watsonwyatt.com

# Staying@Work: Effective Presence at Work

**2007**

Survey Report

Canada

Watson Wyatt Worldwide

# Staying@Work: Effective Presence at Work
# 2007 Survey Report: Canada

## Table of Contents

Executive Summary . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . 2

Diagnosing the Health of Canadian Organizations . . . . . . . . . . . 4

Signs of Health? . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . 6

Prescription for Improvement . . . . . . . . . . . . . . . . . . . . . . . . . . . . 13

Conclusion. . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . 16

Endnotes . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . 16

## Featured Figures

Figure 1: Participating Organizations by Industry Sector . . . . . 4

Figure 2: Scoring Participating Organizations Against the H&P Framework. . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . 4

Figure 3: H&P Matrix Shows Low Score for Respondents . . . 5

Figure 4: Program Costs as a Percentage of Payroll – 1997 to 2007. . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . 6

Figure 5: Most Frequent Disabling Conditions Identified by Respondents. . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . 7

Figure 6: Effectiveness of Top Five H&P Practices. . . . . . . . . . . 9

## Executive Summary

There is more to achieving a healthy organization than reducing its disability claims costs. An **integrated approach** to tracking, measuring and addressing the **key determinants** of workforce and organizational health is necessary to achieve and maintain a **healthy organization.**

Findings from this year's Staying@Work study reveal that absenteeism, disability and other health-related matters are costing the average participating organization millions each year in benefit payouts and lost productivity. However, while many organizations are tracking and seeking to control the direct cost of these issues, they are generally not tracking the indirect costs, particularly productivity losses due to illness/disability. Despite the impact that workforce productivity has on profitability, this issue is often overlooked when organizations calculate the cost of employee absences and the value of health and productivity (H&P) policies designed to improve employee effectiveness.

### Key Findings

- The results suggest that organizations whose practices were measured against the H&P Scorecard can considerably improve their overall health, which will position them to compete more effectively in the global marketplace. Organizations can use the results to benchmark themselves, to determine the appropriate interventions to improve their workforce health and to track improvement.

- Although STD and LTD claims costs are declining as a percentage of payroll, the average participating organization is still spending more than $10.5 million a year in total absence claims. Almost $2.4 million of this relates to casual absences, a phenomenon that many respondents are just beginning to track, but one that can have a large impact on organizational health and productivity.

- Respondents are willing to commit time, effort and money to H&P programs, but they are unclear whether those programs are controlling health care costs or improving employee health, satisfaction and productivity. This is not surprising, given that relatively few respondents have measures in place to track the impact of H&P programs.

- Presenteeism is a growing problem, although there is a disconnect between what respondents think their employees are doing and what is actually taking place. While 85 percent of respondents believe that ill employees stay home, data from Watson Wyatt's 2007 WorkCanada™ Study reveals that only 44 percent of employees reportedly cut back on their work when they are physically sick or mentally unwell. This means that many employees are present at work, even though they are unable to perform at capacity.

- Stigma is considered a significant barrier to employees seeking early or appropriate medical treatment of mental health conditions, to potential employees seeking work, and to employers hiring workers who may have such conditions. However, despite the high percentage of mental health claims, less than 20 percent of respondents say the stigma associated with mental illness is a priority they need to address. And even though most organizations plan to take steps to address stigma, 26 percent of respondents say they lack knowledge of how to deal with it appropriately.

## Glossary

**Casual absence:** Any unscheduled employee absence that does not fall under a company leave policy, and for which medical certification is not required.

**Direct costs:** The benefit amounts (or premiums) paid and administrative costs for disability benefit plans. Cost is expressed as a percentage of payroll over a given period of time.

**Indirect costs:** Any disability costs not paid directly to employees in cash or in kind, but incurred as a result of employee illness or injury. These costs can include overtime, lost productivity, replacement employees and other expenses associated with replacing resources. Cost is expressed as a percentage of payroll over a given period of time.

**Long-term disability (LTD):** Programs that provide partial replacement income to employees who are absent from work for long periods of time due to illness or injury (typically, until the earlier of recovery, retirement or death). LTD benefits are generally coordinated with disability replacement income from social programs, such as the Canada Pension Plan, the Quebec Pension Plan and provincial workers' compensation programs.

**Organizational health:** The measurement of the effectiveness of an organization's leadership and HR practices that might affect its employees' health and engagement. Organizational health practices fall under broad categories of alignment, capability building, providing resources and motivating the workforce.

**Presenteeism:** Employees' being on the job but not fully productive for physical or mental reasons – the measurement of lost productivity at work. The term was coined by Professor Cary Cooper, a psychologist specializing in organizational management at Manchester University.

**Primary sector:** Companies and industries involved in the collection and processing of natural resources. Examples include forestry, mining and agriculture.

**Productivity:** Employee production per unit of effort, such as revenue per base pay or revenue per full-time employee.

**Secondary sector:** Companies and industries involved in the manufacture of finished goods. Examples include energy utilities, construction and aerospace.

**Short-term disability (STD):** Programs that replace all or part of an employee's income during the initial period of disability. Programs provide replacement income benefits up to a specified maximum period, which is seldom longer than one year. For the purposes of this study, this category includes all disability income replacement programs (including sick leave) other than LTD and workers' compensation programs.

**Total turnover rate (TTR):** The percentage of the employee population that leaves an organization over a 12-month period, both voluntarily and involuntarily (e.g., because of retirement, death, performance or administrative or organizational change).

**Workers' compensation (WC):** Provincial programs that pay for medical treatment, lost wages, death benefits and other related expenses associated with an injury or disease arising from employment.

**Workforce health:** The measurement of the effectiveness of an organization's health care practices and programs in maintaining the psychological and physical health of its workforce, including health and safety, wellness programs, disease management, attendance and disability management, and benefit plan administration.

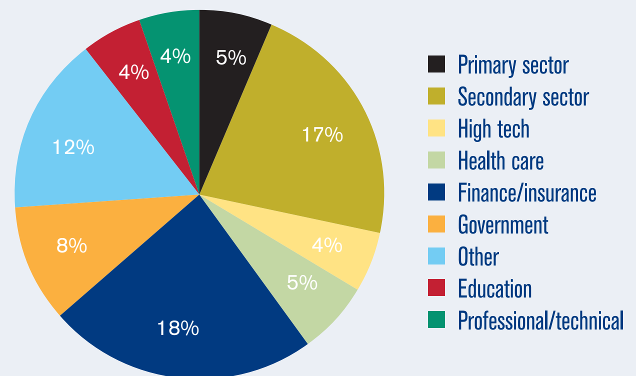
## About The Survey

The 2007 edition of Staying@Work Canada was conducted by Watson Wyatt Worldwide to review employer programs and report on respondents' well-being. The study involved 78 Canadian organizations representing more than 464,000 full-time Canadian employees in all major industry sectors.

### Profile of the participating organization

| | |
|---|---|
| Total payroll | $198 million |
| Number of full-time employees | 5,954 |
| Average employee age | 42 years |
| Unionized level | 23% |
| Turnover rate | 12% |

Figure 1 | Participating Organizations by Industry Sector




## Diagnosing the Health of Canadian Organizations

The 2007 Staying@Work survey uses Watson Wyatt's H&P Scorecard to diagnose the health of responding organizations. The Scorecard is based on questions formulated from a body of research demonstrating an inextricable link between an organization's overall health and that of its workforce[1], and the belief that tracking and managing both aspects will pay dividends in the form of the organization's success. The Scorecard measures the effectiveness of respondents' HR policies and health care policies and practices that affect the productivity of their workforce.

A healthy organization is one that has established a balance between organizational health practices and workforce health practices. Its workforce is engaged, productive and healthy. The optimal balance between these two factors is unique to each organization, reflecting the distinctive attributes of its industry, business plan, HR strategy and workforce composition.

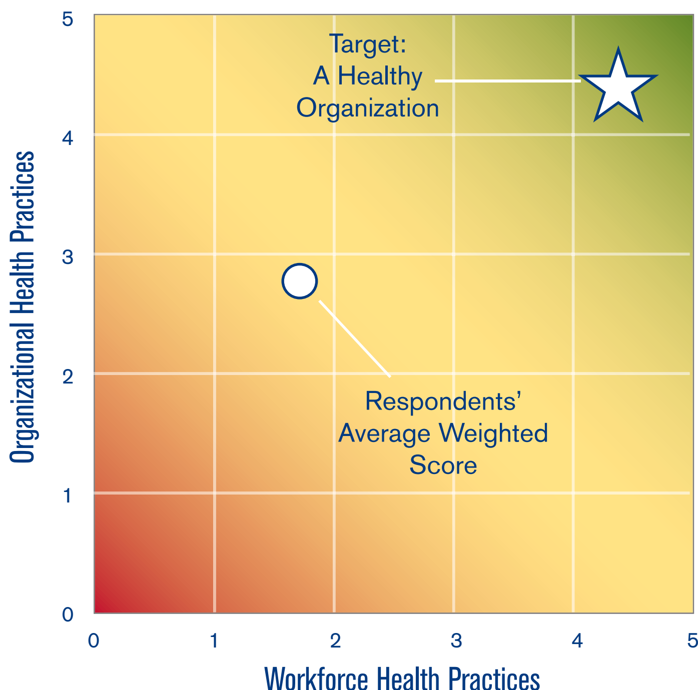
The Scorecard results show that the 2007 Staying@Work survey participants have room for improvement in six of the seven categories (see Figure 2). Figure 3 positions that score on the H&P Matrix, which tells us where a "healthy" organization should be. These results suggest that organizations can considerably improve their overall health, which will position them to compete more effectively in the global marketplace.

Figure 2 | Scoring Participating Organizations Against the H&P Framework

| Organizational Health Practices | Score | Workforce Health Practices | Score |
|---|---|---|---|
| Leadership | 2.76 | Prevention | 1.45 |
| Skills | 1.98 | Plan Administration | 1.42 |
| Tools | 2.54 | Total Absence Management | 2.31 |
| Motivation | 3.23 | | |
| Overall Score | 2.63 | Overall Score | 1.73 |

These results can be used to help an organization benchmark itself and determine the appropriate interventions it can take to improve its score. The results also provide organizations with the means to track their improvement.

Figure 3 | H&P Matrix Shows Low Score for Respondents




## H&P Scorecard: A Note About Methodology

The H&P Scorecard, developed by Watson Wyatt Worldwide, is based on a series of questions designed to determine the effectiveness of organizational and workforce health practices in relation to seven categories:

### Organizational Health Practices

- *Leadership:* strategic communication and role clarity
- *Skills:* learning and application of knowledge
- *Tools:* workload and work facilitation
- *Motivation:* monetary/non-monetary rewards, performance management, job opportunities, culture and management

### Workforce Health Practices

- *Prevention:* health and safety, health risk assessment, health management, disease management, presenteeism, conflict management, workplace harassment and violence prevention
- *Plan Administration:* vendor management, plan design and financial management
- *Total Absence Management:* attendance management, integrated disability management (IDM), program administration, claims management, case management, return-to-work measures and management

Based on the answers provided, an organization is given a score of between 0 and 5 for each metric, with a 0 indicating no practices in place and a 5 indicating best practices in place. Overall scores represent the average of the individual respondents' scores "weighted" within each category.

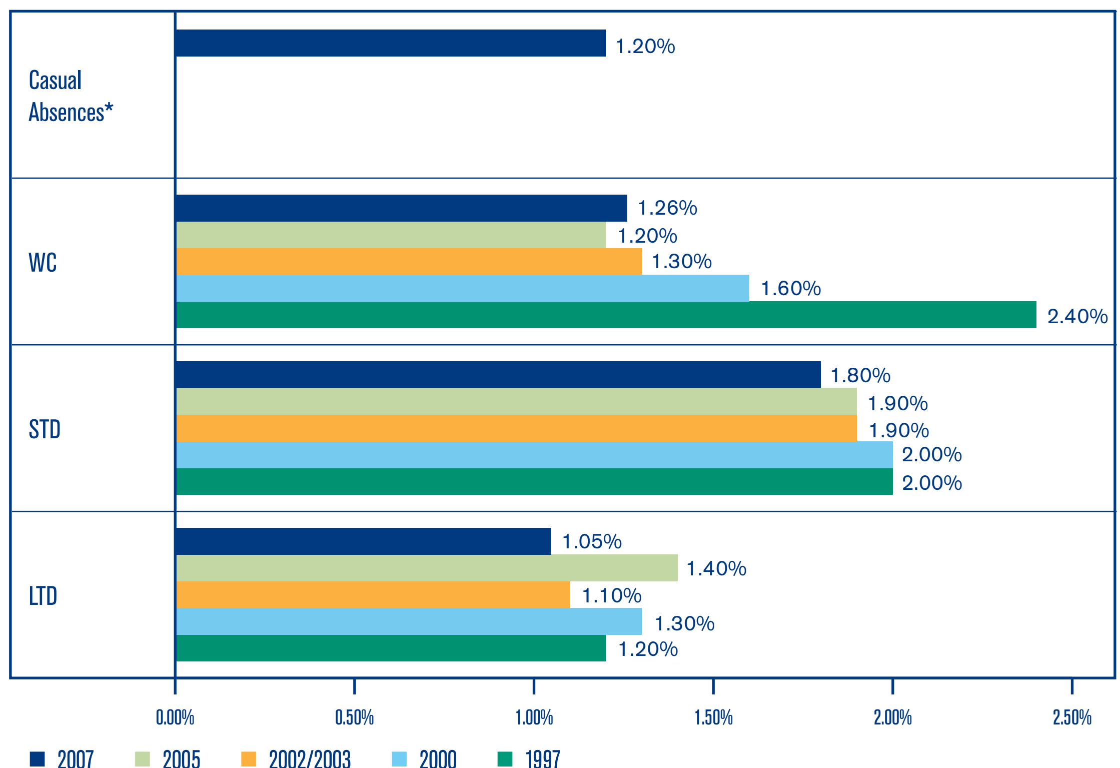
## Signs of Health?

Respondents report a drop in LTD and STD costs this year, although the STD drop was relatively small. They also report a decrease in annual claims incidence, lost days and average claim duration. The average participating organization is spending more than $10.5 million annually on a combination of STD, LTD, WC and casual absence claims, based on percentage-of-payroll data provided. Figure 4 shows the evolution of program costs over the last 10 years.

These results are encouraging, as they indicate that best practices are starting to take hold in many organizations. Respondents say they have senior management support for H&P initiatives, operational manager/supervisor involvement in absence management programs, performance standards for vendors and health promotion programs, including health risk appraisals, all of which may have contributed to the lower disability costs. However, disability claims costs are only one aspect of the H&P Scorecard; so, lower costs in this area do not necessarily indicate an organization's overall health.

For example, while survey respondents have seen a decline in the length of LTD and STD incidents, more employees might be returning to the workplace with varying degrees of disability and illness. In previous years, these workers might have remained on LTD or STD, thus increasing an organization's disability costs. Now, lower disability costs may be offset by higher overtime costs for workers who must cover for a less productive employee. This suggests the importance of considering all aspects of the H&P Scorecard to determine an organization's health, since savings realized in one area could be offset by costs in another.

Figure 4 | Program Costs as a Percentage of Payroll – 1997 to 2007




*Casual absences were not separately tracked prior to 2007.

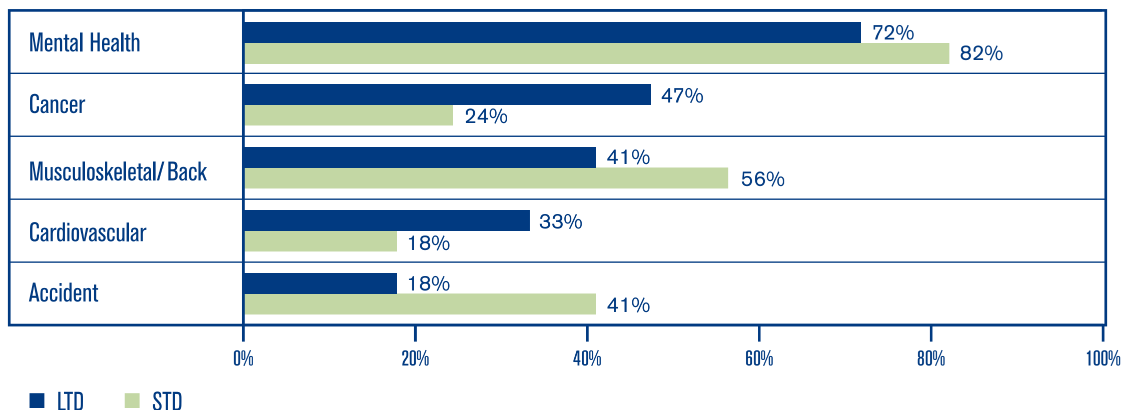
The goal for organizations should be to accommodate illness and disabilities and support employees with chronic diseases while striving for a productive workforce and profitable organization. This is a valuable investment in employee effectiveness. Without it, organizations will continue to experience lower disability costs at the expense of higher costs in other areas.

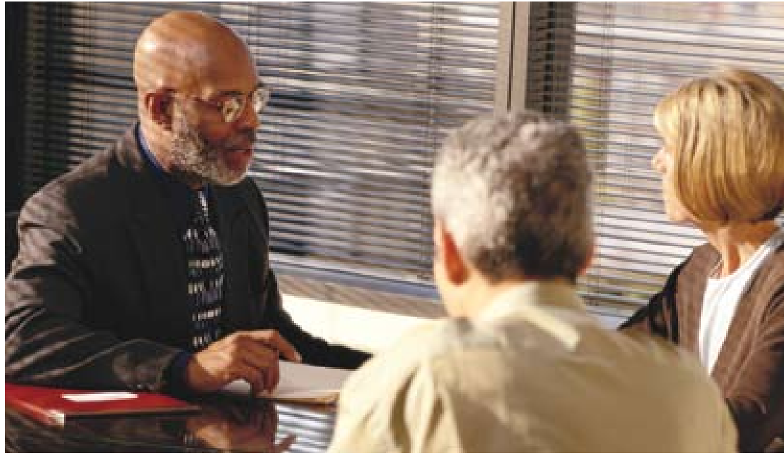
This year's survey results indicate that organizations are taking steps to monitor and address the cost of casual absences. Fifty-three percent of respondents say this is a major health and productivity issue for their organization, and 66 percent of those organizations have taken steps to address it in the last five years. Casual absence rates might be a bellwether, pointing to both individual and organizational problems.[2] While more research is needed, there is evidence to suggest that an increase in casual absences could indicate undiagnosed/unmanaged mental health conditions and unsatisfactory organizational practices relating to work/life balance.[3] Organizations that track the rate of casual absences might be in a better position to address the matter through programs and practices that help manage its business impact.

## The Nature of STD and LTD

While respondents report that LTD continues to be a problem, the clinical profile of LTD claims has changed. Figure 5 shows that the leading causes of disability are mental health, cancer and musculo-skeletal/back conditions. While the ranking of these conditions is essentially unchanged from 2005, each condition is now less prevalent among overall LTD conditions; the proportion of organizations ranking mental health conditions in their top three LTD causes has declined from 81 percent to 72 percent. Since 2005, the proportion of respondents ranking cancer and musculoskeletal/back conditions

Figure 5 | Most Frequent Disabling Conditions Identified by Respondents





as one of their leading disability causes also has decreased, from 59 percent to 47 percent and from 54 percent to 41 percent, respectively.

Although mental health conditions have declined as a leading LTD cause among respondents, mental health issues are the leading cause of STD claims. And the prevalence of such claims is increasing; more than 82 percent of organizations say mental health was a leading cause of STD claims in 2007, compared with 76 percent of respondents in 2005.

The changes in the causes of STD could be attributable to productivity demands and the stressors that are part of today's increasingly knowledge-based economy. They also might be due to the increased emphasis that organizations have placed on programs targeting the prevention of physical diseases, such as fitness subsidies/onsite facilities and other wellness activities and health improvement initiatives, instead of mental health risk screening/ assessment, as reported in the 2005 survey.

The fact that the 2007 LTD data show a decline in the prevalence of mental health conditions suggests that STD case management of these claims is more effective. It also suggests that employers are offering better return-to-work programs for employees suffering from mental health conditions. However, with the rise in mental health conditions as a leading STD cause, organizations should direct more attention to this area, specifically to programs designed to identify and manage mental health issues before they lead to disability claims.

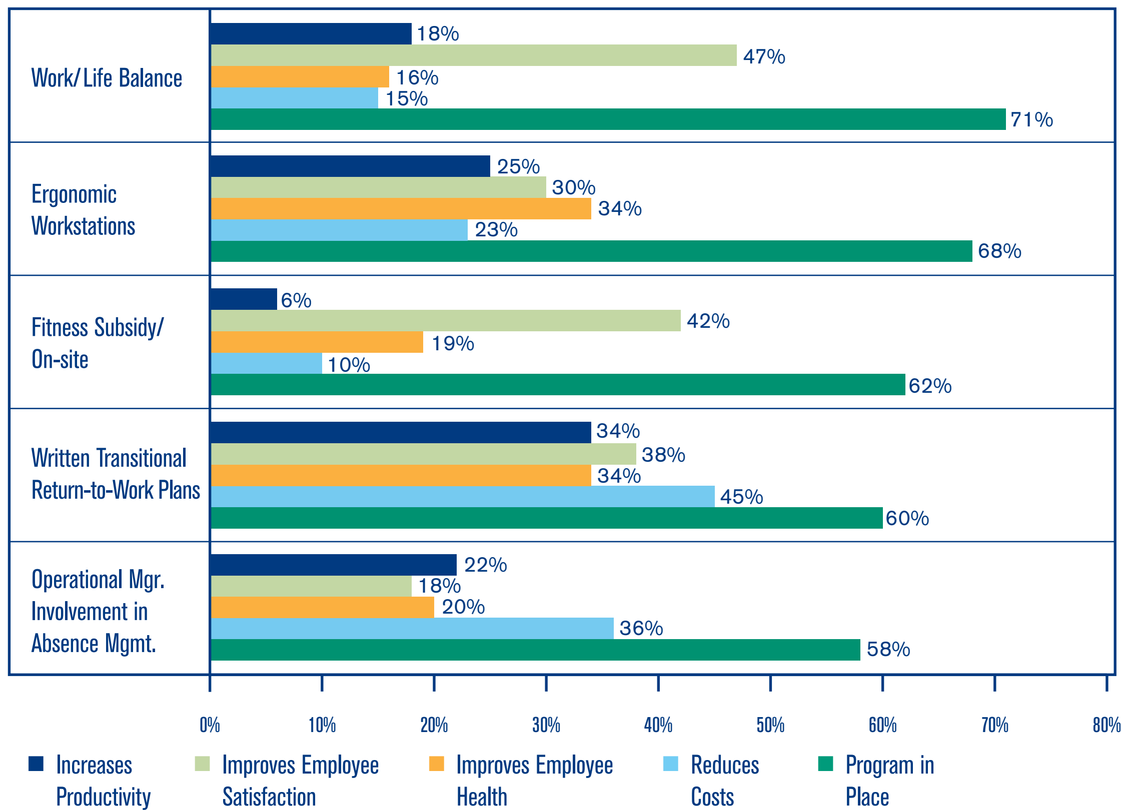
## Mixed Results for H&P Programs

Employers have introduced a wide range of programs in an attempt to improve employee H&P. To gauge how organizations view the success of these measures, the survey asked respondents to rate the effectiveness of their programs at reducing costs, improving employee health, improving employee satisfaction and increasing productivity. Figure 6 lists the five most prevalent H&P practices reported by respondent and the value they believe the practices provide.

These results indicate that respondents are willing to commit time, effort and money to health and wellness programs. But respondents are unclear whether those programs are actually improving employee health, satisfaction and productivity or controlling health care costs. This lack of clarity is not surprising given that:

- 27 percent of respondents have no measures to evaluate the effectiveness of their H&P programs
- 79 percent of respondents are not tracking the impact of H&P programs on productivity
- 59 percent of respondents are not tracking the impact of H&P programs on costs
- 54 percent of respondents are not tracking the impact of H&P programs on employee health
- 49 percent of respondents are not tracking the impact of H&P programs on employee satisfaction

Figure 6 | Effectiveness of Top Five H&P Practices




This phenomenon is not unique to Canada. Data from the 2007/2008 U.S. Staying@Work study show that almost half of respondents list a lack of actionable data as one of the greatest impediments to managing H&P in their organization.[4] It is possible that the relatively low marks the programs in Figure 6 received for improving productivity are a comment on the lack of measurement metrics rather than the lack of effectiveness. Given the impact that employee productivity has on the bottom line, organizations should implement tracking mechanisms to ensure that they are getting value for the money spent on their H&P programs – both in reducing costs and in increasing productivity.

Information provided by responding organizations indicates that some programs might be better than others at achieving specific outcomes. Figure 7 lists the programs that received the highest effectiveness ratings in one or more areas.

While only 18 percent of respondents report having return-to-work programs that are specific to mental illness, such programs ranked as the fourth most effective at achieving the four key outcomes of an effective health and productivity program: managing costs, improving employee health, increasing productivity and improving employee satisfaction. Similarly, while only 15 percent of respondents conduct mental health risk assessments for their employees, this H&P program has been shown to greatly benefit individual health[5] and ranked ninth of 22 in terms of overall effectiveness.

## Casual Absences

Casual absences have been largely understudied and yet have a major impact on workplace productivity.[6] Although some organizations are starting to track the cost of such absences, as discussed above, 49 percent of respondents are not. This year, for the first time, we added questions about casual absences to the Staying@Work study. We hope that, in the future, the data we obtain will allow us to validate the opinions of respondents to the 2007 survey, 43 percent of whom reported that casual absences have stayed the same or increased.

The average participating organization reports spending 1.2 percent of payroll, or almost $2.4 million, on casual absences annually. This is more than the amount spent on LTD claims. Considering the cost involved, and the extent

Figure 7 | Most Effective H&P Programs

| Most Effective at Reducing Costs | Most Effective at Improving Employee Health |
|---|---|
| ▪ Clinical case management<br>▪ Written transitional return-to-work plans<br>▪ Physical health risk screening<br>▪ Return-to-work plans specific to mental illness<br>▪ Operation manager involvement in absence management<br>▪ Performance standards for vendors | ▪ Written transitional return-to-work plans<br>▪ Ergonomic workstations<br>▪ Job descriptions including cognitive demand analysis<br>▪ Nonoccupational injury prevention<br>▪ Clinical case management<br>▪ Physical health risk screening<br>▪ Return-to-work plans specific to mental illness<br>▪ Educational programs for chronic conditions |
| **Most Effective at Improving Employee Satisfaction** | **Most Effective at Increasing Productivity** |
| ▪ Work/life balance<br>▪ Fitness subsidy/onsite<br>▪ Written transitional return-to-work plans<br>▪ Return-to-work plans specific to mental illness<br>▪ Educational programs for chronic conditions<br>▪ Mental health risk screening<br>▪ Ergonomic workstations | ▪ Mental health risk screening<br>▪ Return-to-work plans specific to mental illness<br>▪ Written transitional return-to-work plans<br>▪ Physical health risk screening<br>▪ Educational programs for chronic conditions<br>▪ Ergonomic workstations<br>▪ Job descriptions including cognitive demand analysis |

## Focus on Quebec Harassment Data

Workplace stress is a critical factor affecting organizational health. This stress takes many forms, but conflict, harassment – and even violence in the workplace – are all factors that are to some degree within an organization's control. These stressors can lead to casual absences and presenteeism. Left untreated, they also can contribute to more serious mental health conditions. Reduced productivity is the ultimate byproduct of an organization's ignoring the impact of a hostile work environment.

In response to Quebec legislation on the prevention of psychological harassment[7] that went into effect in June 2004, the Quebec survey participants were asked about initiatives they've taken to address interpersonal conflicts, psychological harassment and violence in the workplace. Respondents say that most initiatives taken in the last five years pertained to psychological harassment, with 90 percent reporting having taken steps towards policies and prevention. Sixty-five percent of respondents have addressed violence in the workplace, and 52 percent have addressed interpersonal conflicts with policies or guidelines.

These initiatives have paid off. The majority of respondents say their programs are either very effective or effective at dealing with conflict, harassment and violence. Policies and guidelines, a firm stand by management on appropriate behaviour, awareness activities and a clear process for reporting cases are all markers of an effective program for combating these workplace problems. Organizational health depends on healthy practices and policies, starting in the corridors of Canadian organizations.

to which casual absences can disrupt the workplace and drive down productivity, organizations should consider devoting resources to better track and manage them.

### The Problem of Presenteeism

Presenteeism is an area of increasing concern for organizations. Stressed, distracted workers are less productive, with associated costs that are higher than those of absenteeism. However, because employees are technically present, the costs of their reduced productivity are hidden, and not evident in the typical assessment of chronic disease management costs. Watson Wyatt's 2007 WorkCanada™ Study[8] found that only 76 to 79 percent of employees say they have the physical or mental energy to do their job most of the time. The bottom line: Nearly 25 percent of employees are running low on fuel, which means they are less productive than they could be.

When asked what their employees do when they are ill (either physically or for psychological reasons), 85 percent of respondents say they stay home to rest. But only 44 percent of employees who responded to Watson Wyatt's 2007 WorkCanada™ Study say they cut back on work when they are physically or mentally ill. This means that many employees are on the job when they are not well enough, physically or mentally, to perform at full capacity.

In this, however, employees' actions are consistent with some responding organizations' health and absence policies. Thirty-one percent of organizations say their official sick-leave policies state that employees should come to work unless they have a doctor's written recommendation to stay home.

Ill employees can have a negative impact on the workplace, ranging from lower morale – when other employees must do extra work to help the sick employee – to increased absences as other employees also become ill. These problems can be addressed by developing policies that reduce inequities and improve employee health and well-being.

Monitoring and managing the impact of chronic conditions is an important part of any strategy to address presenteeism. A recent U.S. study [9] of health, absence, disability and presenteeism revealed that the 10 most common medical conditions are chronic in nature, and their economic cost to organizations, attributable to at-work lost productivity, averages 12 percent of payroll. The conditions are allergies, arthritis, asthma, cancer, depression, diabetes, heart disease, hypertension, migraine headaches and respiratory infections. Organizations should work to establish a culture of health that encourages employees to take care of their health by offering means to detect chronic diseases, supporting them and encouraging healthy lifestyle habits.

Despite the potential impact of presenteeism, only 15 percent of participants say they are tracking it, and just 18 percent say that managers are being trained to identify it. The numbers are slightly more encouraging when it comes to managing and reducing presenteeism: 26 percent of organizations are training managers to manage it, and 31 percent have HR departments that are working to reduce it.

## The Stigma of Mental Health Issues

Mental health conditions continue to be a major concern in the workplace, accounting for the vast majority of LTD and STD claims. Despite the prevalence of mental health conditions, a social stigma still surrounds them.[10] Employees fear the perceived or actual consequences of being identified as suffering from a mental health condition and often withhold information from their employer, go to work when unwell and unproductive (i.e., presenteeism) or fail to seek timely or appropriate medical care. Left untreated, mental health conditions can become more serious, leading to lost productivity, an unstable work environment, a negative impact on other employees and work climate, and ultimately a longer-term disability.

Despite the high percentage of mental health claims, less than 20 percent of respondents say that addressing the stigma associated with mental illness is a priority. Yet stigma is considered a substantial barrier to employees with mental health conditions seeking medical treatment, to potential employees seeking work, and to employers hiring workers who may have mental health concerns. In addition, while most organizations plan to take steps to address stigma (71 percent), some respondents (26 percent) say they lack knowledge of how to deal with it appropriately.

The importance of stigma has been recognized by the federal government, which granted significant funding to the newly created Mental Health Commission of Canada.[11] The commission reports that its key mandates include implementing a 10-year national anti-stigma campaign aimed at education, promoting awareness and changing public attitudes towards mental illness. The United Kingdom has also recently implemented a large-scale program to combat workplace stigma.[12]

## Tools for Addressing Stigma[13]

- Examine STD/LTD claims to determine the incidence of mental health conditions.
- Review policies to see if modified return-to-work and transitional programs are needed to help employees with mental health disorders.
- Prepare educational programs to give management and employees information on mental health, to assist them in accepting a colleague's health concerns, and to help them identify their own health concerns at an early stage.
- Examine internal culture, including workplace policies, programs and practices, to determine whether there are any issues creating unnecessary stress that would have a detrimental impact on employees, and cause or contribute to a stress disorder.
- Practice early detection using available tools to help detect and treat mental health conditions and workforce productivity before there are potentially more difficult and expensive outcomes.
- Offer training programs to help managers and supervisors identify mental health risk factors in the workplace.
- Implement supportive programs for disabled employees who suffer from mental health conditions.
- Implement or revise employee assistance programs (EAPs) to address mental health organizational factors.
- Use EAP staff as facilitators for return-to-work plans specific to mental health conditions.

## Prescription for Improvement

### Implement Effective Programs, Policies and Practices

Absence and disability management approaches succeed when they use a blend of programs, policies and practices. Survey participants were asked to list the tools and programs they currently use, and to assess their effectiveness. The effectiveness was then compared against four top HR objectives: reducing costs, improving health, improving satisfaction and increasing productivity. The results can be used to identify measures that can improve the likelihood of success.

**Mental health screening** – Only 16 percent of respondents say they have a mental health risk screening program, although those with programs find them very effective at improving employee satisfaction and productivity. Given the importance of early intervention in mental health claims, more organizations should examine these screening programs.[14]

**Work/life balance programs** – The majority of respondents report having work/life balance programs, although less than half include stress management communication. Considering the impact of stress on mental health and other aspects of work/life balance, greater communication about stress is warranted.[15]

## Perspective on Mental Health in the Workplace

*by the Honourable Michael Kirby, chairman of the Global Business and Economic Roundtable on Addiction and Mental Health (Roundtable) and chairman of the Mental Health Commission of Canada, and*

*Bill Wilkerson, co-founder and CEO of Global Business and Economic Roundtable on Addiction and Mental Health and chairman of the Workplace Advisory Committee, Mental Health Commission of Canada.*

The Staying@Work study is one of the most significant of its kind, largely because it is not a rear-view mirror reflecting the past but a forecasting tool. This is especially valuable for mental health issues, as there is a growing appetite to move from awareness to action in managing the costs and operational effects of disabilities – and particularly workplace downtime linked to depression.

The survey broke new ground two years ago, when Watson Wyatt incorporated mental health and mental illness into its field questions. The roundtable was pleased to assist in this. The results of the 2007 survey suggest we have entered a transitional period in moving from awareness to action, as employers seek to reduce the impact of mental health issues on their organizations and the people who work there.

Long- and short-term disability rates are down. On the surface, this is good news. At the same time, casual absences are up, indicating that return-to-work programs are either incomplete or not entirely effective. More work to be done.

We encourage employers to consider three issues:

- In many cases – even when mental illness is not the primary reason for being off work at the outset of the disability leave – depression materializes as a secondary diagnosis. If this fact goes unrecognized, the return to work could hit some rough spots.
- Employees off work because of depression might return prematurely. The condition lingers even when symptoms ease or fade. Relapse becomes predictable. This might account for the stubborn play of so-called casual absence.
- Sustainable recovery during the return-to-work period requires employees to manage or avoid specific stressors. This will happen only if the employee is clear about what those stressors are and/or the workplace environment has been appropriately modified.

This year's survey affirms that managers of companies with average payrolls of nearly $200 million annually, and more than 5,000 employees, continue to see mental health as their primary workplace concern. We note with concern the number of respondents who say stigma is a major issue in their workplace and the small percentage who have plans to deal with it. Defeating stigma in the workplace is key to defeating stigma in Canada.

We advise employers to stay informed about new research in the field of mental health in the workplace. To this end, we recommend *Mental Health in the Labour Force: Literature Review and Research Gap Analysis* conducted by Watson Wyatt this past spring and sponsored by Canada's major insurers.

With the advent of the Mental Health Commission of Canada, and the roundtable's role in providing input by way of an advisory committee on mental health in the workforce, we believe that mental health has become a recognized national social and economic priority.

The Staying@Work study, meanwhile, records that these matters remain on the radar screen of Canadian employers and that, as a nation and an economy, Canada is moving from awareness to action. Navigating that transition successfully is not only important; in some cases, it's a matter of life or death. In this, we are all involved – employers included.

**Periodic cost reviews and audits of EAPs and disability management programs** – Nearly 50 percent of respondents say they conduct periodic cost reviews, but far fewer conduct a regular audit to detect deviation from best practices, under-/overuse and ineffective case management. Increasing the frequency of audits could reduce costs and result in a higher standard of service from vendors.

## Productivity – the "P" in H&P

A large majority of participants (76 percent) say they don't measure the cost of lost productivity due to absenteeism and presenteeism.

Despite the opinions on what does and does not increase productivity, only 40 percent of participants are tracking productivity, and those that do provided many different answers regarding how they measure it. No one formula emerged; it is specific to each organization. Therefore, any H&P initiatives should be customized to ensure that the desired outcomes link to the organization's definition of success.

Most organizations are also unaware of the positive impact that H&P and HR programs can have on productivity. Factors such as work/life balance, reduced stress, workload management and employee satisfaction all are known contributors to productivity. For example, satisfied workers are more productive, and increasing employee satisfaction can lead to increased productivity. The 2007 Staying@Work study also found that work/life balance is the lead factor in improving employee satisfaction, but was ranked by few organizations as driving productivity. Several factors contribute to work/life balance, including management support of personal or health issues, healthy lifestyle options, minimal overtime and even lunch breaks. Workers who experience work/life balance are much more likely to report job satisfaction, which translates into greater productivity.

By learning more about the factors behind productivity, and incorporating programs that enhance those factors, organizations might find that they have healthier, more engaged and more effective workers with unprecedented productivity.

## Conclusion: Prescription for a Healthy Organization

A growing number of organizations realize that engaged employees in good health are productive employees who contribute to financial results. However, fewer understand the link between their HR and management practices and the health of their employees. Organizations see the connection between a healthy workforce and productivity, but don't fully understand the underlying issues, policies and practices that translate into a healthy organization and a culture of health.

Our 2007 Staying@Work study reveals a clear trend towards reduced LTD and STD costs, a gratifying result for responding organizations. But a reduction in absence costs does not necessarily translate into a more productive workplace. Indeed, some workplaces could find themselves less productive as unwell employees continue to work rather than use absence programs. Much more work is needed to understand the factors linked to productivity, and the programs and policies that can enhance those factors.

Organizations should evaluate their organizational and workforce health practices against best practices and position themselves on the H&P matrix to better understand what actions they can take to become a healthy organization.

## Endnotes


[1] See J.P. Kahn and A.M. Langlieb, *Mental Health and Productivity in the Workplace: A Handbook for Organizations and Clinicians* (Jossey-Bass: 2003); R.Z. Goetzel, S.R. Long, R.J. Ozminkowski, K. Hawkins, S. Wang, W. Lynch, "Health, Absence, Disability and Presenteeism Cost Estimates of Certain Physical and Mental Health Conditions Affecting U.S. Employers," *Journal of Occupational & Environmental Medicine* (2004: Vol. 46, No. 4, pp. 398–412); A.M. Langlieb and J.P. Kahn, "How Much Does Quality Mental Health Care Profit Employers?" *Journal of Occupational & Environmental Medicine* (2005: vol. 47, no. 11, pp. 1099–1109).

[2] See R.C. Kessler, C. Barber, H.G. Birnbaum, R.G. Frank, P.E. Greenberg, R.M. Rose, G.E. Simon, and P. Wang "Depression in the Workplace: Effects on Short-Term Disability," *Health Affairs* (1999: Sept/Oct, pp. 163–171).

[3] See D. Adler, T.J. McLaughlin, W.H. Rogers, H. Chang, L. Lapitsky and D. Lerner, "Job performance deficits due to depression," *American Journal of Psychiatry* (2006: 163, pp. 1569–1576); L. Duxbury and C. Higgins, *Work-Life Balance in the New Millennium, Where Are We? Where Do We Need to Go?* (2001: Canadian Policy Research Networks).

[4] *Building an Effective Health & Productivity Framework 2007/2008 Staying@Work™ US Report* (2007: Watson Wyatt Worldwide).

[5] See R.C. Kessler, M. Ames, P.A. Hymel, R. Loeppke, D.K. McKenas, D.E. Richling, P.E. Stang, and T.B. Ustun, "Using the World Health Organization Health and Work Performance Questionnaire (HPQ) to Evaluate the Indirect Workplace Costs of Illness." *Journal of Occupational & Environmental Medicine* (2004: 46[6] Supplement, pp. S23–S37).

[6] See:*15th CCH Unscheduled Absence Survey* (2005: CCH).

[7] Quebec, *An Act Respecting Labour Standards* R.S.Q. c. N-1.1, s.81.

[8] *Driving Employee Engagement to Improve Financial Performance – 2007 WorkCanada™ Survey Report* (2007: Watson Wyatt Worldwide).

[9] See R.S. Goetzel et al., supra note 1.

[10] See *J.L. Kirby, Out of the Shadows At Last: Transforming Mental Health, Mental Illness and Addiction Services in Canada* (Report 4), The Standing Senate Committee on Social Affairs, Science and Technology (2006), M. Corbiere, C. Mercier and A. Lesage, "Perceptions of barriers to employment, coping efficacy, and career search efficacy in people with mental illness," *Journal of Career Assessment* (2004: 12[4], pp. 460–478).

[11] See www.mentalhealthcommission.ca *Key Initiatives,* 2007.

[12] See *Action on Stigma* Feedback Report in: http://www.shift.org.uk/employment/action-on-stigma-feedback-report.html, June 2007.

[13] Based on *Watson Wyatt's Addressing Mental Health in the Workplace,* June 2003.

[14] See Kessler, *supra* note 5.

[15] See Duxbury, *supra* note 3.

## About Watson Wyatt Worldwide

Watson Wyatt is the trusted business partner to the world's leading organizations on people and financial issues.

Our client relationships, many spanning decades, define who we are. They are shaped by a deep understanding of our clients' needs, a collaborative working style and a firm-wide commitment to service excellence.

Our consultants bring fresh thinking to client issues, along with the experience and research to know what really works. They deliver practical, evidence-based solutions that are tailored to your organization's culture and goals.

With 7,000 associates in 31 countries, our global services include:

- Managing the cost and effectiveness of employee benefit programs
- Developing attraction, retention and reward strategies that help create competitive advantage
- Advising pension plan sponsors and other institutions on optimal investment strategies
- Providing strategic and financial advice to insurance and financial services companies
- Delivering related technology, outsourcing and data services

---

**For more information** on how to make the connection to a healthy organization, contact Watson Wyatt at 866/206-5723, e-mail us at infocanada@watsonwyatt.com or visit us at www.watsonwyatt.com/canada.

watsonwyatt.com

# locations

**ASIA-PACIFIC** ▪ Bangkok ▪ Beijing ▪ Bengaluru ▪ Delhi Guangzhou ▪ Hong Kong ▪ Jakarta ▪ Kolkata ▪ Kuala Lumpur Manila ▪ Melbourne ▪ Mumbai ▪ Seoul ▪ Shanghai ▪ Shenzhen Singapore ▪ Sydney ▪ Taipei ▪ Tokyo ▪ Wuhan

**EUROPE** ▪ Amsterdam ▪ Apeldoorn ▪ Birmingham Bristol ▪ Brussels ▪ Budapest ▪ Dublin ▪ Düsseldorf Edinburgh ▪ Eindhoven ▪ Frankfurt ▪ Leeds ▪ Levallois-Perret Lisbon ▪ London ▪ Madrid ▪ Manchester ▪ Milan ▪ Munich Nieuwegein ▪ Paris ▪ Purmerend ▪ Ratingen ▪ Redhill Reigate ▪ Rome ▪ Rotterdam ▪ Stockholm ▪ Vienna ▪ Welwyn Wiesbaden ▪ Woerden ▪ Zürich

**LATIN AMERICA** ▪ Bogotá ▪ Buenos Aires Mexico City ▪ Montevideo ▪ San Juan ▪ Santiago ▪ São Paulo

**NORTH AMERICA** ▪ Atlanta ▪ Berwyn, Pa. ▪ Boston Calgary ▪ Charlotte ▪ Chicago ▪ Cincinnati ▪ Cleveland Columbus ▪ Dallas ▪ Denver ▪ Detroit ▪ Grand Rapids Honolulu ▪ Houston ▪ Irvine ▪ Kitchener-Waterloo Los Angeles ▪ Memphis ▪ Miami ▪ Minneapolis ▪ Montréal New York ▪ Paramus, N.J. ▪ Philadelphia ▪ Phoenix ▪ Portland Rochelle Park, N.J. ▪ St. Louis ▪ San Diego ▪ San Francisco Santa Clara ▪ Seattle ▪ Stamford ▪ Tampa ▪ Toronto Vancouver ▪ Washington, D.C.

watsonwyatt.com

**FOR MORE INFORMATION**

Visit watsonwyatt.com/canada or call 866/206-5723.

Copyright © 2007 Watson Wyatt Worldwide. All rights reserved.

2007-US-0166