

Presenteeism

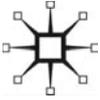
Presenteeism

The Invisible Cost to Organizations

Hesan Quazi

Nanyang Business School, Singapore

palgrave
macmillan



© Hesan Quazi 2013
Foreword © Wee Chow Hou 2013
Illustrations © Bulbul Ahmed 2013
Softcover reprint of the hardcover 1st edition 2013 978-1-137-27566-0

All rights reserved. No reproduction, copy or transmission of this publication may be made without written permission.

No portion of this publication may be reproduced, copied or transmitted save with written permission or in accordance with the provisions of the Copyright, Designs and Patents Act 1988, or under the terms of any licence permitting limited copying issued by the Copyright Licensing Agency, Saffron House, 6–10 Kirby Street, London EC1N 8TS.

Any person who does any unauthorized act in relation to this publication may be liable to criminal prosecution and civil claims for damages.

The author has asserted his right to be identified as the author of this work in accordance with the Copyright, Designs and Patents Act 1988.

First published 2013 by
PALGRAVE MACMILLAN

Palgrave Macmillan in the UK is an imprint of Macmillan Publishers Limited, registered in England, company number 785998, of Houndmills, Basingstoke, Hampshire RG21 6XS.

Palgrave Macmillan in the US is a division of St Martin's Press LLC, 175 Fifth Avenue, New York, NY 10010.

Palgrave Macmillan is the global academic imprint of the above companies and has companies and representatives throughout the world.

Palgrave® and Macmillan® are registered trademarks in the United States, the United Kingdom, Europe and other countries.

ISBN 978-1-349-44631-5 ISBN 978-1-137-27567-7 (eBook)
DOI 10.1057/9781137275677

This book is printed on paper suitable for recycling and made from fully managed and sustained forest sources. Logging, pulping and manufacturing processes are expected to conform to the environmental regulations of the country of origin.

A catalogue record for this book is available from the British Library.

A catalog record for this book is available from the Library of Congress.

*In memory of my beloved parents and the respected sister
Mrs Hamida Ahmed*

This Page Intentionally Left Blank

Contents

<i>List of Illustrations</i>	xiii
<i>Foreword</i>	xvi
Wee Chow Hou	
<i>Acknowledgements</i>	xix
1 Introduction	1
2 Presenteeism: A Costly Affair for Employers	7
2.1 What is presenteeism?	7
2.2 Sickness presenteeism	9
2.3 Consequences of sickness presenteeism	10
2.3.1 Consequences of sickness presenteeism in the United States	10
2.3.2 Consequences of sickness presenteeism in countries other than United States	15
2.4 Non-sickness presenteeism	19
2.4.1 Personal financial difficulties and presenteeism	19
2.4.2 Family issues	21
2.4.3 Obesity and presenteeism	21
2.4.4 Emotional exhaustion and presenteeism	25
2.5 Summary	25
Notes	26
References	27
3 Absenteeism and Presenteeism	31
3.1 Research findings	32
3.1.1 Organizational pay policy and absenteeism	32
3.1.2 Wage level, relative wage and job position and absenteeism	32
3.1.3 Substitution of absenteeism by presenteeism	32
3.1.4 Employee race, diversity and absenteeism	33
3.1.5 Absenteeism in Nordic countries	33
3.1.6 National culture and absenteeism	33
3.1.7 Obesity and absenteeism	34
3.1.8 Findings from other studies	35

3.2	Chartered Institute of Personnel and Development (CIPD) survey results	36
3.2.1	CIPD studies on sickness-related absence and associated costs	36
3.2.2	Absence rate and the cost of absence	37
3.2.3	Managing absence	38
3.2.4	Impact of health-promotion programme on absences	40
3.3	Summary	41
	Notes	41
	References	42
4	Why Do People Go To Work Even When Unwell?	45
4.1	Introduction	45
4.2	Reasons for going to work while sick	45
4.2.1	Work environment	45
4.2.2	Time pressure	47
4.2.3	Employment conditions	47
4.2.4	Psychological issues	48
4.2.5	Evidence from other empirical studies	48
4.2.6	Stress	51
4.2.7	Depression	51
4.3	Long working hours and their possible impact on employee health and performance	52
4.3.1	Reasons for long work hours	52
4.3.2	Primary motives for spending long hours at work	52
4.3.3	Employee motives for working long hours	53
4.3.4	Long working hours and risk of heart attack	53
4.3.5	Long working hours and risk of depression	53
4.4	Working-hours trend in a selected number of countries	54
4.5	Working hours in 'extreme jobs'	55
4.6	Effects of long work hours on health	56
4.7	Summary	57
	Notes	57
	References	57
5	Nature and Extent of Presenteeism in Singapore	61
5.1	Cost of presenteeism to organizations in Singapore: lost productivity by male and female employees	61
5.2	Why do employees go to work despite being sick?	62

5.2.1	Work environment	62
5.2.2	Time pressure	63
5.2.3	Employment conditions	63
5.2.4	Psychological issues	64
5.3	Economic impact of presenteeism	64
5.4	Productivity loss due to sickness presenteeism	64
5.5	Hypotheses	65
5.5.1	Work-related factors and sickness presenteeism	65
5.5.2	Overall work effectiveness and sickness presenteeism	66
5.5.3	Gender differences and sickness presenteeism	66
5.6	Methodology	66
5.7	Descriptive statistics of the sample	67
5.7.1	Demographics	67
5.7.2	Sickness presenteeism	68
5.7.3	Work environment	68
5.7.4	Reasons for going to work unwell	68
5.7.5	Health conditions with which respondents went to work during last three months	68
5.7.6	Effects of health conditions on work performance	69
5.7.7	Difficulties experienced while at work despite being sick	69
5.7.8	Work performance during the last three months	70
5.8	Test of hypotheses	70
5.9	Cost of sickness presenteeism to organizations	71
5.9.1	Overall sickness presenteeism exhibited by employees	71
5.9.2	Cost of sickness presenteeism to organizations	71
5.10	Discussions	74
5.11	Conclusions and implications	75
Appendix 5.1	Presenteeism survey in Singapore: Questionnaire	77
	Notes	85
	References	85
6	Impact of Chronic and Non-Chronic Health Conditions on Presenteeism: A Study in Singapore	88
6.1	Introduction	88

6.1.1	Psychological factors	88
6.1.2	Economic impact of presenteeism	89
6.1.3	Common SP conditions – classifications and impact	89
6.2	Hypotheses	90
6.3	Methodology	92
6.3.1	Sample	92
6.3.2	Survey measures	92
Appendix 6.1	The general health climate and employees’ attitude towards health management survey set	93
6.4	Descriptive statistics	98
6.4.1	Respondents’ demographics	98
6.4.2	Survey results	98
6.4.3	Results of tests of hypotheses	99
6.5	Cost of sickness presenteeism to organizations	100
6.6	Extent of sickness presenteeism in Singapore as compared to a few selected studies	102
6.7	Sickness presenteeism experienced by managerial and non-managerial employees	103
6.7.1	Sickness presenteeism reported by managerial employees	103
6.7.2	Sickness presenteeism reported by non-managerial employees	103
6.8	Cost of sickness presenteeism to organization	104
6.8.1	Total annual labour cost per employee	104
6.8.2	Cost of sickness presenteeism	104
6.8.3	Cost of sickness presenteeism in Singapore: summary	104
6.9	Summary and discussions	106
6.10	Conclusions and implications	109
Notes		110
References		111
7	Why Do Employees Go to Work Despite Being Sick? An Exploratory Study in Singapore	114
7.1	Literature review and hypothesis formation	114
7.2	Work-related factors	115
7.2.1	Job-related factors	115
7.2.2	Work-related factors: organizational culture and work environment	117

7.2.3	Personal factors	119
7.2.4	Moderating relationships	120
7.3	Summary of the hypotheses developed for testing	121
7.3.1	Job-related issues	121
7.3.2	Organizational culture and work environment related issues	121
7.3.3	Personal factors	121
7.3.4	Moderating hypotheses	121
7.4	Methodology	121
7.5	Descriptive statistics	122
7.5.1	Demographics	122
7.5.2	Survey results	122
7.5.3	Frequency analysis of presenteeism levels by different categorizations	124
7.6	Results	125
7.7	Discussions	126
7.8	Conclusions and implications	127
Appendix 7.1	Why do employees go to work despite being sick? survey questionnaire	129
References		140
8	How Should Presenteeism Behaviour Be Managed?	144
8.1	Introduction	144
8.2	Strategies to manage presenteeism behaviour	145
8.3	Research, case studies and survey findings	148
8.3.1	Evaluation of impact of health on employee outcomes and the return on well-being investments	149
8.3.2	Possible ways to reduce presenteeism	153
8.3.3	Models on employee 'well-being'	155
8.3.4	Research findings: return on investment	156
8.3.5	Survey results	156
8.3.6	Total rewards and employee well-being survey: WorldatWork	157
8.4	Summary	159
Notes		161
References		162
9	Measuring the Costs of Presenteeism	164
9.1	Introduction	164

9.2	The work impairment measurement instruments	164
9.2.1	Migraine Work Productivity Loss Questionnaire (MWPLQ)	165
9.2.2	World Health Organization's Health and Work Performance Questionnaire (HPQ)	166
9.2.3	Work Productivity and Activity Impairment (WPAI) Questionnaire	166
9.2.4	The Work Limitations Questionnaire (WLQ)	167
9.2.5	Health Limitation Questionnaire (HLQ)	167
9.2.6	The Work Productivity Short Inventory (WPSI)	168
9.2.7	American Productivity Audit (APA)	168
9.2.8	Stanford Presenteeism Scale (SPS-6)	168
9.2.9	Health at Work Survey (WHS)	169
9.3	Designing questionnaires and collecting data	169
9.4	Data analysis	169
9.5	Computing the costs of presenteeism	170
9.6	Computations of 'on-the-job productivity loss' due to chronic and acute health conditions	173
9.7	How to customize your own instrument	173
9.8	Discussions	174
	Notes	175
	References	175
10	Summary and Discussions	178
10.1	Introduction	178
10.2	Research findings	179
10.2.1	Case Study 1: Northern Food's 'Fit4Life' Campaign	180
10.2.2	Case Study 2: managing changes at Leeds University, UK	182
10.2.3	Case Study 3: Workwell in action: how the company is working fitter	182
10.2.4	Guidelines for managers	183
10.2.5	Savings from investments in presenteeism	185
10.3	Conclusion	186
	References	187
	<i>Index</i>	189

List of Illustrations

Figures

1.1	Conceptual framework	3
2.1	Types of presenteeism	9
4.1	The Octopus model	46
5.1	Hours affected due to health conditions during the past three months	70
6.1	Percentage of eligible work time lost due to sickness presenteeism by health conditions	101
7.1	Levels of presenteeism reported by the respondents	123
7.2	Number of hours missed due to primary health condition	125
7.3	Productivity loss of respondents who went to work ill 'frequently/always'	125
7.4	Presenteeism level by employment sector	126
8.1	Strategies to manage presenteeism	146
8.2	Components of wellness programme as conceptualized by WorldatWork	158

Sketches by Bulbul Ahmed

2.1	Employee has flu, sneezing and infecting others	8
2.2	Employee returns to work after an accident	11
2.3	Employee is too sick to work	12
2.4	Employee is affected by depression	13
2.5	Employee worries about the sick child at home	16
2.6	Employee is sick and tired	21
8.1	Employee training on presenteeism	153

Tables

2.1	Productivity losses due to different health conditions	14
2.2	Estimated costs of lost productivity due to sickness presenteeism	18

2.3	Summary of consequences of sickness presenteeism reported in various studies excluding the United States	23
4.1	Comparative statistics on worked hours in selected countries, 1980–2006	56
5.1	Top five effects of health conditions on work performance	69
5.2	Top five difficulties experienced at work due to health conditions	69
5.3	Annual labour cost per employee, by industry and cost component, 2005	71
5.4	Average benefits for each salary range	72
5.5	Total benefits for each salary range and age group	73
5.6	Cost of sickness presenteeism to organizations	73
6.1	Comparison of common diseases between Australia and Singapore	90
6.2	List of health conditions examined	91
6.3	Comparison of productivity loss due to sickness presenteeism	102
6.4	Computations of annual labour cost per employee, 2009	105
6.5	Sample computation of annual labour cost by employee based on salary range and age bracket	106
7.1	Medical conditions and their association with sickness presenteeism (in per cent of respondents)	124
9.1	Sample on annual labour cost per employee, by industry and major cost component	171
9.2	Sample on average benefits for each salary range (Singapore)	171
9.3	Sample on cost of sickness presenteeism to organizations	172

Boxes

2.1	'Presenteeism' as defined by scholars	7
2.2	Selected list of interesting publication titles on presenteeism	8
2.3	Health conditions commonly included in presenteeism studies	10
4.1	NFID survey result	47

4.2	Findings from Finnish studies	47
4.3	Findings from NFID survey	48
4.4	Findings from NFID survey	48
4.5	Reasons for going to work sick	50
8.1	Innovations award for the state of Nebraska	144
8.2	An example of a collaborative partnership among the major stakeholders	146
8.3	Importance of a strategic approach	147
8.4	Intervention steps to build wellness and to improve business productivity	147
8.5	Impact of wellness program on business: an example	148
8.6	Abridged version of the steps to follow while analysing the impact of health on performance	150
8.7	Steps in integrated approach in combating presenteeism	151
8.8	Effective approach to tackling presenteeism	152
8.9	Case study on financial-service company	153
8.10	International Truck and Engine Corporation: outcomes of the wellness programme	154
10.1	Northern Foods 'Fit4Life' campaign	181
10.2	Workwell model and employee well-being	183

Foreword

It is very refreshing that Hesan's book addresses the emerging concept called *presenteeism*. Presenteeism has been viewed from two different angles: (a) the practice of coming to work despite illness, injury, anxiety and so on, which results in reduced productivity (called 'sickness presenteeism'), and (b) the practice of working long hours without the real need to do so (called 'non-sickness presenteeism').

Literature indicates that presenteeism is an emerging issue in organizations as it involves one of the biggest drains on employee productivity. Hesan's book explores the phenomenon of *sickness presenteeism* and its impact on employees' productivity and work-related conditions. More significantly, Hesan highlights the importance of strategic approaches to managing presenteeism.

In recent decades, studies have revealed a high prevalence of sickness presenteeism among employees. Such employee behaviour hurts output, quality of work-life and employee health. Unlike absenteeism, sickness presenteeism among employees is not always noticeable.

Past studies reported that such employee behaviour costs U.S. companies over USD150 billion a year, Australian businesses AUD25 billion a year, and Singapore businesses around SGD3.7 billion a year. Some of the common health conditions that have been studied by researchers include allergy/flu, asthma, diabetes, hypertension, arthritis, back, neck and spinal problems, migraine headache and a few others. However, most of these studies have been conducted in Western societies which do not accurately reflect the prevalence of sickness presenteeism in other regions and countries in the world. Considering the huge drain of lost productive hours due to presenteeism, this book titled *Presenteeism: The Invisible Costs to Employers* by Hesan is indeed an appropriate and timely contribution to the present stock of knowledge.

In this book, Hesan reports on the outcomes of the three empirical studies on presenteeism in Singapore. In the first study, he examined the nature and extent of presenteeism in organizations operating in Singapore (Chapter 5). In the second study, Hesan and his associates examined the extent of lost productivity due to 'chronic' and 'acute'

health conditions. It also examined the productivity losses due to presenteeism by managerial and non-managerial employees in Singapore (Chapter 6). The third study explored in depth the reasons for employees' going to work despite being sick. From the studies conducted in Singapore it was found that sickness presenteeism is also prevalent among working adults in this country.

Hesan also discusses the issue of obesity and presenteeism. Experts suggest that obese employees lose productive time and argue that obesity causes or aggravates many health problems, both independently and in association with other diseases. They also concluded that human obesity has serious consequences on health, including increased risk of depression, non-insulin dependent diabetes mellitus, cancer, rheumatoid and osteoarthritis, hypertension and heart disease. Furthermore, literature indicates that obese workers tend to incur greater productivity losses than non-obese co-workers. Another issue that the author raises is the association of employees' financial and other non-sickness related difficulties with presenteeism.

From the literature it has been noted that workers are more likely to go to work ill during economic downturns for job security, financial reasons, work environment, time pressure, and various other reasons. Presenteeism may also occur when there is shortage of skilled labour of specific types in the market.

In the third study, the authors found that a number of work-related factors (for example, work environment, stress, time pressure, depression, employment conditions, sense of duty, long working hour culture and psychological issues) were likely to influence the decision of employees going to work even when they were sick. It was also noted that some of the findings from the studies in Singapore were similar to those conducted in other countries.

Reduction of lost productive time due to sickness presenteeism has become important in both public health and business perspectives. In order to reduce presenteeism, employers may consider adapting certain strategies for their organizations. In Chapter 8 of the book, the author discusses in some details a number of options that employers may consider in trying to manage presenteeism, including health awareness programs, subsidies for general health screening, and counselling for employees. It is to be noted that the benefits of reducing sickness presenteeism are mutual where employees can balance their health and work better, whereas employers benefit

through reduced productivity losses and lower costs incurred by sickness presenteeism. If such goals are achieved, it could ultimately result in the creation of a healthy and competitive workforce, and a healthy working environment that contributes to the development of a strong foundation for organizational performance.

In conclusion, I highly commend Hesan for writing a very well-researched and thought-provoking book that is both timely and appropriate, especially at a time when many companies in Singapore and the rest of Asia are very concerned with workforce productivity. His findings and suggestions are indeed very valuable, and I strongly recommend this book to all employers and human resource directors. It opens up a new and insightful perspective on how a company should manage its workforce in order to achieve sustainable and greater productivity.

Wee Chow Hou (C.H. Wee), PhD, BBM, PPA
Professor of Strategy and Marketing
Head, Division of Marketing and International Business
Senior Fellow, Institute on Asian Consumer Insight
(Former Head, Division of Strategy, Management and
Organization)
Nanyang Business School, Nanyang Technological University
Former Dean (1990–1999), Faculty of Business Administration and
Former Director (1990–1999), Graduate School of Business
National University of Singapore

Acknowledgements

I would like to express my gratitude to my beloved wife for her support and understanding during the past six months while I was extremely busy writing the book. I would also like to express my gratitude to my children and their spouses Habib, Farah, Nazia and Saidur for their encouragement and moral support.

Special thanks are due to Professor Wee Chow Hou, Head, Division of Marketing and International Business, Nanyang Business School, Nanyang Technological University, for writing the Foreword.

I would like to thank my division head, Professor Ang Soon, for her support and encouragement in completing the book.

Thanks are due to my research students, Amanda Lam, Ong Wan, Tan Rui Zhi, Kenneth for their contribution in completing the first-ever empirical research on presenteeism in Singapore. I would also like to thank the Nanyang Business School for granting research fund (RCC# 21, 2006) for this and another research project.

I would also like to thank Guo SiSi, Jacqueline, Tan Hong Siang and Tan Hong Ching for completing the second study on presenteeism in Singapore. Thanks are also due to Yeo Ciau-Er, Chang Hua Lin and Phua Wei Zheng, Justin for completing the third study on presenteeism. I am very grateful to these six former students for agreeing to share part of their research output to be included in this book.

I am very grateful to Alice Liu for her time in finalizing the manuscript for submission, without which it would not have been possible to finish the book on time. Last but not the least, I would also like express my thanks to Nicholas Yap for editing the manuscript and Bulbul Ahmed for preparing the sketches for the book.