Presenteeism: The latest attack on economic and human productivity

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References

Presenteeism has become a serious issue in today’s business world – both for the employee and for the employer. According to an article by Graham Lowe entitled “Here in body, absent in productivity” from the Canadian HR Reporter on December 2, 2002, “Presenteeism hurts output, quality of work-life and employee health.” Cary Cooper who was a professor of organizational psychology and health at Manchester University in the United Kingdom, is credited with “coining the term ‘presenteeism’ which is used to describe the feelings of being overworked and job insecurity that are as a result of restructuring and downsizing resulting in an overwhelming need to put in more hours or, at the very least, appear to be working very long hours in the workplace. Lowe also states that presenteeism also refers to employees who go to work sick or injured.” 1 The end result is a cost to the company for the lost productivity as a result of physical and mental health issues that inhibit the employee’s ability to work at their full potential2. And, the costs may only start there. Following a period of time of presenteeism may be absenteeism which is a full loss of productivity. Absenteeism could range from short term to long term which effects disability payments and there could be a cost to replacing that individual in the interim. There are various reasons that result in presenteeism and companies are looking at improved wellness programs and better employer/employee relationships to help fight this problem before it becomes a bigger detriment to a company’s most valued resources.

The reasons for presenteeism can stem from an issue outside of the workplace that is brought to work, or an issue that an employee has at work, or both. Conditions that are leading to presenteeism are the following3:

- Allergy
- Arthritis
- Asthma
- Any cancer
- Sadness
- Diabetes
- Heart disease
- Hypertension
- Migraine/headache
- Respiratory infections

Other lead indicators that may trigger presenteeism are:

- Burnout
- Depression
- Chronic pain disorders such as neck and back pain
- Exhaustion

The symptoms of job burnout are pessimism, increased dissatisfaction, absenteeism, inefficiency at work and a general lack of control over the employee’s job. Employees become demoralized if they don’t have adequate training, co-worker
support, if their effort is not recognized and if they can’t meet deadlines or expectations. Other sources that can be a cause of demoralization and dissatisfaction include “work interruptions, meetings, phone calls, co-workers talking to you, equipment breakdowns, environmental controls and red tape from corporate political situations.” All of these issues will contribute to lower productivity and a lack of initiative.

“According to a research study done at Yale University in 2001, chronic depression resulted in employees that were seven times more likely to demonstrate decreased productivity. Researchers at Harvard and Cornell Universities have estimated that presenteeism is seven to ten times greater than absenteeism. If you translate that into a dollar figure, Harvard Business Review estimates $150 to $250 billion in presenteeism costs per year to American companies. Assuming Canada is one tenth the size of the United States, estimated costs for Canadian companies would be $15 to $25 billion per year.” Exhaustion and chronic pain disorders such as neck and back pain will not allow an employee to perform at their full productivity. These two categories take a toll on an employee both mentally and physically. The end result will be a lack of concentration and they will be prone to errors.

All of the feelings above inevitably cause an increase in the level of stress to the employee. Too much stress will cause the employee to be unmotivated, inefficient and irritable. They will also demonstrate poor judgment and will be prone to errors. Job stress management will help the employee assess their stress level. Optimally, a manageable stress level is “performance zone stress which is a level of stress that stimulates energy, motivation, decision making and productivity.” “Managing stress means managing the relationship between effort and reward for the employee. Currently, an employee goes to work 6.7 days per month when ill or injured. The three main reasons are”:

1. Not wanting to fall behind
2. Heavy workloads or caseloads
3. Commitment to clients

Presenteeism losses can be up to “60% of the total cost of a worker’s illness.” This cost is greater than absenteeism and extended health care and disability benefits. “Allergies and headaches have a rate of 80% of total illness costs. At the other end of the spectrum though, a low absenteeism rate can be detrimental as well because it implies that people are coming to work when they are not 100%.” This may be as a result of the corporate culture being that people feel that this is company’s expectation.

Companies are reluctant to have paid sick days because people will take them even if they are not sick. They will simply use them as mental health days. “Some companies pay out any unused sick days to the employee at the end of a quarter or fiscal year. Other companies bank the sick days as hospital days in case the employee has to miss work due to a hospital stay.” In the end, some say that it is just too expensive for
them to pay for sick days. If the employer doesn’t have paid sick days for employees to take care of themselves or to take care of sick family, the cost could be high, for the employee. If they stay home, the end result is a loss of pay for that day and if it’s a chronic issue, it could possibly lead to the loss of a job or advancement opportunity. An employee may, therefore, be forced to come to work when sick which may infect others which may lead to further presenteeism and/or absenteeism.10

According to a “Desjardins Financial Security survey, Canadians do not have a good work-life balance. 44% indicated that money issues are a reason for increased depression, stress and anxiety. Also, new technologies such as cell phones, laptop computers and Blackberries are decreasing the historical work-life balance. There are 62% of Canadians who use wireless technologies and laptops in their job. 83% of those people indicated that the new technologies increased stress levels. 29% indicated that their stress level that did not change and only 17% stated that their stress levels actually were lowered.”11

Every individual strives to fulfill their needs on some level. This applies to their personal life or their work life. A worker who cannot fulfill their needs can not be an effective and productive employee. The desire to fulfill one’s needs is explained by Abraham Maslow’s “Hierarchy of Needs Model” which proposes that each person has a different need that they attempt to satisfy. There are five levels of needs which follow a hierarchy in order of importance. Once each level is fulfilled, an individual is no longer motivated by that behaviour and they move to a higher level. The chart below lists each level and a general and organizational example of each.

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<th>General Examples</th>
<th>Maslow’s Hierarchy of Needs</th>
<th>Organizational Examples</th>
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<td>Self-Actualization Needs</td>
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<td>▲ Friendship</td>
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<td>Friends at Work</td>
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<td>▲ Stability</td>
<td>Security Needs</td>
<td>Pension Plan</td>
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<tr>
<td>▲ Shelter</td>
<td>Physiological Needs</td>
<td>Salary</td>
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Physiological needs are essential for survival. Examples are shelter, food, water, and sleep. Corporate examples of fulfilling this need are adequate salaries to purchase shelter and food and a comfortable working environment.

Security needs include stability and security from the unknown. Corporate examples are job security and pension plans.

Social needs are the desire for friendships and companionship. Corporate examples are the feelings that employees have a sense of belonging with the company and making friends with co-workers.
Esteem needs are self-respect, status levels and recognition. Corporate examples are large offices and job titles.

Self-Actualization needs are the needs for self-fulfillment. This means continually growing and developing a skill set and capabilities towards achieving new goals. New jobs or a challenging job task are corporate examples.  

If the employee cannot satisfy their need at a certain level, this can cause multiple symptoms of presenteeism.

“Human Capital will go where it is wanted, and it will stay where it is well treated. It cannot be driven; it can only be attracted.” (Walter Wriston, Former Chairman Citicorp/CMI Bank). This idea is confirmed when considering the “Three Factor Theory” from “The Enthusiastic Employee” by Siroti, Mischkind and Melzter. The three factors are “equity, achievement and camaraderie. These three goals are the most important for the majority of workers. These goals seem to have “cut across cultures of economically developed countries” that were studied and there were no other goals that were quite as important. If employers understand these goals and develop organizational policies with them in mind, the end result will be high workforce morale and peak performance because there is no conflict between the goals of the employees and the employer.

There needs to be a harmony between the workers and the organization. This will lead to a decrease in presenteeism. Barbara A. Glanz created a term in her book “CARE Packages of the Workplace – Dozens of Little Things You Can Do to Regenerate Spirit at Work” called “CARE” which represents:

- Creative communication
- Atmosphere and appreciation for all
- Respect and reason for being
- Empathy and enthusiasm

When applied, there should not be a disconnect between employees and employers. One problem has always been management trying to guess what’s important to an employee. According to Glanz, “a study was done in 1946, 1981, and 1995 which yielded the same results each time for what an employee wants from their job and what management believes an employee wants from their job”.
Here is the ranking from 1 to 10 with 1 being the most important item for both the employee and employer.  

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<td>1. Interesting Work</td>
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<tr>
<td>2. Full appreciation of work done</td>
<td>2. Job security</td>
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<tr>
<td>3. Feeling brought in on things</td>
<td>3. Promotion and growth in organization</td>
</tr>
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<td>4. Job security</td>
<td>4. Good working conditions</td>
</tr>
<tr>
<td>5. Good wages</td>
<td>5. Interesting Work</td>
</tr>
<tr>
<td>6. Promotion and growth in organization</td>
<td>6. Personal loyalty to employer</td>
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<tr>
<td>7. Good working conditions</td>
<td>7. Tactful discipline</td>
</tr>
<tr>
<td>8. Personal loyalty to employer</td>
<td>8. Full appreciation of work done</td>
</tr>
<tr>
<td>10. Sympathetic help with personal problems</td>
<td>10. Feeling brought in on things</td>
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Apparently employers are still under some faulty assumptions as to what employees truly want. If employers can learn to understand the needs of the employees better, the employees will start to “identify with the company’s culture, values and goals and demonstrate better attendance. Good relations may lead to lower absenteeism. A commitment from the company and good labour management will result in a positive effect on productivity and customer service quality. Union loyalty also reflected lower levels of absenteeism.”

“Culture is the learned assumptions on which people base their daily behaviour, “…the way we do things around here.” If a company bases its policies on discipline and they are clearly communicating their goals and tasks, then the “performance culture and proactive performance management will reward the constructive behaviours and block the disruptive ones.” People will then feel a part of the organization. But, leadership must be at all levels of the company. And, this should involve empowering employees to grow and have the freedom to make decisions which will motivate them to work to their full potential. “Good leaders communicate effectively, project a clear and concise message on a company’s values, ideals and goals and are good at implementing and following procedures.” The performance of the employees will be subjective to the degrees of “accountability, skills and knowledge, feedback, motivation, recognition and rewards that results in the expected level of performance and associated leadership”

According to an article at the Human Resources Professionals Association of Ontario by Allison Bross (December 2004), “Due to the aging population, and increase in obesity, physical and mental health issues are on the rise and are they having an effect on people’s health. There is a need to establish absence prevention programs and new programs to help reduce presenteeism. One way to engage employees is by having health programs in the workplace. Companies that take part in these programs will have healthier employees which should decrease the various causes of presenteeism. For example, the health program that exists for the “municipal employees in Toronto entitled “Metro Fit” fitness and wellness program were absent 3.35 fewer days within the first six months of the program than those not enrolled.”
had employee turnover of 1.5% for those enrolled in the company’s fitness and wellness program compared to 15% for employees not participating in the program. BC Hydro had a turnover rate of 3.5% for those in their fitness and wellness program versus 10.3% which was the company average.\textsuperscript{21}

If implemented correctly, there can be a real savings when considering how much money could be paid in disability. The combination of decreased presenteeism will result in decreased absenteeism which will lower costs of workers compensation, short/long term disability and staff turnover.\textsuperscript{22} A company should benchmark what is considered accepted practices for absenteeism or consider doing employee surveys to establish any concerns. Track these concerns to determine if any problems are stemming from one certain area. Always maintain an open door policy so employees can feel free to bring these concerns forward.\textsuperscript{23}

Presenteeism is a problem that will get much more damaging to individuals and businesses if steps are not taken to deal with it. There are many triggers and conditions that can result in presenteeism but if individuals take the necessary steps through managing a better work-life balance and work with their employer in establishing a work stress management program, the symptoms of presenteeism can decrease. If employers create and maintain good, positive working relationships and open communications with their employees while establishing health and fitness programs in the workplace, the employee will benefit both mentally and physically. Employers need to start treating employees as valuable assets because at this rate, the assets are going to be exhausted and useless much sooner than anticipated.
Footnotes

2. Lowe, Graham op.cit., p 1
5. Nowak, Jacqueline Presenteeism, a Proactive Solution for Organizations
   http://ce1.compassdesigner.com/webtools/responder/media.php?scdid=s6524081370238ead85503b9e69bb7900.c1&%20%20i=305:f308d0761123dfffd2cb73eb6f1cb963 accessed October 27, 2006
6. Davis and Robbins Eshelman and McKay op.cit., p 222
10. Levin-Epstein, Jodie op. cit., p 1
11. Chevreau, Jonathan The WealthyBoomer, Money = Stress
14. Sirota and Mischkind and Meltzer op. cit., p 9
16. Glanz, Barbara A. op.cit., p 13
19. Reid and Hubbell op.cit., p 1, 4, 5, 7


23. Buhler, Patricia, “Human Resources Management: All the information you need to manage your staff and meet your business objectives”, Adams Media, an F&W Publication Company, 2002 p 249