital values of life prematurely lost and income lost due to these avoidable illnesses, is \$36 billion per year.<sup>7</sup> These figures do not include the cost of pain and suffering and the multiplier effects on family, friends, employers and society of premature disability and death due to smoking.

### Public Health in the Private Sector

Major health gains are expected from instituting no smoking policies in the work place. Both employers and the population at large will benefit. In one sense, it can be argued that programs for public health gains really

fall under the aegis of the government. In fact, employers might not even enjoy the benefits of successful employee smoking cessation programs because of labor turnover. An employee who had participated in a smoking cessation program in company A may subsequently move to company B.

Perhaps the strongest argument against a nation and in some cases a company adopting no smoking policies is that the net gains from them are more than offset by the costs of an increase in the numbers of older persons due to the reduction in premature mortality associated with smoking.

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It is ironic that the ultimate defense of smoking involves accepting the most serious accusations against it, that is, it serves to significantly reduce the survival rate of adults so that the savings in retirement payments may be larger than the cost and GNP savings while these persons live. If the lives of retirees are valued at zero, it is cheaper for the society to let them die at a younger age. If this economic logic is pursued further, it would be even more cost-effective for the society (and companies paying for employee retirement) to find a more perfect means of killing everyone on his or her 65th birthday without producing the associated illnesses and productivity losses involved with smoking. A fuller public discussion of this point as a defense for opposing a nonsmoking policy in the work place could, in fact, convince more people that such a policy is the only one that is morally acceptable. ■

### Notes

1. M.D. Corwell and B.L. Hirst, "Mortality Differences between Smokers and Nonsmokers," (company document) State Mutual Life Assurance Co. of America, Worcester, Mass., Oct. 22, 1979.
2. M.M. Kristein, "How Much Can Business Expect to Profit from Smoking Cessation?" *Preventive Medicine* 12:358-381, 1983.
3. D.P. Rice and T.A. Hodgson, "Economic Costs of Smoking: An Analysis of Data for the U.S.," presented at the Allied Social Science Association annual meeting, San Francisco, Calif., Dec. 28, 1983.
4. M.M. Kristein, "Asbestos Workers and Lung Cancer," *American Journal of Public Health* 71:1409, 1981.
5. Kristein, *op. cit.*
6. R.S. Parkinson et al, *Managing Health Promotion in the Workplace* (Palo Alto, Calif.: Mayfield Publishing Co., 1982).
7. Rice and Hodgson, *op. cit.*