

## **EfH Management Conference 2008:**

Keynote

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### **Check against delivery**

## **Health, Well-Being and Performance – Enterprise for Health**

Lord McKenzie,  
Duncan Learmouth,  
Prof. Cooper,  
Ladies and Gentlemen,

I would like to add my own, very warm welcome to you on behalf of the European network 'Enterprise for Health'. My special thanks go to our hosts and member of the network - GlaxoSmithKline. We thank you for your invitation to hold our 2008 conference here with you in London and, together with many colleagues from the network, I am looking forward to exchanging ideas with you all.

For those unfamiliar with our work, I would like to give a brief overview of the Enterprise for Health network, explain our objectives, refer to the work results achieved so far and then, hopefully, whet your appetite for what you can expect at this conference!

A little over 8 years ago, we set up a European network of enterprises aimed at dealing with issues relating to the development of corporate culture and company health policies. We saw this as absolutely crucial to the performance of organisations and the physical and mental well-being of employees. Today – especially in the present economic climate - we are even more convinced of the importance of these topics to our future prosperity.

The two initiators of this network, the **Bertelsmann Foundation** and the **Federal Association of Company Health Insurance Funds**, have been actively involved in these fields for many years. A number of leading European enterprises were invited

to participate in this initiative and there is no doubt their experience, contribution and commitment has enriched the work of Enterprise for Health.

Our key objective from the very outset was - and still is - the dissemination of an expanded and more holistic understanding of what is meant by **health** within company policies. This expanded understanding is the most important interim result of our joint work. It is what unites the network members and directs our efforts, because the topic applies across all companies and all organisations, no matter what field they are in or how they conduct their work.

In the past, health in the world of work usually meant the drive to prevent accidents and occupational diseases, coupled with the provision of health care and rehabilitation. Indeed, the decline in fatal accidents at work, as well as the decrease in exposure to hazardous substances, particularly in the more advanced economies, points to the success of company prevention activities.

We all recall the asbestos saga in the 70s - just one example of how better knowledge and understanding of a problem - and a commitment to make things better - can lead to substantial health benefits for workers.

The decline in accident figures and considerably reduced exposure to hazardous materials in recent years reflects structural changes in the workplace which have helped reduce mainly bio-chemical and physical risks to employees. However, in the wake of the ongoing transformation to a knowledge-based and services-orientated society and the change in the nature of illnesses, the focus today is primarily on **psychosocial** working conditions.

This has opened up a new field of action for companies. The need to develop fitter, happier, more productive workforces - which is, or should be, a major goal of all employers everywhere - has progressed beyond the control of accidents and occupational diseases to the prevention of, often less-obvious, work-related health hazards. **This is the first element of our expanded understanding of health – from work accidents and occupational diseases to work-related illnesses.** If you then add in the potential cost savings of successful health-promoting initiatives, then you have an incredibly powerful argument for adopting the sort of policies, practices and approach you will hear about over the next two days.

In her recent review, Dame Carol Black, who, I am delighted to say, will be with us to open tomorrow's proceedings, estimated that lost production and sickness absence is costing the UK more than 70 **billion** pounds. It is a similar story in Germany and other countries. We believe that this sort of cost burden on an economy could be avoided to a considerable extent through '**prevention**' activities in the workplace.

The **second and, in my opinion, even more important expansion of the understanding of health** has been driven by health promotion. Health is a potential, a resource which strengthens people, companies and societies as a whole to perform tasks and overcome challenges on a daily basis.

Economic and social growth is not possible without healthy resources. The poet Virgil said '**The greatest wealth is health**'. Today, more than 2,000 years later, it applies just as much to companies as to individuals - and is the core message of European health strategies. In Europe, the strengthening of prevention and health promotion in health policy is being demanded as the third pillar alongside curative health care and rehabilitation.

We have made some progress down this road in recent decades, but our endeavours so far have not been sufficient – the rise in chronic illnesses and socially-induced health inequalities clearly demonstrates this.

Which brings me to the **third pillar of this expanded view of health** – the ability to analyse what elements in your company or organisation impact on your employees' health and well-being. And this is another area where we in the network have been able to gain vital experience.

**Eight years of study, together with research and the input of international experts in various fields, plus the shared experience of our corporate members from a dozen European countries, leads us to make the statement that a corporate policy and culture based on a partnership with employees is the most important factor in the development of healthier workforces and the longer-term prosperity of the companies they work for.**

This partnership, or participation, has many facets and is influenced by the prevailing culture. Fundamentally, participation relates to the way in which work is organised in today's world of work. Participation can include everything from a daily discussion about the performance of tasks, training programmes, communications and various other forms of co-operation down to financial participation in the company's success.

A high level of worker involvement presupposes that the actions and attitudes of all stakeholders - and the management in particular - are based on values which support and promote such a culture of participation. Company policies and practices which constitute and implement participation in all its different shades could therefore be regarded as an indirect form of health promotion - in contrast to the measures and fields of action which relate directly to the protection and promotion of health.

Participation in the form of personal responsibility strengthens the workers' identification with both the task and the organisation and creates the personal and company-related foundations for innovation and competitiveness. The economic potential of participation is still underestimated in some companies – there are those who still consider the way forward to be through technological advances and traditional, hierarchical control, because it hasn't failed them – yet.

We know that participation promotes social cohesion as well as productivity and growth, but it also creates an environment for better health. Clearly, it is difficult to implement actions to improve health unless that essential culture of participation is present.

This third expansion of our our new, broader understanding of health also shows that health is not only a matter for health professionals but need to be protected and promoted by the "participation" of all stakeholders. And let us not forget that one of the most essential elements of participation is management. Managers can have a far-reaching effect on the psychosocial health of their teams.

**Participation** – it is a word that will pop up again and again during this conference: It explains why even micro-enterprises can be regarded as healthy companies even if they do little or no explicit health promotion.

Summarising, these three "expansions" – from accident prevention to preventing work-related health hazards, from the prevention of illness to health promotion, and from direct forms to indirect forms of health promotion through participation – form the core of our understanding of health. In this context there are some parallels to these considerations in other areas which I would like to deal with in brief.

In the European Union - and in many member states – one of the major debates is how our businesses and communities can handle the consequences of globalisation. There is general consensus that innovation and education are central to the long-term sustainability of competitiveness of the European economic region.

Therefore, in many European countries the Education systems have been and are being restructured. with the aim of ensuring universal access to education and in order to improve the general quality of education.

In view of our ageing and shrinking populations, we can no longer afford to see so many of our younger generation these days dropping out of education. In many European countries, attitudes to - and opportunities for - education are still heavily influenced by family backgrounds and expectations, which eventually affects the employment chances of the individual. Those from what can be described as 'socially disadvantaged' groups can find themselves, in employment, trapped in poor quality, low income jobs with few prospects. This is particularly true in the more flexible labour markets which have developed throughout Europe, where an individual's employability depends so much on education, qualifications, skills, experience and achievement.

This, as I am sure you are aware, often gives rise to 'precarious' living conditions where there is often the threat of unemployment and/or not enough money coming in - very poor conditions to prepare our children for the knowledge society. Social and economic developments are closely interlinked - participation in education, backed by supportive living conditions, are of key importance in order to foster innovative abilities on as broad a basis as possible. At the same time, this is a prerequisite for being able to participate in community life productively and in a self-responsible manner.

We know today how important the world of work is for the foundations of our societies. Even though companies, first and foremost, pursue economic objectives,

they have to recognise the very important influence they can have on social conditions in the wider community.

Which leads us back to our central topic – the company health and well-being policy. Creating better, what we can call **personality-promoting** working conditions for employees, with their full involvement, can boost the health of individuals, their productivity and conditions for their families and community.

Health, productivity and social cohesion belong together. If we allow this "triad" to lose its harmony, for the sake of short-term commercial gains, we are undermining the foundations on which our long-term future is built.

Nowadays, an individual has to face up to different challenges to previous generations. People today have to take more personal responsibility for their journey through their working lives. CV's are more individualised, less predictable and, it has to be said, characterised less by traditional values and standards. It is this which determines the ability of the individual to take advantage of opportunities which arise.

The chance of **freedom** – because that is how many people regard it - grows if a person has the opportunity to make a good start in life and disadvantages do not already set limits right at the start of life or even set "traps" from which it is very difficult to escape.

In former times, differentiating between core and marginal workforces may have been "tempting" for major companies and, within limits, also the maxim of a thoroughly successful personnel policy: "We concentrate on the young, healthy and qualified aspirants and workers – we don't need to show any interest in the others." The demographic change under globalised conditions has altered the "global climate" for ever even though the consequences for the world of work and our societies as a whole cannot be understood yet in full, above all in emotional terms.

Our network is convinced that a corporate culture based on participation will cope with competition brought about by globalisation, because, by improving health, it strengthens the **social** foundation. The business case for this approach – supported by facts and figures - will become increasingly stronger, of that I am convinced. But however good the argument is, it can only be effective if it reaches decision-makers who are open-minded about making fundamental changes in their thinking and approach. Economic success and social cohesion belong together and are not contradictions or separate fields of responsibility of state and industry.

In many ways, persuading companies to take on board this expanded view of health - for the benefit of the worker, the employer, the company, the community and, ultimately, the economy and society – is very similar to another great issue of our time – **the environment**. In both areas, there are players throughout the world who still believe these are matters that they can leave to others – other **people**, other **companies**, other **agencies**, even other **countries**. But we all know that, in the end, **"we will all have to foot the bill"**.

Permit me at this juncture to take a brief look at the political situation in Europe - how our themes and how our issues are to be classified in the relevant European fields of policy. As your programme shows, EC Commissioner, **Mr. Spidla**, from the **Directorate-General for Employment, Social Affairs and Equal Opportunities**, was due to be with us today to present the European perspective, but regrettably he had to withdraw at a late stage to attend to issues relating to the current financial crisis. (That's not something we can compete with, unfortunately!)

In the **Lisbon Strategy**, the objective laid down for Europe, as it entered the third millennia, was to make it "**the most competitive and dynamic knowledge-based economy in the world, capable of sustainable economic growth with more and better jobs and greater social cohesion**". According to the mid-term review of the Lisbon Strategy, the results are, at best, mixed. The gap in terms of productivity and growth between Europe and its economic partners has continued to widen, and the ageing population adds a further challenge.

In 2005, it was therefore decided to simplify the strategy and concentrate on 3 priorities: **more growth, more and better jobs**, as well as **better governance**. Corporate health policies based on partnership are particularly important for the 2nd priority (more and better jobs) and also important for promoting **knowledge and innovation**, a cornerstone for more growth. The current employment strategy in Europe requires an extension of the working life, more investment in human resources in order to improve the level of education and qualifications, as well as the modernisation of social security systems with the aim of making the labour markets more flexible.

The reforms of the labour market in particular were - and still are - the subject of much political and social discussion in many European countries because in this area, job security and the personal living standards of workers are under threat.

European social policy is geared to the further development of the European social model, aiming to promote the social dimension of economic growth. The guideline is a social market economy which, in spite of the great diversity of the national social security systems, is based on - common shared values - for example, solidarity and cohesion, **equal opportunities, universal access to education and health care, quality of life and quality in work, health and safety** in the workplace, **sustainable development** and the involvement of civil society.

A company's health policy - in its broadest sense - is a cornerstone of the social dimension of growth and productivity at company level. I am one of those who sees economic and social development together as an essential foundation of our **affluence and welfare**. Concentrating on economic objectives alone, at the cost of social cohesion, results in just a few winners and many losers - which the current financial crisis clearly demonstrates. Even though the European approach is not without its setbacks and national differences, I believe that we have opportunities for further development of the European social model despite the challenges mentioned.

Today, globalisation is no longer a choice but an unavoidable reality. The emergence of new economic giants such as China and India puts the European economy to the test more than ever, in terms of trade, investment, technology, energy and production costs. Although knowledge and technology are important in Europe, the lack of qualified staff undermines the productivity of too many European companies.

Under the umbrella of the Lisbon Strategy, other areas of policy, in addition to the socio-political agenda, are also attempting to strengthen the economic and social resources in Europe. I would like to mention here the fields of research and innovation, occupational safety and health as well as health policy.

To be able to compete, Europe must become more inventive and innovative, says the European Commission. Knowledge and innovation are essential for growth and productivity because, in the context of global competition, Europe must contend with competitors benefiting from cheap labour and natural resources. Innovation includes several aspects: renewing and extending a range of products and services, establishing new methods of planning, production, procurement and distribution, and changing management and work organisation, as well as the working conditions and skills of the workforce.

Investments in education and lifelong learning are a key approach for creating favourable conditions for innovation. For companies, this means becoming more committed to in-house training and, above all, ensuring lifelong learning becomes routine through innovative forms of work organisation and job design.

Key qualifications also include entrepreneurial skills. Their broad-based development presumes a much higher level of personal responsibility and autonomy in the world of work than we largely find today.

You can immediately see the close links between the promotion of innovation and health. Health requires education and autonomy. And that applies to the individual company just as much as to our societies as a whole. If you view the challenges I have mentioned and the spectrum of political strategies, it becomes clear how profound and far-reaching are the social and economic changes we are currently experiencing.

The new health strategy proposed by the Commission for the next 5 years also concentrates on workplace health promotion in response to the demographic change. Health promotion during one's entire life is necessary in an ageing Europe. By 2050 the number of 65-year-old EU citizens will increase by 70%. The number of over-80s will rise by 170%. This will add to the already heavy demand for health services yet, at the same time, the number of workers who help fund those services will fall.

Therefore, expenditure on the health system could rise in the member states by 1% to 2% of GDP (*gross domestic product*) by 2050, which in turn would lead to an average increase in health expenditure of 25% as a proportion of GDP. According to

the Commission's forecasts, this rise in health expenditure, however, could be halved if people remained healthy longer.

Those companies who are already undertaking trend-setting work in this field by developing workplace health promotion into forms of systematic health management, are to be congratulated for their vision and awareness.

Given that the work of Enterprise for Health is closely aligned with national and European priorities, **What can you expect today and tomorrow at this conference?**

In organising this conference, we set out to provide a platform for the exchange of experience, particularly in relation to the key issues of corporate culture development and company health policy. In the network, we have selected 5 topics which we have been working on in recent years.

Forum – **'Healthy ageing'** - looks at the mega trend worldwide, which is already changing the parameters of the labour markets and our societies. To help us in our discussions, I am pleased to say we are being joined by two other important networks, the UK **Employer's Forum on Age** and the **German Demography Network**.

The forum **'Innovation and change'** will look into how health and participation can strengthen the innovative abilities of companies, - what innovation depends on and how workers can cope with the wide-ranging change processes in the world of work.

Mental health, as you are aware, is becoming increasingly important. Health reports have been recording a slow rise in the relative proportion of mental illnesses in many countries for years. A European pact to promote mental health was recently established in which the world of work plays a vital role. Our forum **'Mental health and leadership'** will examine various issues, including the role of managers, who, as we have said, are not only affected themselves but whose behaviour and approach can have a big impact on others.

In terms of illness, the focus is no longer on the communicable infectious diseases but on the chronic, non-communicable common illnesses such as cardiovascular diseases, musculoskeletal illnesses, diabetes, allergies and mental problems. A large proportion of the disease burden could be avoided if we could disseminate a health-promoting lifestyle in our societies. Again, the world of work has a key role here, reflected in the forum **'Healthier Lifestyles'**.

Finally, the commercial benefit of investments in health and corporate culture must be substantiated. How can more decision-makers in companies be convinced that expenditure on health is an investment and not just a cost – and one which, moreover, can be the tempting target of an economy drive? The fifth forum, entitled **'Business Case'** will round off the programme.

In all the forums, experts will introduce the discussions and support contributions. All papers will be limited to basic information so that we have enough time for the most important aspect of every conference – exchanging views and learning from one another. I would therefore like to invite you all to actively participate in the forums and allow others to learn from your experiences.

**There is no wealth without health** – I finally return to this guiding principle of the current European health strategy. Globalisation is still a comparatively recent development. On the plus side, it can be noted that many regions in the world, especially in Asia and South America, are making great strides to free themselves from institutionalised poverty and are striving to build an economically and socially better future. This has benefits for the European economy in the form of new sales markets and rising demand for knowledge-based services. On the other hand, this demands different personal resources from many workers in our countries and also involves new employment risks not previously experienced to this extent.

Finally, I leave you with yet another fundamental – and, indeed, worrying – aspect to all this: one of the greatest challenges facing governments is how, in the new world of work and faced with the demographic time-bomb, we can continue to finance social security systems at the levels many have come to take for granted. We must look at how the burden of healthcare and pension costs is distributed, among both individuals and groups. There is also a need to re-balance individual responsibility and solidarity. We must ensure that opportunities for a satisfying life remain possible for everyone – despite growing inequalities in society. It is only in this way that we can further develop our democratic values and organise our future affluence fairly.

Thank you for listening to me – I have demanded your attention rather longer than planned, because of the unavoidable absence of Commissioner Spidla I hope you find the conference both enjoyable and informative – and full of new perspectives.