

Workplace Health Promotion: Is There an Economic Case?



Dr. Klemen Podjed

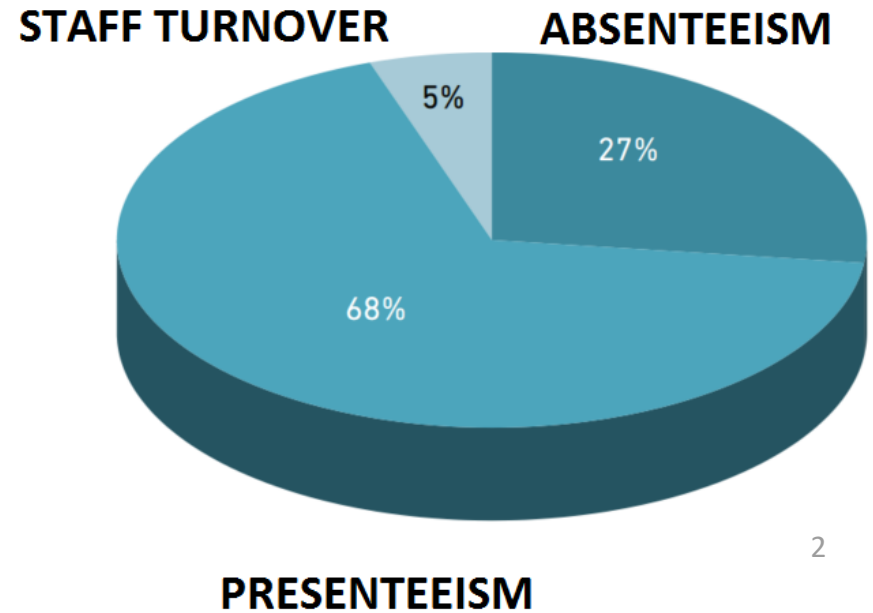
The Productivity Institute, February 2017



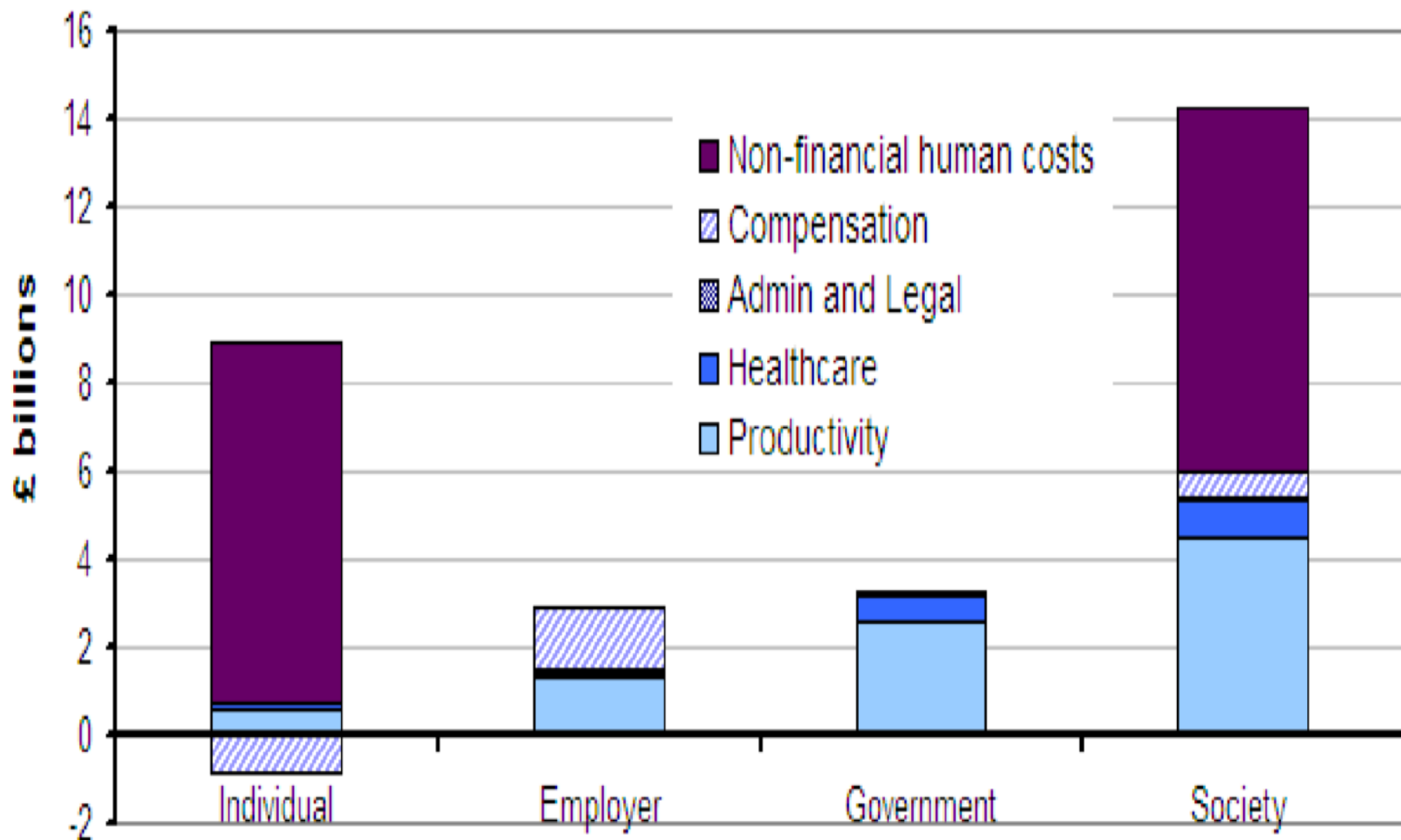
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COST OF ILL-HEALTH AND WORK-RELATED INJURIES

1. 3–4% of Gross National Product
2. App. 1 average Slovene monthly gross salary per employed person per year
3. Three main types of monetary cost applicable to posted workers too.



WHO BEARS THE COST?



ABSENTEEISM

- Estimation of absenteeism reduction (in 3 to 5 years):
 - Aldana : 12–36%
 - IGA: 11–68%
 - PwC: 30–40%

Financial incentives to reduce absenteeism may be counterproductive.

COST OF PRESENTEEISM

Presenteeism cost is difficult.

Presenteeism Factor:

- Weinberg: 4-5
- BKK 4,7
- NICE: 1,5 (only wellbeing)
- DOW Chemical: 10,1

Cost of presenteeism exists in the public sector too but has some specifics.

COST OF STAFF TURNOVER

Workplace health promotion contributes to between 10 and 25 reduction of turnover % (PwC, 2008).

20% of people stated workplace stress as an important reason to leave their current job (CIPD, 2008)

Cost to replace an employee: 5–200% of yearly salary (PwC: 50 %)

WORKPLACE HEALTH PROMOTION INVESTMENT

- How much investment in WHP is needed?
- From up to 50 EUR per year up to a couple hundred Euros per employee per year
- Optimal WHP portfolio of measures remains a mystery

ECONOMIC BENEFITS

1. ROI **2,5–4,8 : 1 €** in reduced absenteeism costs (European Agency for Safety and Health at Work, 2010)
2. Reduced absenteeism **12–36%** (Aldana, 2012)
3. Increased productivity up to **20%** (Eurofound, 2011)
4. ≥10x average historic dividend yield



CONSIDERATIONS



Vodnik v stroške in donosnost promocije zdravja na delovnem mestu

dr. Klemen Podjed

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*Zdravi imajo tisoč želja, bolni pa le eno.
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- How to calculate the cost of work-related poor health and stress?
- How to measure ROI?
- How much should we invest per employee per year?
- How to define the WHP “portfolio”?
- Profit before people or vice versa?
- The WHP cost and profitability guidebook



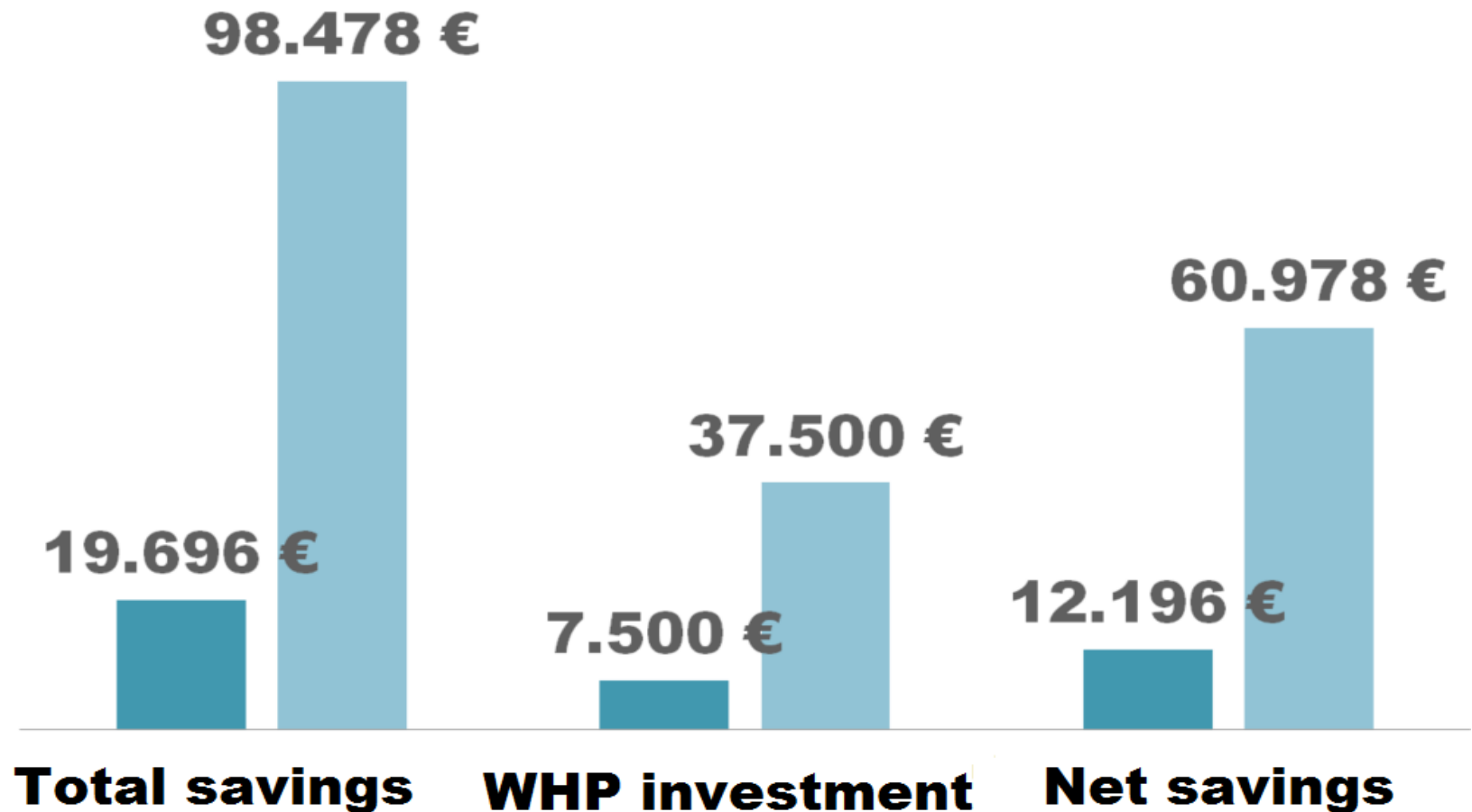
www.opsa.si; www.kaldoz.opsa.si

RESULTS KALDOZ: AVERAGE SLO ORGANIZATION WITH 100 EMPLOYEES

	Average/year	5 Years
Average net savings (total)	12.169 €	60.978 €
Average net savings (per employee)	122 €	610 €
ROI	162%	162%
Return of EUR per EUR invested (employeeer)	2,6 €	2,6 €
Return of EUR per EUR invested (all stakeholders)	25,7 €	25,7 €

WHP INVESTMENT AND SAVINGS (KALDOZ)

■ **Average per year** ■ **5 years**



SUMMARY

1. Work-related ill health and injuries costs are enormous.
2. The main costs are the cost of absenteeism, presenteeism and staff turnover.
3. Posted workers are a vulnerable group of employees and incur ill health related cost too.
4. WHP has a very high ROI but has to be performed according to good practice.
5. Raising further awareness is needed.
6. KALDOZ and the WHP cost and profitability guidebook represent an important contribution to understanding WHP economics in Slovenia.



Thank you!