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For years, Amy Farler, who designs transmission components for International Truck and Engine, suffered in silence. Once in a while, when an allergy-related sinus headache escalated into a full-blown migraine, she missed a day of work. But most of the time, she went to the office and quietly lived with the congestion and discomfort of her seasonal allergies. “Sometimes, it’s like you wouldn’t mind if your head rolled off your body,” says the 31-year-old engineer, who spends most of her day working with 3-D models on a computer screen. “You feel clogged up and hazy. The pressure makes you want to close your eyes. It’s hard to focus. You end up just muddling through.”

Woody Allen once said that 80% of success in life can be attributed to simply showing up. But a growing body of research indicates that—in the workplace, at least—this wry estimate may be somewhat optimistic. Researchers say that *presenteeism*—the problem of workers’ being on the job but, because of illness or other medical conditions, not fully

functioning—can cut individual productivity by one-third or more. In fact, presenteeism appears to be a much costlier problem than its productivity-reducing counterpart, absenteeism. And, unlike absenteeism, presenteeism isn’t always apparent: You know when someone doesn’t show up for work, but you often can’t tell when—or how much—illness or a medical condition is hindering someone’s performance. “Outwardly you look fine,” says Farler, who over the years tried numerous prescription and nonprescription medications for her allergies, with little success. “People don’t see how you feel.”

However, a handful of companies—including International Truck and Engine, Bank One (recently acquired by JPMorgan Chase), Lockheed Martin, and Comerica—are recognizing the problem of presenteeism and trying to do something about it. That entails determining the prevalence of illnesses and medical problems that undermine job performance in the workforce, calculating the related productivity loss, and combating that loss in cost-effective

ways. This is a new area of study, so questions remain around a host of issues, including the central one: the exact degree to which various illnesses reduce productivity. But researchers are discovering increasingly reliable ways to measure this and are concluding that presenteeism costs companies billions of dollars a year. Emerging evidence suggests that relatively small investments in screening, treatment, and education can reap substantial productivity gains.

For example, International Truck and Engine, as part of a study of how allergies affect the company's workforce, offered interested employees free consultations with an allergy specialist at its truck development and technology center in Fort Wayne, Indiana, where Amy Farler works. After her meeting, Farler decided to get a complete evaluation from another allergist, who ultimately determined that she had in the past been misdiagnosed: She was allergic not only to seasonal ragweed pollen but also to dust mites, which was why her symptoms persisted throughout the year. The doctor prescribed a combination of drugs that significantly improved her condition. Although she still has some problems during peak hay fever season, most of the time she feels pretty good. "I'm definitely a lot more alert and able to concentrate better," says Farler, who estimates that her productivity may have suffered by as much as 25% before she was correctly diagnosed.

Experiences like Farler's raise some broad questions about today's vigorous efforts to contain health care expenses. For example, in trying to reduce direct costs by trimming employees' benefits, could companies be achieving false savings that are offset by the indirect cost of reduced productivity? Conversely, could targeted investments in the treatment of certain common illnesses more than pay for themselves through productivity gains?

Illnesses You Take to Work

Presenteeism, as defined by researchers, isn't about malingering (pretending to be ill to avoid work duties) or goofing off on the job (surfing the Internet, say, when you should be preparing that report). The term—which has gained currency despite some academics' uneasiness with its somewhat catchy feel—refers to productivity loss resulting from real health problems. Underlying the research on presen-

teeism is the assumption that employees do not take their jobs lightly, that most of them need and want to continue working if they can.

"We're talking about people hanging in there when they get sick and trying to figure out ways to carry on despite their symptoms," says Debra Lerner, a professor at Tufts University School of Medicine in Boston, who notes that presenteeism may be more common in tough economic times, when people are afraid of losing their jobs. "If every employee stayed home each time a chronic condition flared up, work would never get done." That some managers hold a less generous view of worker attitudes serves as a backdrop to researchers' continuing efforts to document their findings more conclusively.

Many of the medical problems that result in presenteeism are, by their nature, relatively benign. (After all, more serious illnesses frequently force people to stay home from work, often for extended periods.) So research on presenteeism focuses on such chronic or episodic ailments as seasonal allergies, asthma, migraines and other kinds of headaches, back pain, arthritis, gastrointestinal disorders, and depression. Progressive conditions like heart disease or cancer, which require expensive treatments and tend to strike people later in life, generate the majority of companies' direct health-related costs—that is, the premiums a company pays to an insurer or, if the company is self-insured, the claims paid for medical care and drugs. But the illnesses people take with them to work, even though they incur far lower direct costs, usually account for a greater loss in productivity because they are so prevalent, so often go untreated, and typically occur during peak working years. Those indirect costs have long been largely invisible to employers.

Illness affects both the quantity of work (people might work more slowly than usual, for instance, or have to repeat tasks) and the quality (they might make more—or more serious—mistakes). Untreated allergies like Amy Farler's can impede concentration. The discomfort of gastrointestinal disorders—common but seldom-talked-about ailments such as irritable bowel syndrome and gastroesophageal reflux disease (also known as GERD, acid reflux disease, or, somewhat more prosaically, heartburn)—is a persistent distraction. Depres-

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sion causes, among other things, fatigue and irritability, which hinder people's ability to work together. Arthritis makes manual labor more difficult.

Clearly, different conditions have different effects on different jobs. While depression may not seriously impair an auto mechanic's performance, lower-back pain might. An aching back may not be a big problem for an insurance salesperson, but depression is likely to be. The result in either case: a significant sapping of worker productivity.

Costs That Can't Be Seen

Well-publicized studies in recent years have estimated the nationwide costs of several common ailments in the U.S. workplace. Two articles in the *Journal of the American Medical Association* last year reported that depression set U.S. employers back some \$35 billion a year in reduced performance at work and that pain conditions such as arthritis, headaches, and back problems cost nearly \$47 billion. "Pain, no matter what the cause, will always translate into lost time at work," says the studies' lead author, Walter F. ("Buzz") Stewart, a director of the Center for Health Research & Rural Advocacy at Geisinger Health System in Danville, Pennsylvania.

Researchers have also tried to quantify the impact of disease in general on workplace productivity. Using the same methodology employed to gauge the costs of depression and pain—a yearlong telephone survey of 29,000 working adults, dubbed the American Productivity Audit—Stewart's research team calculated the total cost of presenteeism in the United States to be more than \$150 billion per year. Furthermore, most studies confirm that presenteeism is far more costly than illness-related absenteeism or disability. The two *Journal of the American Medical Association* studies, for example, found that the on-the-job productivity loss resulting from depression and pain was roughly three times greater than the absence-related productivity loss attributed to these conditions. That is, less time was actually lost from people staying home than from them showing up but not performing at the top of their game.

What may be more significant—but is also controversial—is that presenteeism appears to cost companies substantially more than they spend directly on medical treatment and

drugs. (It's important to note that many presenteeism studies, though conducted by academics or health management consultants, are proposed and funded by pharmaceutical companies hoping to show that certain medications are worth paying for because they will increase worker productivity by ameliorating symptoms of illness.) Typically, studies show that presenteeism costs employers two to three times more than direct medical care, which is paid for by companies in the form of insurance premiums or employee claims.

But such findings, while striking, are academic until a company takes a close look at the effects of illness on the productivity of its own workforce. Bank One, for instance, has calculated its direct and indirect health costs and found that the direct spending represents only a fraction of the company's total costs. (See the exhibit "The Hidden Costs of Presenteeism.") Comerica, another large bank, analyzed the impact of irritable bowel syndrome, an often-undiagnosed ailment common among women, on presenteeism. The company discovered that at least 10% of its predominantly female workforce of 11,800 suffered from the condition, whose symptoms include painful abdominal cramps. The study—funded by Novartis, which makes Zelnorm, a drug used to treat IBS—found that flare-ups reduced workers' on-the-job productivity by approximately 20% across a wide range of clerical and executive jobs. "People show up for work, but with the pain—not to mention frequent trips to the bathroom—they're just not very productive," says David Groves, vice president for corporate health management. Other companies' studies have assessed the impact of individual illnesses ranging from arthritis to allergies, often because they appear to be a problem in a particular workforce. [For a look at how seasonal allergies have impaired productivity at a number of companies, see the sidebar "The Stealth (ah...ah...) Enemy (ahh...) of Productivity (...chooooo!)."]

Some companies are trying to get a handle on the full array of illnesses affecting worker productivity. Lockheed Martin did a pilot study, involving 1,600 of its 25,000 workers, that examined the effects of more than two dozen chronic medical problems. Using a detailed questionnaire to assess how different illnesses affected workers' physical and mental ability to do their jobs, the company tenta-

Unlike absenteeism, presenteeism isn't always apparent. You know when someone doesn't show up for work, but you often can't tell when—or how much—illness or a medical condition hinders someone's performance.

tively identified how much each of the various conditions reduced productivity. (For a tabulation of the productivity costs of several health problems studied at Lockheed, see the exhibit “A Presenteeism Report Card.”)

An Emerging Field

Productivity, always an elusive concept, is particularly difficult to measure in today’s post-manufacturing, widget-sparse economy, in which so little of what we produce can be counted. So researchers have turned to questionnaires that ask employees whether they suffer from a medical problem and, if so, how much it impairs their performance. At least a half-dozen assessment tools are currently in use, each looking at reduced productivity from a slightly different perspective. One, de-

veloped by Buzz Stewart and used in the American Productivity Audit, asks workers how much productive work time they think they’ve lost because of medical problems. Another, developed by Ronald Kessler, a professor at Harvard Medical School, asks workers about their overall performance; it has been adopted by the World Health Organization and will also be used early next year in two large regional studies sponsored by business organizations in the midwestern and southeastern United States. A third, developed by Debra Lerner at Tufts, looks at several ways an illness can hurt an employee’s ability to function and how the combination will affect different jobs; it is used by a variety of academic researchers, pharmaceutical companies, and employers—including Lockheed, in the company’s pilot study.

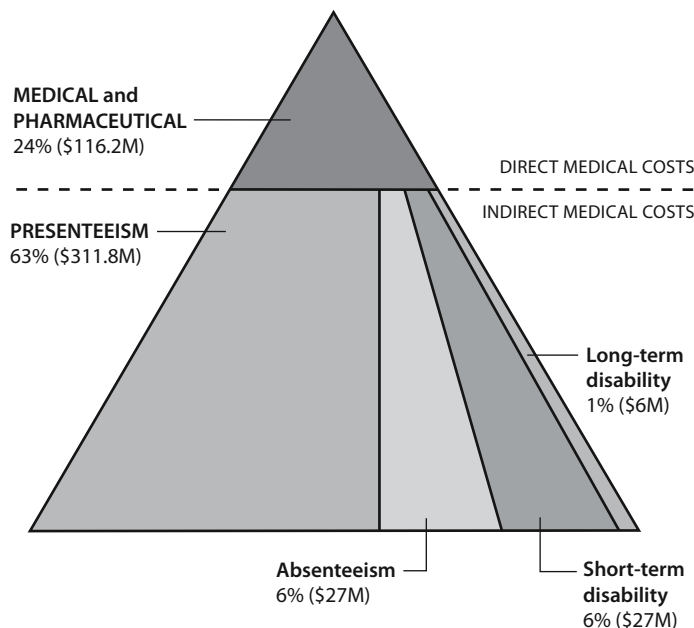
These and other research approaches have yielded quite different estimates of on-the-job productivity loss. According to a recent review of the research, such estimates range from less than 20% of a company’s total health-related costs to more than 60%.¹ Without a standard tool for measurement, “there is a lot of confusion about what we’re even measuring,” concedes Stewart. There are other soft spots in the research. For example, a relatively small decline in one person’s performance may have a ripple effect on, say, an entire team that falls behind schedule because the ailing member has to skip a meeting. And researchers continue to wrestle with such challenges as measuring the relative effects of individual ailments on productivity for workers who suffer from more than one medical problem.

Many executives—and even some academics in the field—are wary of using surveys to gather data on presenteeism and suspicious of the current substantial estimates of presenteeism’s costs. The skeptics include CFOs and benefits administrators, who are accustomed to citing, down to the penny, the amount a company spends on medical and pharmaceutical benefits. “There are naysayers,” admits Sean Sullivan, president of the Institute for Health and Productivity Management, an organization of large employers, health care providers, pharmaceutical companies, and others interested in the relationship between employee health and business results. “They say, ‘Show me the hard data.’ But in the modern economy, we’re simply going to run out of hard data.”

The Hidden Costs of Presenteeism

Many employers don’t realize it, but presenteeism—on-the-job productivity loss that’s illness related—may be far more expensive for companies than other health-related costs. Bank One concluded this a few years ago, when the company did a breakdown of its medical costs. In the diagram below, medical and pharmaceutical expenses are payments

made on employees’ claims for medical treatment and prescription drugs. Disability and absenteeism expenses are the compensation paid when employees are away from work. Presenteeism expenses, estimates based on employees’ salaries, are the dollars lost to illness-related reductions in productivity.



Source: Bank One

Figures are based on annual data for 2000. Workers’ compensation accounted for less than 1% of indirect medical costs.

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The Stealth (*ah...ah...*) Enemy (*ahh...*) of Productivity (*...chooooo!*)

It's a medical condition that doesn't show up on most employers' health care radar screens because it doesn't generate much in the way of claims data. Sufferers often take nonreimbursable, over-the-counter medications. Many don't seek outpatient medical treatment. Hardly any get admitted to a hospital for the ailment. Most significant, few stay home from work when it hits them.

Yet seasonal allergic rhinitis, colloquially known as hay fever, is generally considered by researchers to be a serious cause of presenteeism—the decline in on-the-job productivity attributable to workers' illnesses or medical conditions. Seasonal allergies have a large impact on a workforce's productivity not because they severely impair any one individual's performance but because they are so prevalent. Although estimates vary, the condition is thought to affect roughly 25% of the U.S. population during the spring and fall pollen seasons.

The negative impact of allergy symptoms—itchy nose, sneezing, congestion—on employees' performance has been documented in a variety of studies. In one, involving 630 service representatives at a

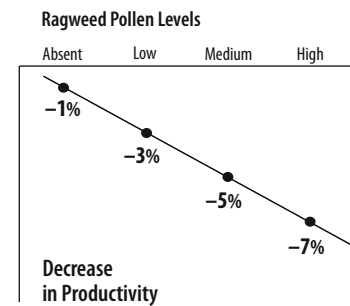
Bank One call center in Elgin, Illinois, allergy-related presenteeism was measured with such objective data as the amount of time workers spent on each call. During the peak ragweed pollen season, the allergy sufferers' productivity fell 7% below the productivity of coworkers without allergies; when ragweed wasn't posing a problem, the two groups' productivity levels were about the same. (See the exhibit "Pollen Count Up, Productivity Down.") "People don't have to be out sick for their work output to drop," says Wayne Burton, MD, who, as senior vice president and corporate medical director at Bank One, led the research. "Just having a runny nose can have an effect on productivity." In another study, involving more than 10,000 International Truck and Engine workers at six sites in the midwestern United States, self-reported productivity fell progressively on a number of fronts as the severity of allergy symptoms reported by workers increased. (See the exhibit "The Worse the Symptoms, the Greater the Loss.")

The prevalence of seasonal allergies can translate into a substantial aggregate loss in productivity. In a pilot study of the effect that 28 medical conditions had on presenteeism at Lockheed Martin, the cost of allergies and sinus trouble was estimated to total \$1.8 million across a workforce of 25,000. "It's a problem that people often don't think about," says Pamela Thomas, MD, the company's director of wellness and health. "It was an eye opener for me."

One focus of allergy research is determining how medication can alleviate the problem. In the Bank One study, employees with allergies who reported using no medication were 10% less productive than coworkers without allergies, while those using medications were only 3% less productive. In

Pollen Count Up, Productivity Down

The effect of ragweed pollen levels on Bank One call center workers with allergies



Source: Bank One

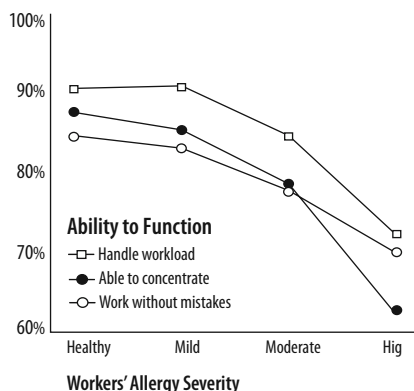
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most cases, nonsedating antihistamines are considered the medication of choice. Although relatively expensive and not effective for all allergy sufferers, so-called NSAs generally represent an advance over first-generation antihistamines, which can make people drowsy and impair cognitive and motor functions—and thus actually reduce productivity. (Both the Bank One and International Truck and Engine studies were funded by Schering-Plough, the maker of Claritin, a nonsedating allergy medication that became available over the counter in 2002.)

Researchers see potential to improve productivity by educating workers about appropriate medications and getting them to take the drugs that their doctors prescribe or recommend. The Bank One study found that nearly one-quarter of allergy sufferers didn't take any kind of allergy medication. It also concluded that covering the cost of nonsedating antihistamines for allergy sufferers (roughly \$18 a week, when drugs such as Claritin were sold by prescription) would be worthwhile, in light of the resulting gains in productivity (roughly \$36 a week, based on call center employees' wages and benefits, which averaged \$520 a week).

The Worse the Symptoms, the Greater the Loss

The relationship between allergy severity and worker functionality at International Truck and Engine



Source: International Truck and Engine

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Validating the Findings

Despite the skepticism—and even though the study of presenteeism is still young and the methods used to measure productivity loss are continually being reassessed—there have been some recent successes in firming up the research. These involve the validation of self-reported employee information, the kind of data most commonly used to gauge presenteeism. For example, workers' estimates of productivity loss drawn from the Stewart, Kessler, and Lerner questionnaires have been found to correlate with company-generated productivity data, including supervisor ratings and objective measures of employees' work output. A study involving 10,000 workers at International Truck and Engine focused on the possi-

bility that surveyed employees might be less than candid about their health and productivity. But the study found that employees' reports correlated with past instances of such verifiable productivity problems as absenteeism and accident-related disability—and with subsequent ones, which the employees presumably wouldn't have foreseen when they responded to the questionnaire.

Some of the strongest evidence of a link between self-reported presenteeism and actual productivity loss comes from several studies involving credit card call center employees at Bank One. There are a number of objective measures of a service representative's productivity, including the amount of time spent on each call, the amount of time between calls (when the employee is doing paperwork), and the amount of time the person is logged off the system. A study the company conducted in the late 1990s showed a relationship between workers with certain known illnesses (identified from earlier disability claims) and lower productivity scores. A more recent study, by academic researchers, compared the results from a presenteeism questionnaire with objective measures of call center workers' productivity. The employees' self-reports of diminished productivity because of health problems correlated strongly with the objective data. "We're getting to the point where, if objective data aren't available, which they usually aren't, we have a pretty good way to calculate the relationship between illness and on-the-job productivity," says Wayne N. Burton, MD, long-time senior vice president and corporate medical director at Bank One and, since the company's acquisition, medical director at JPMorgan Chase.

Ronald Kessler, the researcher at Harvard, notes that companies regularly make important business decisions based on subjective information, such as 360-degree performance evaluations and survey data that can be colored by respondents' bias or lack of candor. What's important, he says, is "not 100% accuracy but consistency" in the results over time.

Reducing Presenteeism

Whatever the shortcomings of current measurement tools and research, most people agree that presenteeism represents a problem for employers: When people don't feel good, they simply don't do their best work.

A Presenteeism Report Card

Lockheed Martin commissioned a pilot study in 2002 to assess the impact of 28 medical conditions—some serious, some relatively benign—on workers' productivity. Researchers from Tufts—New England Medical Center in Boston found that even employees with less severe conditions had impaired on-the-job performance, or presenteeism. The

table below lists several of the ailments studied; for each one, it includes estimates of prevalence, productivity loss, and annual cost to the company in lost productivity (this figure was based on the average Lockheed salary, roughly \$45,000). Together, the 28 conditions set the company back approximately \$34 million a year.

Condition	Prevalence	Average productivity loss	Aggregate annual loss
Migraine	12.0%	4.9%	\$434,385
Arthritis	19.7	5.9	865,530
Chronic lower-back pain (without leg pain)	21.3	5.5	858,825
Allergies or sinus trouble	59.8	4.1	1,809,945
Asthma	6.8	5.2	259,740
GERD (acid reflux disease)	15.2	5.2	582,660
Dermatitis or other skin condition	16.1	5.2	610,740
Flu in the past two weeks	17.5	4.7	607,005
Depression	13.9	7.6	786,600

Source: Debra Lerner, William H. Rogers, and Hong Chang, at Tufts—New England Medical Center

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It's one thing to show that there's a problem, though, and another to demonstrate that there's something you can do about it—and, if something *can* be done, that the benefits will justify the investment. A central aim of presenteeism research is to identify cost-effective measures a company can take to recover some, if not all, of the on-the-job productivity lost to employee illness.

The first step, clearly, is making your managers—and yourself—aware of the problem. Buzz Stewart recalls doing research in the late 1990s, when he was a professor of public health at Johns Hopkins University, on the impact of migraines on productivity. He was initially skeptical about the magnitude of his own findings. Then people at the university started telling him about how migraines affected their work. The big surprise, though, came several years later at a party, where he was chatting with the migraine study's project manager. She told him that about twice a month, she would close her office door as soon as she got to work, turn off the lights, and put her head on her desk. The problem: migraine headaches, of course. "Here I was, a 'national expert' on the subject," he says, "and I wasn't even aware of what was going on with my own staff."

The next step involves getting to know the particular health issues facing your employees. This might entail a formal study, but to begin with, you could simply look at your workforce with health issues in mind. Lerner, at Tufts University, puts it this way: "An employer might say, 'We're a company with a workforce of mostly women, and our profitability depends on excellent customer service. Women are more likely than men to suffer from depression, and depression can affect customer relations. So maybe we should be doing something about this.'"

Educating employees is also crucial. You may want to set up programs to ensure that illnesses aren't going undiagnosed because employees don't realize they have a problem or—as in Amy Farler's case—that illnesses aren't being misdiagnosed. Comerica's study of irritable bowel syndrome revealed that some employees had for years unsuccessfully sought help from as many as five or six doctors, who incorrectly diagnosed the condition; in a misguided effort to ease their pain, many workers had even undergone an exploratory appendectomy, hysterectomy, or other type of surgery.

It's also helpful to teach employees how to better manage their illnesses. A recent education program at Lockheed Martin for arthritis sufferers gave explanations of treatment options and advice on making physician visits more productive. Comerica sponsored a series of hour-long Lunch and Learn sessions led by a gastroenterologist, which focused on things employees can do, like changing their diet and reducing stress, to relieve the symptoms of irritable bowel syndrome. Such programs usually emphasize the importance of regularly taking one's medications.

These steps seem simple, but the challenge of improving health education is far from trivial, as findings from the International Truck and Engine allergy study highlight. The company had augmented its traditional ways of relaying information to employees (newsletters, brochures, and bulletin board displays) with Web pages and on-site consultations with allergists. But a follow-up study revealed that the interventions hadn't boosted the relatively small proportion of allergy sufferers—about 25%—who took the new generation of nonsteroid medications. "One-shot education isn't going to be effective," says consultant Harris Allen, who led the research with William

Rooting Out the Problem

If productivity suffers when employees come to work with chronic illnesses or medical conditions, why not try to avoid the predicament of presenteeism altogether by screening potential hires for even relatively minor chronic health problems? Well, for one thing, such screening may well be illegal: So long as a condition is recurring, it is probably covered by the Americans with Disabilities Act, according to Mark Kelman, an expert on discrimination law at Stanford Law School. For another, you may find yourself drastically reducing the size of your talent pool. "You wouldn't say, 'I won't hire people who get the flu,'" comments Ronald Kessler, a professor at Harvard Medical School. "Similarly, it wouldn't make much sense to say, 'I won't hire the 25% of people who have seasonal allergies.'"

In fact, addressing the problem after people are on the job by offering them treatment may be more effective than trying to preempt it before they are hired. Still, employees' concerns about disclosing chronic medical conditions can hinder your efforts to assess and respond to presenteeism. Employees may hesitate to participate in a presenteeism survey, even when assured that it will be administered by a third party and, therefore, will be confidential. To overcome this sort of reluctance, employers typically offer an incentive—a company T-shirt, say, or the chance to participate in a cash raffle. But the strongest incentive, according to researchers, is the belief among employees that your company cares about their well-being, a feeling fostered by high-profile wellness and employee assistance programs.

Bunn, MD, vice president of health, safety, and productivity at the company. “Even when potential benefits take the form of such low-hanging fruit as getting people to switch to a more effective medication, you need to overcome such motivational barriers as a reluctance to try something new or simple inertia.”

Spending to Save

Ultimately, improving productivity by improving employees' health takes more than relatively low-cost education programs. It requires paying for new or better medical treatment, whether medication for allergies, counseling for depression, or tests to determine the cause of chronic headaches. Certain medications—for example, those used to treat allergies, migraines, asthma, and depression—have been found to significantly improve productivity, according to a survey of recent research on the subject.²

So far, though, there have been only a few studies showing that productivity gains completely offset the direct cost of providing the medications. One such study looked at the effect of allergies on Bank One's call center service representatives and concluded that productivity improvements would indeed be more than worth the cost of providing the allergy medications. Even the more general findings—that productivity increases when workers with health problems take appropriate medications—suggest that a company's pharmacy costs should be viewed at least in part as an investment in workforce productivity. Take the case of Pitney-Bowes. In 2001, with the aim of cutting health care costs, the office technology company sharply reduced employees' co-payments for diabetes and asthma drugs. Subsequently, the direct costs of treating patients with those diseases fell by more than 10%, presumably because the employees took the more affordable drugs regularly. A likely additional benefit: reduced absenteeism and presenteeism. Conversely, a study by researchers from Harvard Medical School and pharmacy benefits manager Medco Health Solutions, published last December in the *New England Journal of Medicine*, found that patients faced with a steep increase in their co-payments may stop taking necessary medications—a problem that, through increased absenteeism or presenteeism, could wipe out a company's savings in di-

rect medical costs.

Hints such as these about the potential cost-effectiveness of investments in employee health are driving further research. The two forthcoming studies of companies in the Midwest and the Southeast, each involving several dozen organizations, will try to identify economic moves companies might make to stem health-related productivity losses. Another study, funded by the National Institute of Mental Health and involving 100,000 workers at a number of companies, including American Airlines and Northeast Utilities, is looking at whether depression-related presenteeism can be reduced cost-effectively through screening and outreach programs, access to inexpensive medication, and individual case management.

The poster child for a positive return on such investments is the flu shot. Numerous studies have shown that the cost of offering free shots is far outweighed by the savings realized through reductions in both absenteeism and presenteeism. There is also strong evidence that well-designed employee assistance programs (which offer counseling services for employees and their families), health risk assessments (which gather information from workers on conditions, such as high blood pressure, that may cause future health problems), and wellness programs (which promote healthy practices such as exercising and following a nutritious diet) more than pay for themselves by lowering companies' direct and indirect medical costs.

At the heart of programs like these is the belief that healthy employees are an asset meriting investment—that you may see a greater improvement in efficiency if you treat workers' asthma than if you install a new phone system.

Piece of a Larger Puzzle

Cost or investment? It's the question that underlies a slew of current research on the broad subject of “human capital.” Just as the expense of training is seen by many as an investment in a skilled workforce, the expense of medical care is viewed as an investment in a healthy workforce—one whose productivity isn't impaired by relatively minor but common medical problems. In both cases, improved business results are anticipated.

“Better management of employee health can lead to improved productivity, which can create a competitive business advantage,” says

Researchers have found that less time is lost from people staying home than from them showing up but not performing at full capacity.

Sean Sullivan of the Institute for Health and Productivity Management. In fact, he adds, investments to reduce presenteeism, because they are so rare, offer greater opportunities for getting ahead of the competition than investments in traditional areas such as training.

Standing in the way of these efforts, according to numerous researchers studying presenteeism, is the “benefits mentality” of many whose job it is to monitor and control corporate health care expenses. From this perspective, employees benefit from what the company spends on them rather than the company benefiting from what it invests in employees. (For a radical version of this view, see the sidebar “Rooting Out the Problem.”)

More than two centuries ago, Adam Smith noted in his *Wealth of Nations* that workers are less likely to work productively “when they are frequently sick than when they are generally in

good health...[Sickness] cannot fail to diminish the produce of their industry.” Smith’s words ring just as true today, as researchers attempt to document in detail how this commonsense notion plays out in companies and what managers can do in response.

1. See Ron Z. Goetzel, Stacey R. Long, Ronald J. Ozminkowski, Kevin Hawkins, Shaohung Wang, and Wendy Lynch, “Health, Absence, Disability, and Presenteeism Cost Estimates of Certain Physical and Mental Health Conditions Affecting U.S. Employers,” *Journal of Occupational and Environmental Medicine*, April 2004.

2. See Wayne N. Burton, Alan Morrison, and Albert I. Wertheimer, “Pharmaceuticals and Worker Productivity Loss: A Critical Review of the Literature,” *Journal of Occupational and Environmental Medicine*, June 2003.

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