

# PRESENTEEISM



cid management



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## Introduction

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We've all been there. On waking in the morning, you realize you're not exactly feeling your usual self. Perhaps you have a touch of the flu, or you are suffering from a form of seasonal allergies, such as hay fever. You could have a headache or a bout of premenstrual syndrome (PMS). It would be really great if you could just stay home and pamper yourself. However, there is just too much work that needs to be done today so you don't feel that you can stay home or take a sick day. And, besides, it's nearly time for your annual performance review. Consequently, you simply can't afford to let work pile up on your desk and get behind.

Maybe the company is downsizing. You're afraid that if you don't go into the office you'll be one of the workers the company lets go. Whatever the reason, in spite of the fact that you don't feel up to the challenge, you make the effort to go to work anyway.

Even though you make the trip to work, you're not at the top of your game. You feel sluggish and lethargic. It's difficult to focus and you avoid doing anything that is taxing. Your work productivity suffers and, your supervisor makes a mental note of your lack of work output. Even your coworkers notice.

The above scenarios are known as presenteeism, defined as the practice of being at work while not feeling well. It doesn't have anything to do with malingering or workers who simply don't want to be at work. Presenteeism describes the loss of productivity from workers with legitimate health related problems, such as headaches, colds, and allergies.

The term presenteeism was actually coined in the 1990s by Professor Cary Cooper, Professor of Organizational Psychology and Health at Manchester University in the United Kingdom. Dr. Cooper used the term to describe overwork and feelings of job security that result from corporate downsizing and restructuring. He did not initially equate the term with going to work while sick. Presenteeism describes the loss of productivity from workers with legitimate health related problems, such as headaches, colds, and allergies. He stated that those individuals who consistently worked long hours would eventually become ill.

It is worth noting that, while presenteeism is usually defined as attending work while sick, there are other definitions and/or interpretations of the term. For example, Simpson (1998) states that presenteeism may be considered as "the tendency to stay at work beyond the time needed for effective performance at the job". And, Waldman (2011) makes a case that presenteeism is about being at work even when perfectly healthy but spending time doing other things. Examples that he uses are individuals who are at work but surfing the internet and/or talking on cell phones.

While the topic of absenteeism is relatively well understood and straight forward, presenteeism is not so easy to examine. The purpose of this paper is to look at the issue of presenteeism and its impact on the workplace and the costs of health care to employers.

# What are the causes of Presenteeism?

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There are numerous reasons that people don't go to work. Those reasons often have little, if anything, to do with how people feel and are often associated with a variety of factors including:

- how much work there is to do
- whether or not coworkers can get along without you
- how long it's been since the last absence
- what's happening at home or at work that day
- what is the work-group norm for sick days
- does the employer pay for sick days
- is there any sick leave accrued
- what kind of raise did you get last month
- how are you getting along with your spouse
- what does your horoscope say
- is it the first day of hunting season

According to the annual [CCH Survey of Unscheduled Absences](#) (Bonacum and Allen, 2007), only 34% were for personal illness. For more than two thirds of the individuals, absences were for; 1) family issues (22%), 2) personal needs (18%), 3) entitlement mentality (13%), and 4) stress (13%). With that in mind, other examples of Presenteeism are:

## **DUAL WAGE EARNERS**

As the world has changed, it is very typical to have both parents working. One aspect of this changing economy is the likelihood that one of the individuals will take on the role of caretaker. He or she may spend part of the day on the phone with the children's teacher, the soccer coach, or a grandparent / caretaker. In addition, the employee may be reluctant to take time off work for his/her own illness, anticipating that one of the kids or aging parents might also become sick and require assistance.

Those individuals who must care for young children and aging parents are part of the "sandwich generation". The resulting demands on employees place additional stresses on them, which may be carried over to the workplace.

## **EMPLOYER EXPECTATIONS ARE INCREASING**

As the economy has deteriorated and more people have become unemployed, employers understand that it is relatively easy to replace poor performing workers. The expectations on employee productivity have increased. Workers who are not feeling up to their best may therefore be reluctant to take time off work to recuperate. In fact, some employers actually punish their employees for taking sick days.

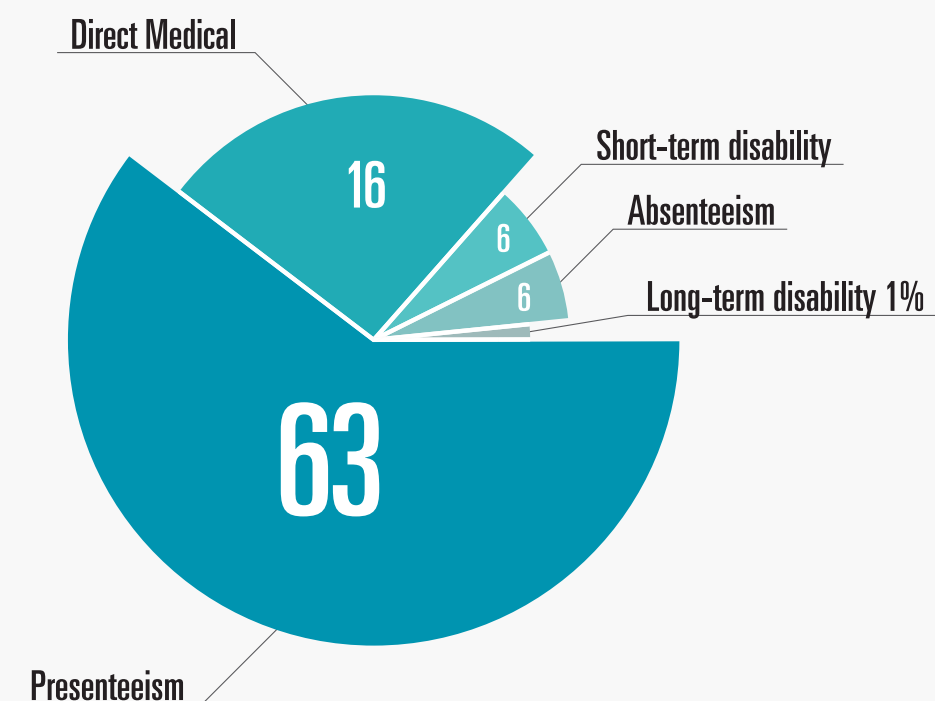
## **LITTLE OR NO PAID SICK DAYS**

Sometimes, workers simply cannot afford to take time off of work. A 2010 report by the United States Department of Labor, Bureau of Labor Statistics, stated that 39% of private industry employees did not have access to paid sick leave (BLS, 2010). The Families and Work Institute states that only 48% of low-wage employees are allowed any paid time off for personal illness (Bond, 2011). Companies that have no paid sick time actually encourage workers to report to work when they are ill. This may have a rebound effect with a result of increased illness in the workplace if an employee reports to work with flu. He or she is likely to infect co-workers and/or customers. This may be especially devastating in the case of a worker who handles food.

# What are the costs of Presenteeism?

Presenteeism is a costly, yet largely hidden, part of any business. While most businesses track the direct costs of health care, usually attributable to direct medical costs and prescription medication, the costs of presenteeism go largely unnoticed and untracked.

In a paper published in the Harvard Business Review, Hemp (2004) states that presenteeism may be a \$150 billion problem. The author refers to other articles in the Journal of the American Medical Association to support such an estimation. In the articles, it is stated that depression costs U.S. employers \$35 billion a year in reduced performance and that conditions associated with pain (i.e. arthritis, headaches, back pain) cost an additional \$47 billion. According to Hemp, Bank One (one of the larger financial corporations in the U.S.) took a look at its total medical costs. They found that direct medical and pharmaceutical costs amounted to \$116.2 million (24% of their health care expenditures). The remainder was attributed to indirect costs, including the costs of presenteeism, which they calculated at \$311.8 million. In this study, presenteeism amounted to 63% of total health care costs.



**Figure 1**  
The contributions to health care costs  
(adapted from Hemp, 2004)

Non life-threatening conditions which appear to be inconveniences cost American employers substantial sums of money. For example, seasonal allergic rhinitis, otherwise known as hay fever, can severely affect a workers' performance. This condition may affect as much as 25% of the U.S. population, and is particularly problematic during the spring and fall pollen seasons. It is estimated that 14.2% of the adult population of the U.S. has actually been diagnosed with the condition (Blais, 2007). The problem may affect as much as 42% of the population and direct costs may be as high as \$6 billion annually. It is suggested that indirect costs may actually be more problematic.

In a Japanese study of presenteeism, 91% stated that they did not lose any work time, but half of the individuals reported a 25% reduction in productivity due to not feeling well (Kakutani et al, 2005). A study in Spain stated that seasonal allergic conjunctivitis produced lower quality of life scores, which included lowered productivity at work. In addition, sufferers paid for their treatment, on average, 348.50 Euros (approx. \$493. US), mostly out of their own pockets (Smith et al, 2005).

A study in the Journal of Occupational and Environmental Medicine (Goetzel et al, 2004), looked at the medical and presenteeism costs. The authors estimated that the average economic burden of illness was highest for hypertension (\$392 per eligible employee per year), heart disease (\$368), depression and other mental illnesses (\$348), and arthritis (\$327). According to the study, the costs attributed to presenteeism were higher than the medical costs, and represented 18-60% of all costs. Schultz et al (2009) stated that the costs of presenteeism vary with the condition. In cases such as headaches and allergies, the costs of presenteeism are much larger than direct medical expenses, whereas in conditions such as heart disease, hypertension and cancer, medical costs exceed the costs of presenteeism. The writers note that the exact costs of presenteeism cannot be determined.

Lamb et al (2009) used the [Work Productivity Short Inventory \(WPSI\)](#) to look at 8267 workers at 47 different employer locations in the U.S. Allergic rhinitis was the most prevalent condition, and 55% of the employees reported experiencing some symptoms for an average of 52.5 days each year. They were only absent for 3.6 days per year due to the condition, and were unproductive 2.3 hours each workday when they were experiencing symptoms. The total costs, both of absenteeism and of presenteeism, were \$593 per year for each worker per year. Costs were slightly less for other conditions; \$518 for high stress, \$277 for migraines, \$248 for anxiety disorders, and \$181 for respiratory infections.

Goetzel (2003) states that, according to the WPSI, when workers were affected by allergic rhinitis, they experienced an average number of unproductive hours during a typical 8 hour day:

- depression - 2.2 hours
- anxiety - 2.2 hours
- high stress - 2.3 hours
- allergies - 2.8 hours
- arthritis - 3.2 hours
- high blood pressure - 3.4 hours
- migraine - 4.3 hours
- diabetes - 4.0 hours
- respiratory infection - 3.1 hours
- heart disease - 4.3

Unlike workers who are absent from the job, and stay at home or in the hospital, the impact of presenteeism is more difficult to calculate. In addition to the physical or emotional condition, workers are still at work, just not as productive.

# What are the pros and cons?

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Although the costs of presenteeism are extremely high, and account for a huge expenditure of valuable resources, there are reasons to consider allowing people time to work while not performing at their best. Take, for instance, the individual who is recovering from a work-related injury. The evidence is clear that the longer an individual is off work, the less likely s/he is to ever return to work. In as early as three months, the worker who is not back to work has only a 50% chance of ever returning.

It should also be recognized that an individual does not necessarily need to be pain free or to feel 100% to return to work. I once read the statement that, "You don't get workers well to get them back to work. You get them back to work to get them well." (Pimentel et al, 1987). It is worth noting that there is a tremendous incentive to have injured and/or ill workers stay at work or return as quickly as possible. This type of presenteeism should be placed in a different category.

One of the factors that must be considered is the lack of employer contributions to the cost of health care for individuals with many of these conditions. For example, the worker who gets a headache and takes over-the-counter analgesics is not likely to be reimbursed. The worker who gets seasonal allergies and takes anti-histamine likely pays for it him/herself. Even if s/he goes to the doctor, any copays come directly from the worker. The out of pocket expenses, therefore, are considerable.

## Steps to reduce problem

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The first step in resolving any problem is knowing that it exists. For many employers, the costs of absenteeism are well known but the costs of presenteeism are hidden. Many employers wrongly assume that, if the employee is at work, everything must be okay. For employers and employees alike, knowing that a problem exists is paramount to fixing the problem.

It is important that each employer understands the specific nature of the conditions that affect their employees. For example, back pain may not reduce the efficiency or productivity of a call center employee, but may have a devastating effect on the productivity of an assembly line worker. Likewise, seasonal allergies may not impact the assembly line worker nearly as much as the call center employee. Whatever the case, understanding the nature of conditions that employees are expected to work through is important.

Educating employees about their conditions may seem like a simple step but it may be one of the most important steps an employer can take. For example, a worker who suffers with periodic migraine headaches may not know about new medications that may be helpful. A person with seasonal allergies may not know that some medications are more likely to cause drowsiness.

The following are also suggested:

- as with educating employees about their conditions, it is also important to teach them how to better manage their illnesses.
- discourage the use of disciplinary action in an effort to reduce or control absenteeism. Although many employers use disciplinary action as an absence control program (91%), they are unwittingly encouraging presenteeism.
- develop a policy on presenteeism and educate workers on the policy.
- provide paid sick leave and paid time off for workers.
- offer employee health and wellness programs.

# Conclusion

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Unlike that of absenteeism, the impact of presenteeism is much more difficult to assess. It is easy to account for a worker who is simply not at his/her work station. It is far more problematic to account for any losses incurred by a worker who is at work but not really being productive. Whatever the situation, and regardless of how it is measured, it is clear that the costs of presenteeism, both to employers and to workers is sizable. In fact, for many common conditions, presenteeism is actually more costly than are direct costs of health care. For those individuals with a number of temporary, recurring, non-life threatening health problems such as allergies, headaches and gastrointestinal discomfort, the costs of presenteeism are substantial.

The costs to the employer may come in the form of lowered productivity, infection of coworkers and/or clients, and a general decline in work output. For affected employees, the costs incurred may include a number of out-of-pocket expenses (e.g. over-the-counter medications), increasing stress levels, and lowered self-esteem.

At this point, American industry has spent considerable money and expended numerous resources in an effort to combat on-the-job illnesses and injuries. As a result, the American workplace is safer and healthier than ever before. However, if American industry is to gain control of the sky-rocketing costs of health care, it must address the issue of presenteeism. Unfortunately, at this point, most companies do not even know that presenteeism is a problem.

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