

INFLUENCE OF BURNOUT ON THE ECONOMIC DEVELOPMENT

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Abstract. Professional burnout has become a critical concern globally, with far-reaching effects on individual well-being, workplace productivity, and economic systems. Stress and burnout severely impact employee health, leading to reduced productivity, increased dissatisfaction, and significant financial losses for organizations. In light of these challenges, aim of this research is to analyse recent scientific findings on the link between burnout and economic development, examining how economic conditions and policies influence burnout, and how burnout, in turn, affects economic performance. The research reveals that burnout not only strains individual health but is also highly costly to the global economy. Although the specific economic impact varies across studies depending on whether mental health in the workplace or broader psychological factors are analysed, the overall influence of employee mental health on economic stability is undeniable. Consistently, studies demonstrate that stress and burnout costs are rising each year, with a projected increase in the financial burden if current trends persist. Burnout contributes to reduced workforce productivity, increased healthcare costs, and high employee turnover, all of which place economic strain on organizations and, by extension, on national economies. These findings highlight importance of understanding how burnout influences economic development. Strategies such as mental health support, improved work conditions, and economic policies that mitigate job insecurity are essential to curb burnout rates and reduce its economic costs. Addressing burnout has become not only a public health necessity but also a strategic economic imperative; by fostering a healthier workforce, organizations can enhance productivity, lower healthcare expenditures, and support sustainable economic growth. This study results can serve as research based advices for comprehensive approaches to managing burnout, integrating organizational support with economic strategies for long-term impact.

Keywords: burnout, economy, stress, well-being, social interactions.

JEL Classification: I31, C31

1. Introduction

In today's fast-paced and demanding work environments, professional burnout has become a serious global issue. It affects both individuals and entire economies. Workplace stress and exhaustion are becoming more common, leading to serious concerns. Employee well-being is at risk, which can reduce job satisfaction and performance. As a result, organizations and economies face challenges in maintaining efficiency and stability.

The concept of burnout first emerged in the United States in the 1970s when Herbert J. Freudenberger (Nekoei, Sigurdsson, Wehr, 2024) began studying staff burnout. His interest in the topic stemmed from his own experiences with burnout symptoms. In 1974,

he noted that burnout could manifest in various ways depending on the individual. Physical symptoms include exhaustion, fatigue, headaches, insomnia, and shortness of breath, while behavioral signs may involve anger, irritation, and frustration. Under stress, individuals experiencing burnout may react emotionally with crying or screaming. They may also withdraw from social interactions, become rigid and resistant to change, and develop a negative or cynical outlook. As a result, they often appear and behave in a depressed manner (Freudenberger, 1974). The results of those findings are used world-wide by many researchers.

The World Health Organization (WHO) has defined burnout as a syndrome caused by chronic workplace

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stress that has not been effectively managed (WHO, 2019). According to WHO, burnout consists of three key dimensions: feelings of exhaustion, growing mental detachment from work, and decreased personal effectiveness. Currently, burnout is recognized in the 11th edition of the International Classification of Diseases (ICD-11) as an occupational phenomenon, though it is not classified as a medical condition. This definition aligns with the three burnout components originally proposed by Christina Maslach.

Christina Maslach is one of the most well-known researchers in the field of burnout studies. In one of her earliest studies she defined burnout as a syndrome characterized by emotional exhaustion and cynicism, commonly experienced by individuals working in people-oriented professions (Maslach & Jackson, 1986). She identified three key aspects of burnout: emotional exhaustion, which leads to feelings of extreme fatigue; depersonalization, which involves developing cynical attitudes toward clients; and reduced personal accomplishment, which manifests as decreased productivity and low morale.

Given the growing recognition of burnout as a significant workplace issue, understanding its causes, symptoms, and consequences is essential for developing effective strategies to mitigate its impact. As research continues to explore the relationship between burnout and economic development, it becomes increasingly clear that addressing this phenomenon is not only beneficial for individual well-being but also crucial for organizational performance and broader economic stability. The aim of this study is to contribute to the existing body of knowledge by examining the economic implications of burnout and highlighting potential solutions to reduce its prevalence and associated costs.

2. Literature Analysis

Research by the American Institute of Stress estimates that workplace stress costs U.S. companies \$300 billion annually. This economic burden is driven by factors such as employee turnover, decreased productivity, rising mental health expenses, and absenteeism (The American Institute of Stress, 2023). Another research done by Abramson and others in the USA in 2025 provide information that individuals experiencing mental illness work less and consume less, as well as individuals with serious and mental illness are less likely to invest in risky assets (Abramson et al., 2025). Recent research by Deloitte reveals a 25% increase in labor turnover in 2022 compared to 2019. Additionally, the cost of stress in 2021–2022 was estimated to be between £53 billion and £56 billion (Deloitte, 2022).

Research from various institutes across different countries has produced alarming findings. A study

conducted by the Mental Health Foundation (UK) in collaboration with the London School of Economics and Political Science reveals that mental health issues cost the UK economy at least £117.9 billion per year what is really big amount of money (European Agency for Safety at Work, 2014). The most recent research conducted by the European Agency for Safety and Health at Work on the cost of work-related stress dates back to 2013. In 2002, the European Commission estimated the annual cost of work-related stress in the EU to be €20 billion. However, by 2013, the EU-funded project My Matrix calculated the cost of depression at €617 billion per year. This total included costs from absenteeism and presenteeism (€272 billion), loss of productivity (€242 billion), healthcare expenses (€63 billion), and social welfare costs related to disability benefits (€39 billion) (Mental Health Foundation, 2023). This demonstrates a more than 30-fold increase in the cost of stress over an 11-year period. According to OECD research, mental health issues could contribute up to 4% of the EU's GDP, amounting to €600 billion each year. This includes costs related to decreased productivity, healthcare, and social welfare. However, it's crucial to highlight that these figures do not account for indirect costs, such as the care provided by family members, as well as the emotional distress and suffering experienced by both the affected individuals and their close relatives (OECD, 2021). Recent research conducted by Kantar in Latvia does not provide specific economic data on the impact of burnout on the economy, but it offers valuable insight into the general well-being of employees. The survey found a decline in employees' ratings of their well-being at work, with 70% giving a positive rating, compared to 77% in previous research (Kantar, 2024).

Research by Blackburn and colleagues indicates that, on average, a clinician experiencing burnout is \$81,000 less productive than a colleague who is not affected by burnout (Blackburn et al., 2023). The relationship between burnout and productivity is also explored by Letaio and colleagues (2023) who concluded that burnout impacts 13% to 25% of the working population, negatively affecting both employee performance and overall organizational productivity. To mitigate burnout, the authors suggest implementing benefit programs and appropriate compensation structures, which could enhance job performance and improve workplace efficiency (Letaio et al., 2023).

It is clearly stated by many researchers like Balackburn, Letaio and others how expensive for the economy stress and burnout worldwide is. Data can vary from one research to another, dependently what aspects of the mental health does research takes into consideration – the one employee gets during the employment, or gained somehow differently, however, it can be clearly seen how huge is influence of the

mental health of the employees on the world economy (Letaio et al., 2023; Pedditz et al., 2021). Definitely, the warning sign is the fact that every research show similar tendency – amount of the stress and burnout costs related to the mental health of the employees is enclosing every year with forecast to increase even more.

A significant amount of research has been conducted worldwide on educator burnout. Recent studies on teacher burnout in Italy, led by Pedditz et al., found that 8.2% of the participating teachers reported experiencing burnout (Pedditz et al., 2021). Additionally, 29.2% exhibited high levels of emotional exhaustion, and 33.8% showed elevated scores for depersonalization. In 2021, Cech, Cakirpaloglu, and Gillova conducted a study in the Czech Republic using the Teachers Satisfaction Inventory to assess burnout among 90 teachers (Balckburn et al., 2023). Their findings indicated that lower job satisfaction is linked to higher levels of emotional exhaustion and depersonalization, underscoring the significant burnout risk faced by educators.

Researchers (Cech et al., 2021; Dombrovskis et al., 2011) have analysed burnout among teachers in Latvia is linked to emotional exhaustion and career growth motives, which can affect their professional performance and satisfaction Latvia experienced significant economic fluctuations from 2005 to 2015, with a notable increase in necessity-driven entrepreneurship during economic downturns (Krumina&Paalzow, 2017).

Research on educator burnout is crucial because its impact extends beyond individual teachers, affecting the entire education system and society. When teachers experience burnout, it directly influences their ability to perform effectively in the classroom, which can lower the quality of education students receive. This, in turn, can affect student achievement and preparedness for the future, contributing to long-term societal consequences.

Burnout has a multifaceted impact on economic development, primarily through its effects on productivity, efficiency, and organizational costs. Addressing burnout through effective workplace interventions and support systems is essential for enhancing employee well-being and sustaining economic growth. The economic implications of burnout underscore the importance of preventive strategies and organizational policies have to be aimed at reducing job stress and improving work conditions (Press, 2023; Gupta et al., 2017).

Burnout-related turnover in US among veterinary technicians carries an estimated industry cost of around \$933 million. The primary contributor to this expense is lost potential earnings due to their absence, averaging about \$35,000 per technician. Additionally, the cost of hiring a replacement is approximately \$24,000.

When the financial impact of veterinarian burnout is included, the total economic burden of burnout in the veterinary field reaches approximately \$1.93 billion (Leill et al., 2022). In the UK, approximately 40% of workplace absences due to illness were attributed to stress, depression, or anxiety in 2013-2014, with each affected individual taking an average of 23 days off what is rather big amount of time (Marquez, 2017).

In recent research of Deloitte dedicated to the economic impact of inequities of mental health in the USA is stated that in 2024, mental health disparities were estimated to result in excess costs of approximately \$477.5 billion. Projections indicate that these costs will continue rising through 2040 and beyond, potentially surpassing \$1.3 trillion annually by then (Gupta, Kumar, Azizuddin, 2017). The cumulative financial impact by 2040 is expected to reach nearly \$14 trillion, translating to an estimated societal cost of around \$42,000 per person (Dawes et al., 2024).

Recent study by United Nations indicate that burnout can contribute to poverty. Workplace discrimination and the lack of reasonable accommodations increase the risk of unemployment for individuals with mental health conditions (United Nations General Assembly, 2024). While investing in mental health services and research is essential, tackling poverty is also fundamental to promoting emotional well-being. For health policies to be truly impactful, policymakers must acknowledge the needs of at-risk populations and integrate both psychological and social dimensions into their strategies (Jacob, 2007). Identifying the optimal balance of economic and psychological support for various populations is a crucial next step. A key research priority is investigating the existence of a mental health-related "poverty trap." If such traps are found, impactful one-time interventions could generate long-term benefits, as improvements in mental well-being and financial stability reinforce each other over time (Ridley et al., 2020). Family-based interventions can positively impact an individual's mental health; however, their effectiveness remains limited without adequate governmental financial assistance and well-structured policy measures. Sustainable improvements in mental well-being require a combination of supportive family initiatives, strategic policymaking and sufficient economic resources as well as educated employers to ensure long-term success (Sun, 2023). Recent research conducted in Sweden provides compelling evidence that the effects of burnout extend far beyond the individual experiencing it. Not only does burnout have long-term consequences on a person's career progression, but it also significantly impacts the professional life of their spouse and the overall development of their children's human capital (Nekoi et al., 2023). This highlights the far-reaching nature of burnout, affecting entire families and potentially influencing future

generations. The findings emphasize that burnout is not just a personal struggle but a broader societal issue with wide-ranging economic and social implications.

The healthcare sector is among the industries most affected by burnout (Nagaraja et al., 2023; Dewa et al., 2014). Clinician burnout is associated with several negative outcomes, but its economic effects are not fully understood because these outcomes are complex and difficult to measure. Some of these effects directly impact the financial health of healthcare organizations, while others affect patient safety and clinician well-being – factors that are often not included in current cost assessments (Balckburn et al., 2023). In one of the research done in Canada, authors state the healthcare system experienced estimated losses of \$185.2 million due to early retirements and an additional \$27.9 million resulting from reduced clinical hours. As healthcare systems face ongoing challenges such as workforce shortages and increasing patient wait times, these figures highlight the significant financial burden of burnout. Implementing effective prevention and well-being initiatives for physicians could help mitigate these losses and alleviate some of the strain on healthcare resources (Dewa et al., 2014). Research on burnout in the healthcare sector is vital due to its significant impact on both the well-being of healthcare professionals and the financial stability of healthcare organizations. Clinician burnout directly affects the quality of care provided to patients, as stressed and exhausted staff are more likely to make mistakes, leading to compromised patient safety. This, in turn,

can result in increased patient complications, longer recovery times, and higher healthcare costs.

In Figure 1 is presented a model developed by the author Julija Mironova, illustrating how burnout can be addressed through a social perspective centered on the individual.

The model illustrates a structured approach to addressing burnout by emphasizing different levels of societal intervention. At the core of the model is the individual experiencing burnout, surrounded by layers of support that range from personal to institutional.

The first level of intervention comes from the family, which plays a crucial role in providing emotional support, open communication, and a stable environment. A supportive family can help individuals manage stress and prevent burnout from escalating.

Beyond the family, the workplace also plays a significant role. Companies can implement various strategies to reduce work-related stress, such as employee well-being programs, flexible work arrangements, and mental health resources. Supportive leadership and a positive work environment contribute to preventing burnout and improving overall job satisfaction.

The outermost and broadest layer of the model represents governmental policies. By researching the economic impact of burnout and quantifying its costs, policymakers can develop targeted strategies to address the issue on a national level. This includes investing in mental health programs, creating labor laws that promote work-life balance, and ensuring adequate support systems for workers.

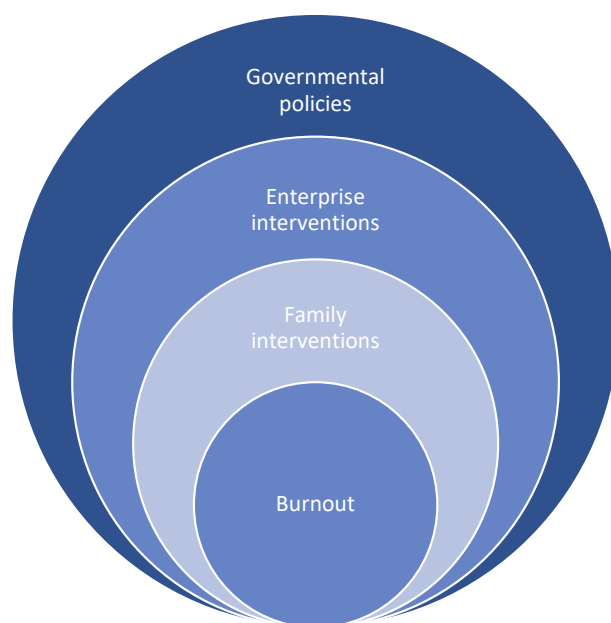


Figure 1. Layers of Burnout Prevention

Source: created by Julija Mironova

The model demonstrates that alleviating burnout requires a combined effort from individuals, families, employers, and governments. While personal and workplace interventions are essential, large-scale change can only be achieved through comprehensive policies and a deeper understanding of the economic impact of burnout.

It is evident that the discussion around the economic costs of employee stress and burnout will persist, as many studies forecast a continued increase in their financial impact. Burnout certainly affects employees' job performance, which in turn influences the economic performance of organizations. When an employee leaves due to burnout, there are additional costs associated with recruiting and training a replacement, which are also factored into the overall economic cost of burnout. Medical expenses related to burnout should also be considered when assessing its financial impact.

3. Methodology

In today's world, where workplace stress is a well-recognized issue in professions such as education, it is essential to understand its significance and develop strategies at both national and organizational levels to prevent burnout and the costs it may incur. Very important are self-evaluations of employed persons on their work and private life balance. In survey of academic staff of higher education establishments created and realized by Julija Mironova among several questions was also self-evaluation of work and private life balance. Results of responses are included in table 1.

Table 1

**Distribution of selfevaluations
on work and private life balance of academic staff
of higher education establishments**

Evaluated aspects	Frequency	Percent
I feel like I fail in prioritising work life and my personal life	827	51.7
I am in balance between my personal life and work life	705	44.0
Total	1532	95.7
Missing	69	4.3
Total	1601	100.0

Source: Julija Mironova created and realised survey in 2024

Survey results indicate that among academic staff employed in higher education establishments 44% of employed are in balance between work and personal life – this is indicator that those who have work and

personal life balance have less risks of burnout and are contributing by their work to economic development.

4. Results

Various studies indicate that burnout contributes to diminished productivity, increased absenteeism, higher turnover rates, and elevated healthcare costs, all of which place considerable strain on businesses and public resources. The financial toll of workplace stress is already substantial, with projections indicating continued growth in these costs if current trends persist. The increasing prevalence of burnout necessitates proactive strategies that integrate mental health support, improved working conditions, and economic policies aimed at reducing job-related stress and increased well-being of employees.

Addressing burnout is both a public health necessity and an economic imperative. Organizations that prioritize employee well-being can enhance productivity, reduce healthcare expenditures, and foster long-term economic sustainability. Additionally, policymakers must recognize the broader implications of burnout and implement strategies that support mental health, job security, and sustainable workplace practices.

Burnout is a growing issue with significant economic consequences, yet there is no official statistical data within the European Union quantifying its financial impact. While various studies highlight the substantial costs associated with workplace stress, absenteeism, and productivity loss, the absence of standardized EU-wide research limits the ability to develop effective policies. Given that burnout affects workforce efficiency, healthcare expenses, and overall economic stability, it is essential for governments to prioritize comprehensive research on this issue. Establishing official statistical data would provide a clearer understanding of the economic burden and guide policy interventions aimed at mitigating burnout's negative effects. Addressing burnout should not only be viewed as a public health priority but also as a crucial economic strategy to ensure sustainable growth and workforce well-being.

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