

Presenteeism: The Hidden Costs of Business

By Daniel Sitter

(prez.un.TEE.iz.um) n

Presenteeism, a relatively unknown concept, is the complement of Absenteeism. It is defined as the measure of lost productivity cost due to employees actually showing up for work, but not being fully engaged and productive mainly because of personal health and life issue distractions. Currently, Presenteeism is estimated to be up to 7 ½ times more costly to employers than absenteeism. (1)

Statistically, Presenteeism rears its ugly head and shows itself for what it really is... a costly, somewhat unseen threat to employers. It is considered a threat because of its stealthy nature. The term itself is new, only recently added to our language. Considering the following alarming statistics, your business may be in danger.

- Presenteeism accounts for 61% of an employee's total lost productivity and medical costs. (4)
- Presenteeism costs employers an estimated \$2000/yr/employee. (10)
- Employees working at diminished capacity cost employers \$250 Billion/yr. (8)
- 42% of employees anticipate elder care issues over the next five years. (2)
- 37% of employees with current elder care issues have lost work time per week, a total of (11) hours/wk spent. (2)
- On average, employees spent about 8 hours over the previous two-weeks off work, related to giving care. Some of that was paid, such as sick leave or vacation time, and some was unpaid. (5)
- One of the most commonly requested resources from EAP's are legal services to cover estate planning, family law, divorce, real estate, bankruptcy and other non-workplace issues, accounting for 60-70% of all EAP requests from employees. (2)
- 64% of unscheduled absences are due to family issues 22%, personal needs 18%, an entitlement mentality 13% and stress 11%. (9)
- 30% of employees come to work at least 5 days when they are too distracted to be effective. 28% of workers took time off for care giving and 25% took at least 1 hour/day to deal with personal issues. (7)
- Costs of absenteeism have risen from \$610/employee/year in 2000 to an average of \$789 per employee in 2002. (6)
- Of all of the expenses related to absence, unscheduled time off has the biggest impact on productivity, profitability and morale. (9)
- 49% of employees lose productivity at a rate of 1 hour or more/day due to stress, 40% lose 1-2 days/yr, 37% lose 3-6 days/yr, and 23% lose more than 6 days/yr of productivity due to stress. 44% of employees come to work 1-4 days/yr when too stressed to be effective, 19% of employees come to work more than 6 days/yr when too stressed to be effective. (3)
- 68% of employees take frequent —stress breaks|| at work to talk with others. (7)

So, what can be done? Some will argue —Do nothing|| and it will work itself out, after all, these issues have been a part of employee/employer relations for years. While that may be somewhat true, the actual associated costs of Presenteeism are rising, usually without the conscious knowledge of the employer. Those —hide your head in the sand|| approaches to business operation usually spell d-o-o-m. Ignorance concerning any threatening, growing, unrealized operational problem will indeed be costly.

Potential Solutions: Employers must begin to encourage sick or distraught workers to stay home and get appropriate medical or professional attention before returning to work. Consider funding or partially funding an on-site day-care facility. There are many successful models to emulate. Consider expanding or modifying personal leave policies to better aid employees. Expand EAP programs to offer additional employee assistance in a wide range of emotional and family issues. This also has the unseen benefit of enhancing goodwill and demonstrating to employees that their employer cares about their concerns. While these actions may appear to be costly, they are actually an investment in your business.

Awareness is the key, the origin, the beginning of finding solutions. Study your operations in light of the previous statistics. Take actions to prepare for these inevitable situations and build their associated costs into your business model, rather than being caught by surprise at the end of the fiscal year with drastically reduced profit margins without a reasonable explanation. Smart business persons will become aware of the costs of Presenteeism and take action up-front to protect their business.

Bibliography and References:

1999 study by The Employers Health Coalition of Tampa, FL

Risk and Insurance, March, 2004

Business Legal Resources, April 24, 2003

New Cornell University study, published in April 2004 of the Journal of Occupational and Environmental Medicine. A study of 375,000 employees over a 3-year period

Recent BankOne survey of employees

Dee W. Edington PhD, Director, Univ. of Michigan Health Mgmt Research Center

Elevated Stress Levels Lead to Presenteeism, by Richard Chaifetz, CEO of ComPsych, provider of EAP programs

Bulletin to Management, 12/5/2002, BNA Professional Information Center

Braun Consulting News, 2003 CCH Unscheduled Absence, Business Insurance July, 2000, and the US

Bureau of Labor Statistics

Cigna Behavioral Health, April 26, 2004

Daniel Sitter is the author of the breakthrough e-book, Learning For Profit, the revolutionary —how-to book providing simple, step-by-step instructions to teach people exactly how to learn new skills faster than ever before. It is what the author calls a —skinny book, a new generation of e-book designed for busy people. Containing no —filler or fluff, it gets right to the point with no wasted time. It can be read easily and quickly on a computer, a PDA or printed for later reference.

Visit: <http://www.learningforprofit.com/> or contact the author directly.

This e-book is currently available from Cnet's download.com, the authors' web site and a variety of online book merchants.

Mr. Sitter is also a contributing writer for several online and traditional publications.

Article Source: http://EzineArticles.com/?expert=Daniel_Sitter