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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.

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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 presenteeism 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. Depression 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.

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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, longtime senior vice president and corporate medical director at Bank One and, since the company's acquisition, medical director at JP-Morgan 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. 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 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

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.'"

Source: Bank One

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

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.

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.