

Workplace PossibilitiesSM

PRODUCTIVITY INSIGHT #3

Understanding Presenteeism

Workplace Possibilities, by The Standard

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Standard Insurance Company



Introduction To Presenteeism

In this recovering economy, employers and their workforces are faced with the daunting prospect of doing more with less in the race to improve productivity. And employees are stretched to their limits, likely showing up to work when sick.

Employees who are at work with medical¹ conditions are likely to be less productive than those at work without medical conditions. That is the essential meaning of presenteeism.

Presenteeism is difficult to measure and very few employers actually attempt to quantify it. Yet it is a topic of interest at many HR and benefits-related conferences and in publications.

This Productivity Insight suggests that employers concerned about the productivity of their workforces, along with their benefits advisors (brokers and consultants), have an opportunity to improve productivity by learning about presenteeism and taking specific measures to address it in the workplace.

History Of Presenteeism

The study of presenteeism is a relatively new field, but the phenomenon is not a new problem in the workplace. Presenteeism began to be studied around the year 2000,² while its counterpart, absenteeism, has been studied and quantified for a much longer period. As a result, employers may be more likely to be more aware and willing to address absenteeism, while reluctant to address presenteeism or unsure where to begin.²

There are various theories about the causes of presenteeism. One noteworthy research paper² argues that the causes are complex and include a mixture of the following:

Organizational policies including:

- Pay
- Sick pay
- Attendance control
- Downsizing
- Permanency of employment

Job design:

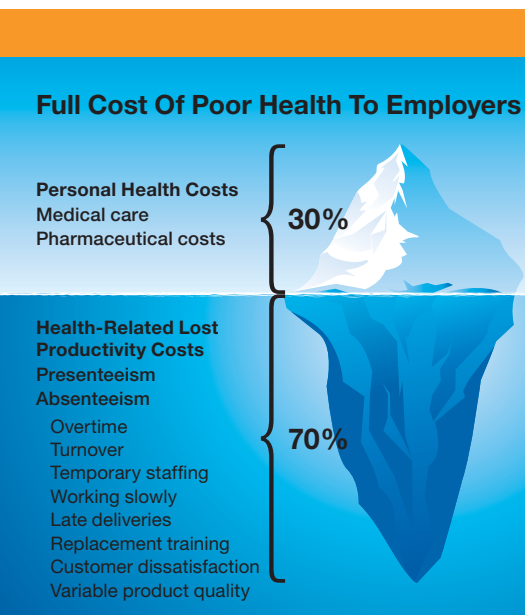
- Job demands
- Adjustment latitude
- Ease of replacement
- Teamwork

Definition Of Presenteeism:

The practice of coming to work despite illness, injury, anxiety, etc., often resulting in reduced productivity.

1 In this Productivity Insight, "medical" includes mental health conditions as well.

2 "Presenteeism in the workplace: A review and research agenda," Gary Johns, Journal of Organizational Behavior, 31, 519-542 (2010).



Source: Loeppke R, Taitel M, Haufler V, Parry T, Kessler RC, Jinnett K, "Health and Productivity as a Business Strategy: A Multi-Employer Study," *Journal of Occupational Environmental Medicine*, 2009, 51(4):411–428, pp. 140-152.

Presenteeism cultures:

- Vary by occupation
- Occupations with higher prevalence include:
 - Nursing home aides
 - Nurses
 - Primary teachers

Big Picture Costs

A number of researchers have estimated the national cost of presenteeism, including the following:

- The Integrated Benefits Institute (IBI) recently calculated the impact of poor health on the economy. The IBI reported, "Our data show that poor health costs the U.S. economy \$576 billion per year, with 39 percent – or \$227 billion – due to lost productivity associated with poor health."³
- An earlier study reported, "On-the-job losses from presenteeism are 60 percent of the total cost of worker illnesses."⁴ This exceeds what companies are spending on medical, disability and absenteeism.
- Another study compared various health conditions, concluding, "For 10 conditions studied, presenteeism costs ranged from 18-61 percent of total costs, which included health care, pharmacy, absence and presenteeism."⁵

Other sources have calculated costs in terms of lost time, for example:

- "American businesses lose 1,228 days/100 full-time equivalents for employees with two to five chronic health conditions."⁶
- "In a survey of 29,000 workers, presenteeism accounted for 1.32 hours/week (66 percent) of lost time...absenteeism accounted for the rest."⁷

The study⁸ that generated the iceberg diagram (right) demonstrated that the overwhelming proportion, 70 percent, of the full cost of poor employee health is caused by absenteeism and presenteeism. The other studies quoted in this Productivity Insight lead us to the conclusion that the majority of that 70 percent productivity loss is caused by presenteeism.

3 "Poor Health Costs U.S. Economy \$576 Billion," IBI Pulse, Integrated Benefits Institute, October 2012.

4 "Economists Coin New Word, 'Presenteeism,' To Describe Worker Slowdowns That Account For Up To 60% Of Employer Health Costs," Cornell University Press, April 20, 2004.

5 "Health, absence, disability and presenteeism cost estimates of certain physical and mental health conditions affecting U.S. employers," Goetzel, et al, *Journal of Occupational and Environmental Medicine*, 2004, 46, 398-412.

6 "Diseases vs. Populations – The Impact of Chronic Conditions," Parry, Thomas, IBI Research Insights, November 2008.

7 "Lost productive work time costs from health conditions in the United States: Results from the American Productivity Audit," Stewart, W.F., et al., *Journal of Occupational and Environmental Medicine*, 2003, 45, 1234-1246.

8 Loeppke R, Taitel M, Haufler V, Parry T, Kessler RC, Jinnett K, "Health and Productivity as a Business Strategy: A Multi-Employer Study," *Journal of Occupational Environmental Medicine*, 2009, 51(4):411–428, pp. 140-152.

Presenteeism Costs Of Specific Conditions

A different set of studies focused on relating specific medical conditions to the lost time generated by presenteeism, such as pain, arthritis, obesity and digestive problems. Here are some specific examples:

- “Over 4 weeks...those meeting the pain criterion effectively lost 3.14 days of work due to presenteeism and 0.84 days to absenteeism, versus 0.29 and 0.06 days for the healthy comparison group.”⁹
- “Arthritis and pain (chronic pain, back/neck pain, osteoporosis) cost 1.4 days/employee/year.”¹⁰
- Obese workers’ presenteeism costs are 1.8 percent of pay.¹¹

Another group of studies examined employee health on a wider basis by relating the time lost through presenteeism to the number of health conditions:

- For employees with two or more chronic conditions, there were 12-14 lost work days/employee/year.¹²
- For employees with single condition clusters (socio-emotional, metabolic, arthritis, headache, digestive, heart, pulmonary, cancer), time lost was 0.6 to 9.6 days/employee/year, depending on the cluster.¹³

What Can Employers Do?

Presenteeism is a costly phenomenon in the workforce. However, unlike pharmaceutical and medical costs, presenteeism is very hard to measure and very few employers have attempted to quantify this productivity loss.

Until recently, benefits experts focused primarily on methods of improving employee health as a solution to presenteeism. While this idea makes sense intuitively and logically, the health improvement approach is difficult because it takes a long time to create measurable progress in a given population, and employers generally want results more quickly.

Employers have multiple avenues open to them when it comes to dealing with presenteeism caused by physical conditions. Based on The Standard’s industry-leading expertise, we can suggest several effective solutions.

In Productivity Insight #4, we will specifically examine the cost and impact of presenteeism due to behavioral health disorders like depression and anxiety.

9 “The burden of pain on employee health and productivity at a major provider of business services,” Allen, H., Hubbard, D., & Sullivan, S. *Journal of Occupational and Environmental Medicine*, 2005, 47, 658-670.

10 “The Impact of Chronic Conditions and Co-morbidity on Lost Work Time,” IBI Quick Study, 2009.

11 “The True Cost of Poor Employee Health,” Mayo Clinic Health Solutions, 2008, p. 3.

12 “Diseases vs. Populations – The Impact of Chronic Conditions,” Parry, Thomas, IBI Research Insights, November 2008.

13 “The Impact of Chronic Conditions and Co-Morbidity on Lost Work Time, IBI Quick Study, 2009.

The on-site consultant may impact productivity, reduce absences and introduce employees to assistance to help improve their health. All these things may assist towards reducing overall costs.

Five Ways To Address Presenteeism

1. Work with a disability carrier that provides on-site assistance.

The Standard's Workplace PossibilitiesSM program provides employers with a disability management expert, a nurse or vocational specialist, who is deployed at the employer's facility and can assist employees with a personal and face-to-face approach.¹⁴

2. Ensure that the disability carrier provides quick and effective ergonomic interventions.

A major feature of the Workplace Possibilities program is its ability to provide fast, cost-effective ergonomic solutions. The Standard's on-site consultants are ergonomic experts who can provide an assessment of what equipment employees might need to improve their productivity. Once approved by the employer, the consultant can order the equipment, obtain it quickly (at a preferred price) and ensure its proper installation. Ergonomic equipment has been developed for many different medical conditions. Some of the adaptive items purchased and installed by The Standard include:

- Lumbar supportive chairs
- Sit/stand desks
- Sit/stand chairs
- Assistive lifting devices
- Specialized typing keyboards
- Computer mouse adaptations
- Telephone headsets
- Monitor magnification devices
- Voice amplification
- Specialized cushioned footwear

3. Improve pharmacy programs.

Pharmacy programs can have a significant impact, and research demonstrates measurable improvements in productivity with appropriate drug treatments.¹⁵ Employers and their benefits advisors would be well served to examine their pharmacy programs to ensure they are maximizing productivity.

¹⁴ For groups with 1,000 employees or more as part of our group disability insurance policies.

¹⁵ "Employee Health and Presenteeism: A Systematic Review," Journal of Occupational Rehabilitation, 2007, 17:547-579.

4. Work with a disability carrier that can integrate with your company's specific health management programs.

Reducing presenteeism requires a proactive approach to identify employees at work struggling with medical conditions that reduce their productivity.

5. Target both high-risk and low-medium risk workers for health management programs such as wellness, employee assistance plans and disease management.

Intuitively, it makes sense to target workers with the most health risks for health management program interventions. However, since there are likely many employees in the low-medium risk group, it makes sense to focus on both groups.

Conclusion: Presenteeism Is Real And Has Real-World Solutions

In our experience, very few employers, if any, measure the cost and impact of presenteeism in their workforce, but many employers know it is there. Although this type of measurement is a difficult undertaking, enough research has been conducted to demonstrate that presenteeism is a real phenomenon and costs more than absenteeism, health care and pharmaceutical benefits combined.

Employers need to take a holistic view about employee health and presenteeism. A capable disability carrier with an on-site consultant model can reduce some of the effects of presenteeism through ergonomic interventions. Improving employee health should, in the long run, reduce the number of employees struggling with presenteeism and the severity of their productivity-draining conditions.

Brokers and consultants have an opportunity to discuss presenteeism with their clients and prospects. Traditional health management programs are usually implemented to this end, but now, The Standard's Workplace Possibilities program demonstrates an effective alternative. By providing extensive ergonomic solutions, among other health resources, employers and their disability carriers can more quickly improve the productivity of those employees at work with medical conditions and struggling with presenteeism.



With The Standard's advanced ergonomic capabilities, we can often recommend low-cost solutions using relatively inexpensive ergonomic equipment. A case study example:

An administrative assistant with arthritis in his hands had difficulty operating the computer mouse because it was painful to close his right hand around the mouse. This slowed his work. The Workplace Possibilities on-site consultant provided him with a larger mouse that allowed him to keep his hand in a more open position.

Result: The employee's production and performance improved; pain and discomfort were reduced.



About The Workplace Possibilities Program

The Workplace Possibilities program is a unique, proactive approach to helping employers prevent and manage employee absence and disability. A Workplace Possibilities consultant helps to connect employees with their health management programs and identifies opportunities to keep at-risk employees on the job or return to work faster. In doing so, the program delivers rapid and measurable reductions in absence- and disability-related costs. For tips and tools HR professionals can use to help re-imagine the way they manage absence and disability, visit **www.workplacepossibilities.com**.

About The Standard

The Standard is a leading provider of financial products and services, including group and Individual Disability Insurance, group Life, AD&D, Dental and Vision insurance, retirement plans products and services, individual annuities and investment advice. For more information about The Standard, visit **www.standard.com**.

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