



USING AN INTEGRATED HEALTH AND SAFETY APPROACH TO REDUCE 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.

This UL white paper discusses the emergence of presenteeism as a key health and safety issue in the modern workplace. The paper begins with an overview of the increase in employee absenteeism/presenteeism, as well as the adverse consequences of presenteeism for employers and employees. The white paper then presents the advantages of an integrated approach to workplace health and safety, and concludes with recommendations for employees seeking to implement an integrated health and safety program.

What is Employee Presenteeism, and What Are the Causes?

Since the passage of the U.S. Occupational Safety and Health Act in 1970 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 health 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.

Unlike workplace safety considerations, which tend to disproportionately affect those employees whose jobs primarily involve physical labor, the causes of presenteeism appear to impact employees of all types, including executives, professionals and service personnel whose work primarily depends on mental abilities and judgement. This is not surprising, since the continuous work-related demands placed on today's professional employees and the challenges of balancing work and personal priorities can create levels of physical and psychological stress that can exacerbate underlying health conditions directly linked to presenteeism.

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. These mistakes, especially when made by executive and high-level professional employees, can have significant adverse business and financial consequences. For customer-facing employees such as salespeople and service representatives, presenteeism can affect external perceptions regarding customer service responsiveness and effectiveness, putting companies at a competitive disadvantage. Increased levels of presenteeism can also result in a greater risk of workplace accidents and injuries.

Of course, presenteeism potentially has the greatest impact on the very

employees who are struggling with this condition. 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. And these and other factors can also contribute to the escalation of the underlying causes of presenteeism with predictable results.

Addressing the Employee Presenteeism Issue

Until recently, employers' efforts to address the health and safety of employees have tended to focus in two separate areas: workplace safety and healthcare insurance coverage. As noted earlier, workplace safety protections mandated by U.S. federal and state laws have directly resulted in dramatic declines in the incidence of work-related deaths, injuries and illnesses. At the same time, workplace safety regulations have also helped to create a greater awareness of potential safety risks and their impact on employee productivity, thereby encouraging many employers to implement voluntary programs designed to reduce those risks.

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 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 fail to 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. On average, employees covered by workplace healthcare insurance plans contribute 29 percent of the total cost of premiums for family coverage, a percentage that is expected to continue to increase. At the same time, employers often opt for increased copayments for certain covered expenses and higher

per person deductibles as a method to ameliorate premium increases.

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.

Foundations for an Effective Integrated Health and Safety Program

Making the transition to an integrated approach to employee health and safety programs is likely to be a complex and challenging process for many companies. For this reason, UL, in collaboration with the Owen Graduate School of Management at Vanderbilt University and the Center for Catastrophic Risk Management at the University of California, Berkeley, hosted an Integrated Health and Safety Roundtable in June 2014 in Nashville, Tenn. Roundtable participants included business executives, safety, insurance and risk management professionals, physicians and nurses, and academic faculty and researchers. Meeting over two days, participants discussed the concept of workplace health and safety integration and the challenges of organizing for health and safety.



In an effort to translate the findings of the Integrated Health and Safety Roundtable into clear and executable objectives, UL in conjunction with the American College of Occupational and Environmental Medicine (ACOEM) then hosted a summit meeting in the summer of 2014 comprised of 21 experts from corporate, not-for-profit, educational and research organizations. Through these discussions, participants identified the following critical factors in advancing the objectives of an integrated approach to health and safety in organizations of all types:

- *Elevate the importance of employee health and safety throughout the organization*—Like other key organization values, employee health and safety should be positioned as a value essential to an organization's overall success. This commitment should be reflected in every aspect of an organization's structure and operation, including job descriptions

and employee evaluations, training and educational efforts, and routine reporting on key health and safety performance metrics.

- *Get senior leadership involved and committed*—Creating a genuine culture of health and safety requires active, consistent and visible commitment and support from an organization's senior leadership. This can be demonstrated through integration of health and safety goals in an organization's strategic plan, support for operational objectives that directly contribute to improved employee health and safety, and regular communications with employees about health and safety successes.
- *Integrate health and safety practices with job performance*—Help employees understand the connection between good health and good job performance. This can include minimizing emails and other work-related demands at night



and during weekends, making sure that employees take advantage of paid vacation and sick leave benefits, and encouraging them to promptly address personal health issues before they escalate.

- *Position employee health and safety as an essential element of business performance*—Address the perception that health and safety programs are an obstacle to business performance. Compile and share data that illustrate the positive financial impact of successful employee health and safety programs, such as reduced workplace injuries and absenteeism rates, savings on medical and workers compensation insurance premiums attributable to fewer claims, etc.
- *Develop practices and processes that can support health and safety efforts*—Finally, implement or modify business practices and processes in order to better support the goals of employee health and safety. For example, award programs and incentives that acknowledge participation in voluntary health programs or that recognize individual health or safety achievements can positively affect employee behavior.

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.

A detailed summary of the findings, conclusions and recommendations of the UL/ACOEM summit is presented in UL's white paper, "Integrating Health and Safety in the Workplace," available at http://library.ul.com/wp-content/uploads/sites/40/2015/05/TH_Integrating-Health-and-Safety_Article1.pdf.

UL is at the forefront of helping companies and organizations to enhance the health and productivity of their employees through the implementation of integrated employee health and safety programs. For more information, contact Todd Hohn, Global Director of Workplace Health and Safety, at Todd.Hohn@ul.com

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