



# PHONING IT IN: THE DILEMMA OF EMPLOYEE PRESENTEEISM





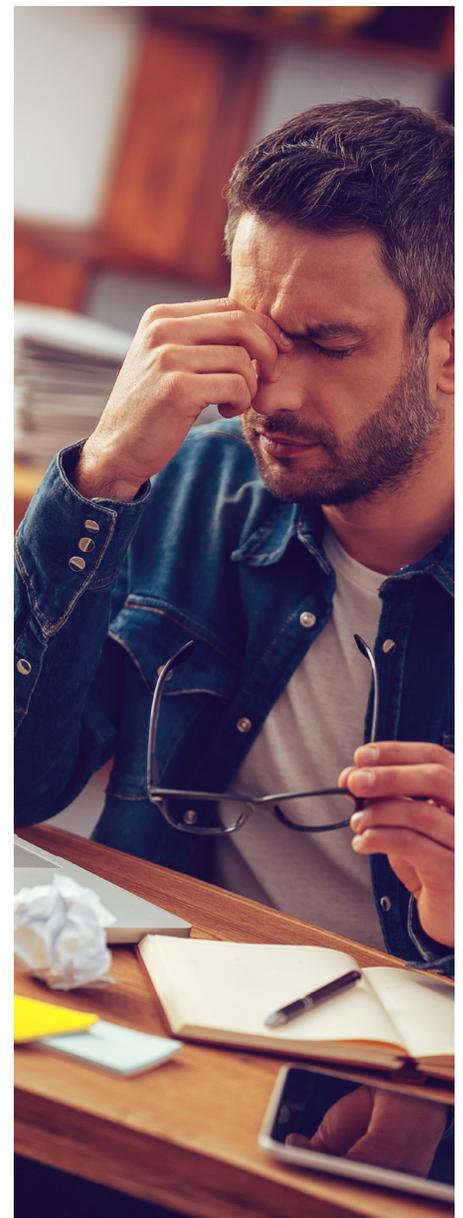
## There but Gone: The Dilemma of Employee Presenteeism

In the effort to protect and promote the health and safety of employees, perhaps no issue is potentially more complex and challenging than that of employee “presenteeism.” Generally defined as a loss of personal productivity resulting from health-related issues, presenteeism can run the gamut, from simple exhaustion on Monday morning following a busy weekend to constant pain and discomfort stemming from a chronic medical condition. In these and similar cases, an employee’s mental or physical attention is partially or completely diverted from their work, resulting in less than full concentration on the task at hand and requiring more time to complete assigned projects and fulfill other responsibilities.

For employers, the impact of employee presenteeism can be just as costly as a physical injury in the workplace. Indeed, lost productivity due to presenteeism and its consequences can represent a significant hidden cost to employers. Yet, many employers see employee presenteeism as simply a cost of doing business, instead of developing or implementing programs that could effectively reduce presenteeism in the workplace. Indeed, when integrated with other workplace health and safety programs, efforts to reduce the incidence of presenteeism can actually drive dramatic improvements in the overall economic performance of an organization while also contributing to the health and well-being of employees.

### What is Employee Presenteeism and What Are the Causes?

Since the passage of the U.S. Occupational Safety and Health Act in 1970, the incidences of workplace-related injuries and illnesses in the U.S. have declined by as much as 67 percent. Improved workplace safety practices, combined with widespread access to employer-sponsored healthcare insurance and wellness programs, have contributed to a safer and healthier workforce, and have helped companies increase overall productivity to historically high levels. As a result, most knowledgeable employers understand the direct link between employee health and their company’s success and profitability, and remain committed to company programs that support employee health and well-being.





Despite these commitments, however, less attention is being paid to the issue of employee presenteeism. Presenteeism should not be confused with periodic distractions or lapses in concentration, or the normal ebbs and flows in energy experienced by most people at work. Instead, it is a condition in which employees are dealing with a chronic physical or mental health ailment that routinely keeps them from giving their full attention or effort to the task at hand.

Health conditions most frequently associated with presenteeism include allergies, back or neck pain, hypertension, obesity and gastroesophageal reflux disease (GERD). Other causes include arthritis, asthma, migraine headaches, fatigue and depression. Often, the causes of presenteeism are deceptively similar to common health ailments occasionally experienced by many otherwise healthy employees. And, unlike absenteeism linked to acute illness or hospitalization, employee presenteeism is often hard to detect since affected employees still show up to perform their assigned responsibilities.

### **The Consequences of Employee Presenteeism**

For employers, the consequences of employee presenteeism are significant. Perhaps most important, presenteeism has a direct impact on overall productivity levels. According to the results of a widely-cited study based on a survey of nearly 30,000 U.S. workers, individual employees lose the equivalent of 1.32 hours per week in reduced performance due to personal or family health reasons. This presenteeism estimate is nearly double the average number of absenteeism hours (.67 hours per week) reported by the same group.

The loss in productivity attributable to presenteeism has a real financial impact on U.S. companies and businesses.

According to the same study, the total annual cost of lost U.S. productivity attributable to health-related conditions exceeds \$225 billion, with the cost of presenteeism estimated at more than \$150 billion, or two-thirds of the total. In a separate study, researchers estimate that employee depression alone costs U.S. companies \$35 billion a year in reduced performance.

Beyond the tangible costs, employee presenteeism impacts employers in other ways. Employees who are distracted at work by underlying health conditions are more likely to make mistakes or errors in judgement. Depending on the degree of severity, employees affected by presenteeism are likely to be less productive than other employees with comparable responsibilities. This can result in less favorable performance evaluations, reduced compensation levels and fewer promotional opportunities. Even among highly-committed employees, job disengagement and dissatisfaction are likely to increase.

### **Addressing the Employee Presenteeism Issue**

Despite recent changes in the U.S. healthcare landscape as a result of the 2010 passage of the Patient Protection and Affordable Care Act, employers continue to be the primary source of healthcare insurance for the majority of Americans. Most employer-sponsored healthcare insurance plans cover substantial portions of the cost to treat acute medical conditions, conduct diagnostic testing and provide prescription medications, as well as partial coverage for costs related to the diagnosis and treatment of mental health issues. Some plans also provide so-called wellness benefits, such as smoking cessation programs, contributions to cover the fees for gym or exercise facilities or supervised dieting and nutrition programs.

While employer efforts in these two areas have contributed significantly to the health and safety of employees, they often don't fully address many of the chronic health issues associated with employee presenteeism. For example, insurance coverage for some chronic conditions may be limited in duration, with many employees forced to stop treatment when their insurance coverage runs out. In other cases, less severe health issues may go undiagnosed, or employees may simply fail to seek a medical opinion due to lack of time or other pressing priorities.

More important, as healthcare insurance premiums increase, many employers are seeking ways to shift some of the increased cost of coverage to employees. Shifting some of the increased cost of medical coverage to employees from employers is arguably an effective method to engage consumer instincts when it comes to managing healthcare expenses. But it also has the effect of reducing monies available for the treatment of the non-life-threatening chronic conditions that are typically the primary cause of employee presenteeism. As resources to address the root causes of presenteeism diminish, the financial and productivity impact on employers is only likely to increase.

### **Taking an Integrated Approach to Employee Health and Safety**

Traditionally, companies have addressed the issues of workplace health and safety by creating separate and independent departments staffed with specialized professionals. For example, corporate level workplace safety programs have been developed and monitored by professionals trained in safety engineering and industrial hygiene, while employee benefits including healthcare insurance and wellness programs have been administered by human resource professionals.



However, this approach to employee health and safety has a number of drawbacks. The separation of individual health and safety initiatives can result in a duplication of efforts to address similar root cause issues, wasting valuable resources that could be applied to new programs or initiatives. Further, the lack of coordination between separate health and safety programs usually fails to take full advantage of the knowledge, experience and insight of the respective professionals involved, losing potentially supporting synergies. Finally, separate health and safety “silos” reduces company-wide visibility of these efforts, and serves to mask their potential contribution to achieving a company’s overall strategic goals and objectives.

With most companies today seeking to accomplish more with less, a different approach to employee health and safety is needed, one that recognizes and

leverages the natural synergies inherent in current efforts to create a sustainable culture of both health and safety. For example, by addressing the underlying health-related causes of employee presenteeism, such as chronic health conditions, obesity and depression, employees are more likely to be engaged at work and less susceptible to instances of presenteeism or absenteeism. Healthier employees are also less likely to experience on-the-job injuries, thereby reducing employee absences due to hospitalization or disability.

Taking an integrated approach to employee health and safety is not just good for employees. It also helps to support a company’s efforts to improve profitability and competitiveness. According to one study, employers with effective health and productivity programs generate 20 percent more revenue per employee and provide

shareholders with a 57 percent greater return than comparable companies. In a separate study, a stock portfolio of selected companies with exemplary health, safety and environmental programs dramatically outperformed the S&P 500 index over a 13 year period.

By taking steps to integrate existing health and safety efforts, companies can more effectively address the root causes of employee presenteeism. In this way, they can regain productivity lost to presentism and absenteeism, while also helping to better control the cost of healthcare insurance and workers’ compensation premiums. Viewed in this light, an integrated health and safety program is no longer an operations cost to be controlled but an investment in a company’s overall effort to improved profitability and competitiveness.

### Summary and Conclusion

Employee presenteeism attributable to underlying health-related issues has been an oft-overlooked but nonetheless important factor in reduced rates of employee productivity and increased costs of employer-sponsored healthcare benefits. Yet, pervasive approaches to employee health and safety often fail to adequately address the underlying root causes of employee presenteeism, contributing to the continuing increase in healthcare cost paid by both employers and employees. Companies that have taken an integrated approach to employee health and safety have seen important reductions in the incidence of employee presenteeism and absenteeism, as well as material increases in employee productivity. These successes have resulted in healthier employees, improved financial performance, and an increased competitive advantage against comparable businesses.



- <sup>1</sup> “Commonly Uses Statistics,” U.S. Department of Labor, Occupational Safety and Health Administration. Web. 18 August 2015. <https://www.osha.gov/oshstats/commonstats.html>.
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- <sup>3</sup> Researchers report that an April 2010 search for the term “absenteeism” in the PubMed medical journal database yielded 5636 English-language citations,, compared with just 135 citations for the term “presenteeism.” See “Presenteeism: A Public Health Hazard,” E. Widera, MD, et al, Journal of General Internal Medicine, November 2010. Web. 18 August 2015. <http://www.ncbi.nlm.nih.gov/pmc/articles/PMC2947637/>.
- <sup>4</sup> “Health and Productivity as a Business Strategy: A Multiemployer Study,” R. Loeppke, MD, et al, Journal of Occupational and Environmental Medicine, Vol. 51, No. 4, April 2009. Web. 18 August 2015. [https://www.acoem.org/uploadedFiles/Healthy\\_Workplaces\\_Now/HPM%20As%20a%20Business%20Strategy.pdf](https://www.acoem.org/uploadedFiles/Healthy_Workplaces_Now/HPM%20As%20a%20Business%20Strategy.pdf).
- “Lost Productive Work Time Costs from Health Conditions in the Unites States: Results from the American Productivity Audit,” W. Stewart, et al., Journal of Occupational and Environmental Medicine, Vol. 45, No. 12, December 2003. Web. 18 August 2015. <http://www.nationalpartnership.org/research-library/work-family/psd/lost-productive-work-time-american-productivity-audit.pdf>.
- <sup>5</sup> “Lost Productive Work Time Costs from Health Conditions in the Unites States: Results from the American Productivity Audit,” see Endnote #5.
- <sup>6</sup> “Cost of Lost Productive Work Time Among U.S. Workers with Depression,” W. Stewart, MD, et al, The Journal of the American Medical Association, Vol. 289, No. 23, June 18, 2003. Web. 18 August 2015. <http://jama.jamanetwork.com/article.aspx?articleid=196767&resultclick=1>.
- <sup>7</sup> “2014 Employer Health Benefits Survey,” report of The Henry J. Kaiser Family Foundation, September 10, 2014. Web. 18 August 2015. <http://kff.org/report-section/ehbs-2014-summary-of-findings/>.
- <sup>8</sup> For additional examples of potential synergies that can be achieve through an integrated approach to workplace health and safety, see “Workplace Health Protection and Promotion: A New Pathway for a Healthier-and Safer-Workforce,” P. Hymel, MD, et al, Journal of Occupational and Environmental Medicine, Vol. 53, No. 6, June 2011. Web. 19 August 2015. [https://www.acoem.org/uploaded-Files/Public\\_Affairs/Policies\\_And\\_Position\\_Statements/Guidelines/Guidelines/Workplace%20Health%20Protection%20and%20Promotion.pdf](https://www.acoem.org/uploaded-Files/Public_Affairs/Policies_And_Position_Statements/Guidelines/Guidelines/Workplace%20Health%20Protection%20and%20Promotion.pdf).
- <sup>10</sup> “The Health and Productivity Advantage: 2009/2010 Staying @ Work Report,” Towers Watson, December 2009. Web. 19 August 2015. <http://www.towerswatson.com/en-US/Insights/IC-Types/Survey-Research-Results/2009/12/20092010-North-American-StayingWork-Report-The-Health-and-Productivity-Advantage>
- <sup>11</sup> “The Link Between Workforce Health and Safety and the Health of the Bottom Line: Tracking Market Performance of Companies that Nurture a “Culture of Health,” R. Fabius, MD, et al, Journal of Occupational and Environmental Medicine, Vol. 55, No. 9, September 2013. Web. 19 August 2015. [http://www.cancergoldstandard.org/sites/default/files/attachments/Link\\_Between\\_Workplace\\_Health\\_and\\_the\\_Bottom\\_Line\\_0.pdf](http://www.cancergoldstandard.org/sites/default/files/attachments/Link_Between_Workplace_Health_and_the_Bottom_Line_0.pdf).