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Consumers Blame Business for Global Health Problems. Can Business Become the Solution?

by Danielle Kost

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Millions of people have been harmed by cigarettes, defective merchandise, pollution, addiction and other business by-products. now, pioneering companies are exploring healthier ways to operate, say **Amy C. Edmondson** and **Dr. Howard K. Koh**.

Every public health crisis—whether it's the availability of highly addictive opioids or junk food marketing to children—prompts consumers to question how far companies will go for profit.

It's not an unwarranted concern. After all, cigarette makers once used cartoon-like characters like Joe Camel to appeal to young would-be smokers. But corporate distrust runs so deep for some consumers that constructive dialogue is virtually impossible; consider vaccination skeptics who criticize Big

standing with consumers. Now there is a new crop of companies that are making health and wellness a business imperative, not just because it is "the right thing to do," but because it is good business for the long term.

Two Harvard University faculty members—Amy C. Edmondson, the Novartis Professor of Leadership and Management at Harvard Business School, and Dr. Howard K. Koh, the Harvey V. Fineberg Professor of the Practice of Public Health Leadership at the Harvard T. H. Chan School of Public Health and the Harvard Kennedy School—explored this shift in a recent essay in the Journal of the American Medical Association.

We asked them to discuss their reasons in an Q&A exchange via email.

Danielle Kost: You argue that sustainability and well-being efforts can provide competitive advantage. What's going on in the market now that makes that especially true?

Amy C. Edmondson and Dr. Howard K. Koh: Market forces continually drive a search for competitive advantage. According to the annual Nielsen survey, about two-thirds of approximately 30,000 respondents worldwide say they are willing to pay more for sustainable goods. Almost 60 percent report that a product's health and wellness benefits motivate purchasing decisions. And over 40 percent say that they factor a company's social value into purchasing decisions.

Millennials are especially socially conscious, actively searching for products that are thoughtfully resourced and leave a smaller environmental footprint. Investors are paying attention, too, with impact investing hitting $60 billion in 2015.

Attention to the negative impacts of work on health is also on the rise. Some surveys find that work's impact is more negative than positive when it comes to stress levels, sleeping habits, eating habits, and weight. Advancing employee health has long included efforts to promote physical exercise and healthy eating, but recently has expanded to encompass an emphasis on workforce diversity, flexible working hours, maternal and paternal leave, and professional development. Such efforts have the potential to improve employee engagement, loyalty, and productivity.

Kost: While your essay cites many business benefits of advancing a well-being agenda, some executives might consider such an approach an obstacle to meeting profit targets. What are these executives not seeing?

"FIRST AND FOREMOST, CEOS AND OTHER C-SUITE LEADERS MUST MAKE AN EXPLICIT COMMITMENT TO HEALTH AND WELL-BEING."

Edmondson and Koh: Typically, companies have focused on short-term financial outcomes, particularly profit, as the major—and sometimes only—measure of success. But recent forces are pushing CEOs to adopt long-term and broader considerations, which requires consideration of various outcomes related to sustainability.

For example, a growing number of companies around the world voluntarily report environmental, social, and governance (ESG) measures. The Global Reporting Initiative captures ESG information from over 80 percent of the world's largest corporations. Every company wants to be known as a good global citizen, and ESG reporting helps by demonstrating transparency and accountability.

Several prominent business groups are taking notice of this trend. The *Fortune* "Change the World" list identifies companies with more than $1 billion in revenue that create positive social impact through their core business strategies. The CECP (formerly the Committee Encouraging Corporate Philanthropy), co-founded by Paul Newman and representing more than 200 of the world's largest companies, has recently launched investor forums dedicated to the culture of health, often featuring prominent CEOs like Paul Polman of Unilever and Alex Gorsky of Johnson & Johnson. In 2015, *Harvard Business Review* started factoring ESG performance into its annual recognition of best performing CEOs in the world.

Kost: What does it take to build a culture of health at companies today?

Edmondson and Koh: First and foremost, CEOs and other C-suite leaders must make an explicit commitment to health and well-being. Vocalizing commitment, setting targets and goals, allocating the

ployees to act.

Employees will watch to see if leaders' commitment is genuine and whether they are leading by example. Allocating time, even if limited, on all meeting agendas can remind everyone that health and well-being are a priority that is integral to business operations.

Simultaneously, leadership can set up an internal infrastructure to help operationalize goals, strategies, operational plans, and metrics to evaluate the effectiveness of a culture of health effort. Coordination of the effort at the top can include chief human resources executives, chief medical officers, chief sustainability officers, chief financial officers, and government relations.

Communication must be transparent and explicitly focus on building long-term value over and above short-term profits. Effective senior executives today should aspire to build better systems for the future to ensure the enterprise's sustainability over the long term.

About the Author

Danielle Kost *is senior editor for Harvard Business School Working Knowledge.*
[Image: ***Mark Kostich]***

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Maggie Kohn 275 days ago

I couldn't agree more with the findings of professor Edmondson and Koh. Similar research shows that companies with Best-in-Class workplace health programs outperform their peers in stock performance by an average of7% to 16% per year. In addition, four peer-reviewed ACOEM journal articles with13 financial models demonstrate a correlation between recognized culture of health companies and financial performance. All of this shows: Culture of Health = Competitive Financial Advantage. The challenge now is for businesses to more effectively and strategically integrate health and business goals to show a definite link.

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