



THE INVISIBLE RESPONSE TO ABSENCE

EARLY FINDINGS FROM IBI STUDY *THE IMPACT OF HEALTH ON JOB PERFORMANCE AND PRODUCTIVITY*

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THE ISSUE

Employers bear costs from employee lost work time -- whether from health-related absence or reduced performance -- but those costs often are invisible. . This report is the first in a series from the study “The Impact of Health on Job Performance and Productivity” and will provide employers with useful information from employees and their managers on how these “opportunity costs” associated with health-related lost work time deplete the bottom line.

EVIDENCE

Using early pilot data from two sites we find that managers’ response to absence -- and therefore employer costs -- changes as the duration of employee absence increases. At one day of absence, over 80% of managers are most likely to do nothing in response to the absence. Once the absence increases to three days, we see use of substitute workers and assignment to other employees start to increase with only 50% of managers doing nothing. For a two-week absence, doing nothing shrinks to less than 10% as managers grapple with assigning work to other employees, using overtime and finding substitute workers. Finally, for a one-month absence we start to see an increase in the hiring of new employees and other management responses.

SOLUTION

These findings are preliminary. As more employers are recruited to the study we will gather additional information from employees and their managers that can contribute to helping employers better understand financial impacts and take appropriate steps to mitigate unintended costs and embrace the full value of workforce health improvements. . If your company is interested in participating, please contact Dr. Kimberly Jinnett at kjinnett@ibiweb.org

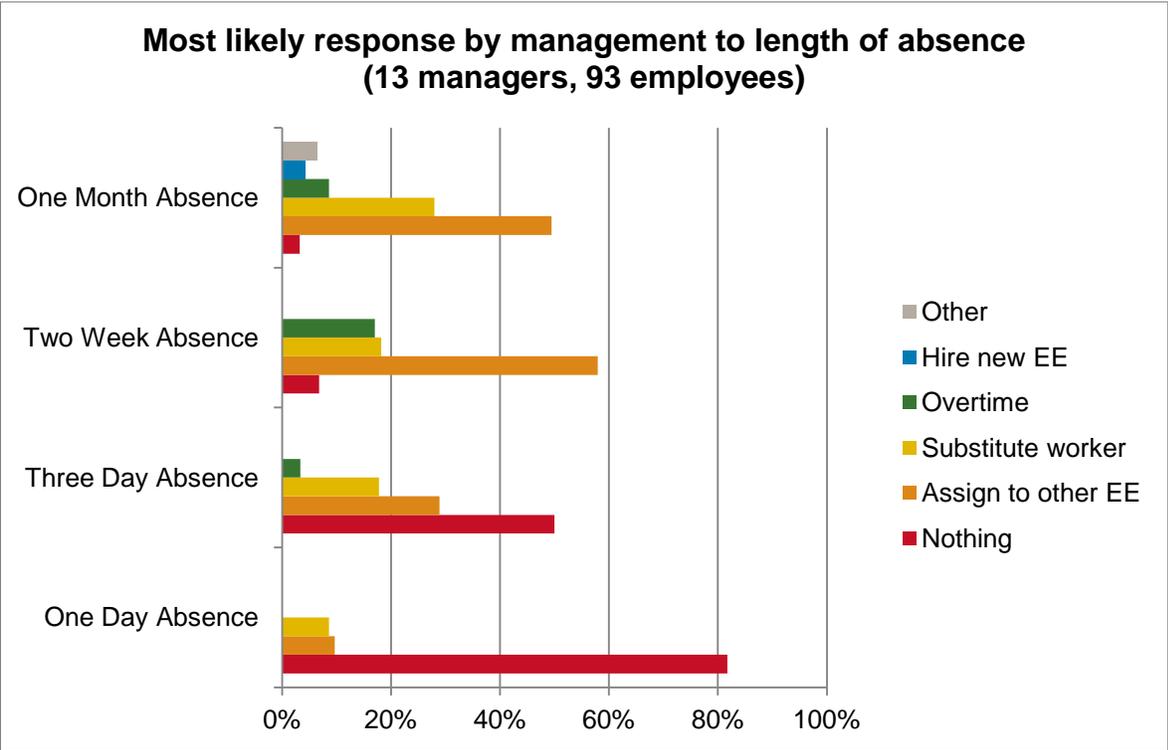
Background

To compete in an ever-increasingly globalized marketplace, U.S. employers need a healthy, highly-performing workforce and to minimize ALL the costs associated with health. Although most employers are well aware of the impact of poor health on medical costs, few have good measures of how health influences absence and job performance (aka presenteeism), how absence and job performance influence employer opportunity costs (that have been termed “lost productivity” in the literature), and how health-related productivity affects the bottom line. This study sets-out to answer these measurement questions.

This early report is the first of several planned for IBI members from the ongoing study “The Impact of Health on Job Performance and Productivity”. A variety of researchers have developed validated employee self-reporting tools for evaluating chronic health conditions and job performance impacts. Our study draws together the leading presenteeism tool developers with expertise on the measurable impacts of lost time on business. We will be reporting on the early findings of this project as we receive pilot data

Results

As a first step in quantifying the opportunity costs of lost work time, we asked managers how they respond to employee absence for a variety of durations (see Appendix for more detail). The trends are in the direction expected with managers being more likely to “do nothing” if the absence is short (one or three days), but increasingly willing to assign work to others, bring in substitute workers, increase the use of overtime and even hire new employees as the duration of absence extends to two weeks and one month.



At one day of absence, 82% of managers are most likely to do nothing in response to the absence while 10% will assign the work to other employees and 9% will use substitute workers. Once the absence increases to three days, we see use of substitute workers increase to 18% and assignments to other employees to 29% with only 50% of managers “doing nothing”. For a two-week absence, doing nothing shrinks to less than 7% as managers grapple with assigning work to other employees (58%), using overtime (17%) and finding substitute workers (18%). Finally, for a one-month absence assignment to other employees diminishes slightly (49%) while the use of substitute workers increases to 28%. We also start to see an increase in the hiring of new employees (4%) and other management responses (6%).

Commentary

Clearly, managers do choose different responses to absence as the duration of absence increases. Those choices have costs for the company as other workers are relied upon during normal working hours or through use of overtime to complete the work of the absent employee. Often times substitute workers may not have the level of training required to conduct the job at the same level as the absent worker and output delays can be expected. All of these impacts – staff replacement, output delays, and team member effects – are associated with additional costs¹ for the business beyond the worker’s wage. Understanding how employee health and performance also impact business and the best ways to capture costs related to health-related productivity is the continuing core of this research effort. If you would like more information on this study or if your company may want to participate as a study site, please contact Dr. Kimberly Jinnett, IBI Research Director at kjinnett@ibiweb.org.

¹ Nicholson, S., Pauly, M. V., Polsky, D., Sharda, C., Szrek, H., & Berger, M. L. (2006). [Measuring the effects of work loss on productivity with team production](#). *Health Economics*, 15(2), 111-123.

APPENDIX - Data and Survey Sample

We have received data from two employer sites thus far – a county government and a hospital. This study involves surveying two groups of employees at each employer site: employees and their managers. The employees are surveyed on the existence of health conditions and on job performance dimensions related to health. The managers of those employees are asked a series of questions around the impact of absence and on the business, how the organization responds to maintain work flow and the associated costs of those responses. Data from the two groups will be analyzed so that the relationship between employee health, absence, job performance and organizational impacts can be quantified and built into models for use by employers.

IBI designed the manager and employee surveys along with the research team and works with Nielsen (formerly HarrisInteractive) to collect the data via a web survey. The manager survey takes about 35 minutes to complete and managers are paid \$50 at the completion of the survey. The employee survey takes about 20 minutes to complete and employees are paid \$25 as an incentive. Use of incentives is at the discretion of the employers participating in the survey. For the initial pilot study, one site allowed incentives and the other did not.

This first exploratory report is based on initial pilot data from two sites and draws upon the manager survey data with responses from 13 managers reporting on 93 employees. For this brief report we focus on a single question – the manager’s response to absence for each staff member.

We asked managers to assume specific employees were absent for four different durations of absence and then select the most likely response by management to that absence. The durations of absences included: one day, three day, two week and one month. The management response options included the following:

1. Nothing, wait for the employee to return to work.
2. Management would assign the absent employee’s tasks to other employees.
3. Management would bring in a substitute worker.
4. Use overtime by other employees as a fill in.
5. Management would be unable to replace.
6. Hire a new employee.
7. Other