

ICOA

AARHUS SCHOOL OF BUSINESS AND SOCIAL SCIENCES



# From Workforce Performance Measurement to Sustainable Performance Management - The Care Index

Jacob Eskildsen, Anne Bøllingtoft, Rick Edgeman & Thomas Kjærgaard  
Interdisciplinary Center for Organizational Architecture, ICOA  
Business and Social Sciences, Aarhus University



# HR & Sustainable performance management

- › Traditional performance management (PM) focuses on purely work-related performance of the employees.
- › This is no longer sufficient main due to two reasons:
  - › The increase in lifestyle diseases
  - › The increase of work related pressure causing stress related illness
- › Illness and stress needs to be measured and managed just like any other performance measure
- › Sustainability in HR implies that organizations need to monitor the well-being of the employees not just for the sake of the employees but also to ensure that the knowledge base for the organization isn't depleted.



ICOA

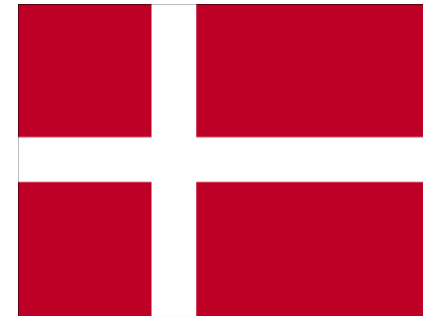
AARHUS SCHOOL OF BUSINESS AND SOCIAL SCIENCES



## Context



# About Denmark



- > Population: app. 5.6 million
- > Labor force: app. 2.9 million
- > GDP per capita: US\$ 59.684



# Societal consequences of Illness

- > More than 150,000 Danes stay home each day due to illness . The number is climbing.
- > Absenteeism due to illness is costly. The direct costs amounts to DKK 37 billion (US\$ 6 billion) per year.
- > After 3 months of absenteeism due to illness 1 in 4 employees does not return to the same job.
- > After 1 year of absenteeism due to illness 1 in 5 employees has to take early retirement.



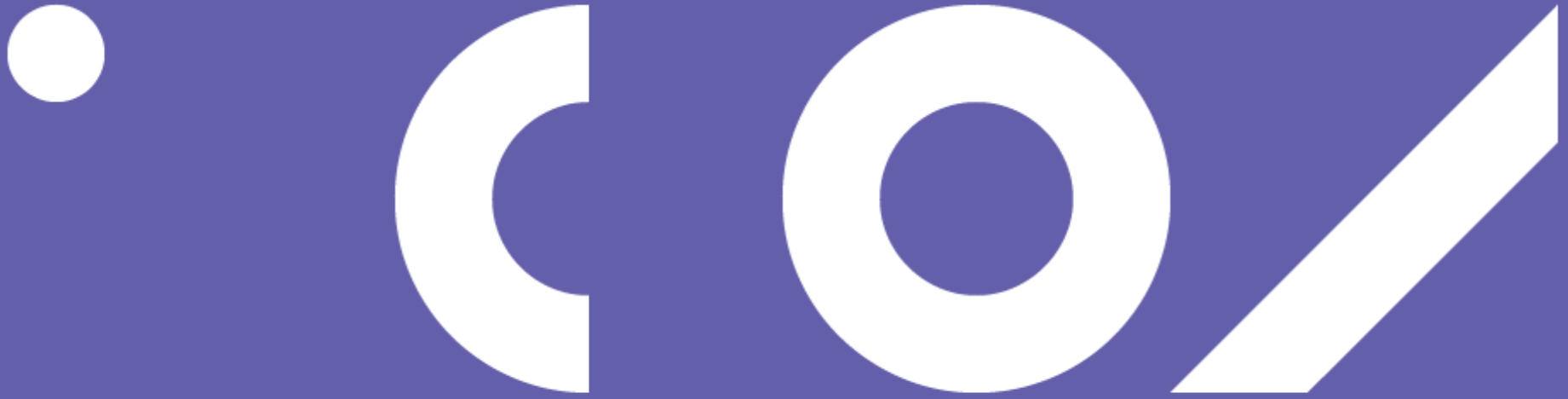
# Societal consequences of Stress

- > 35.000 Danes are absent due to stress each day.
- > 430.000 Danes has symptoms of severe stress each day.
- > 250.000 - 300.000 Danes suffer from severe stress.
- > 1 1/2 million additional days of absence
- > 30.000 hospitalizations
- > 500.000 contacts to own physician
- > Untreated stress is the cause of half of the diagnosed cases of anxiety and depression.
- > In 1992 the cost associated with stress related cardiovascular diseases was DKK 900 million (US\$ 150 million).
- > Stress and depression will be the number one cause of illness by 2020.



# Organizational consequences of illness and stress

- > It costs app. DKK 500,000 (US\$ 80,000) to replace a university graduate.
- > It costs app. DKK 300,000 (US\$ 50,000) to replace a non university graduate.
- > If an employee with a monthly salary of DKK 20.000 burns out after 6 months and leaves the company it costs the company more than DKK 1 million (*source: Danfoss*).
- > If a manager with a monthly salary of DKK 55.000 burns out after 6 months and leaves the company it costs the company DKK 4 million (*source: Danfoss*).



ICOA

AARHUS SCHOOL OF BUSINESS AND SOCIAL SCIENCES



# The CareIndex





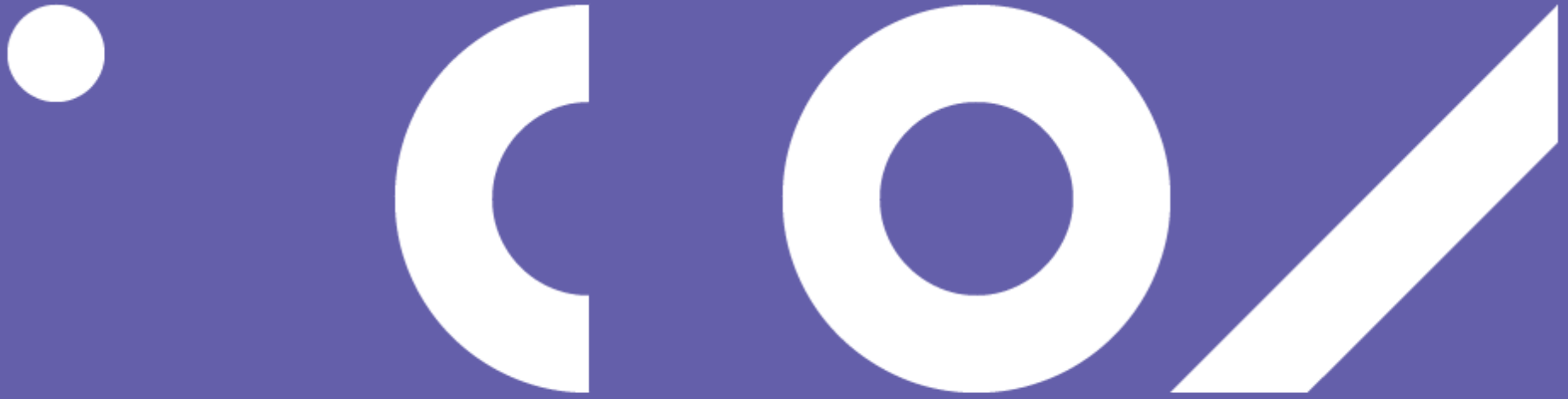
# The CareIndex

## > Drivers

- > In the CareIndex survey, employee health is assessed in a total of twelve drivers which combine to provide a comprehensive picture of the company's health situation. The evaluation of each driver is produced on the basis of a range of questions answered by employees regarding each driver. The responses are compared with each other and a key performance indicator is calculated for each driver.

## > The CareIndex number

- > The CareIndex number is the sum of the employees' own perception of their health. The CareIndex thus provides indicators as to how healthy the company is as a whole.



ICOA

AARHUS SCHOOL OF BUSINESS AND SOCIAL SCIENCES



# Pilot Study



# The Study

- > 5 medium sized companies participated.
- > Industries:
  - > Medical
  - > Insurance
  - > Recreational
  - > Food
  - > Housing
- > 343 respondents
- > Response rate 75%
- > The sample is diverse with respect to education and gender

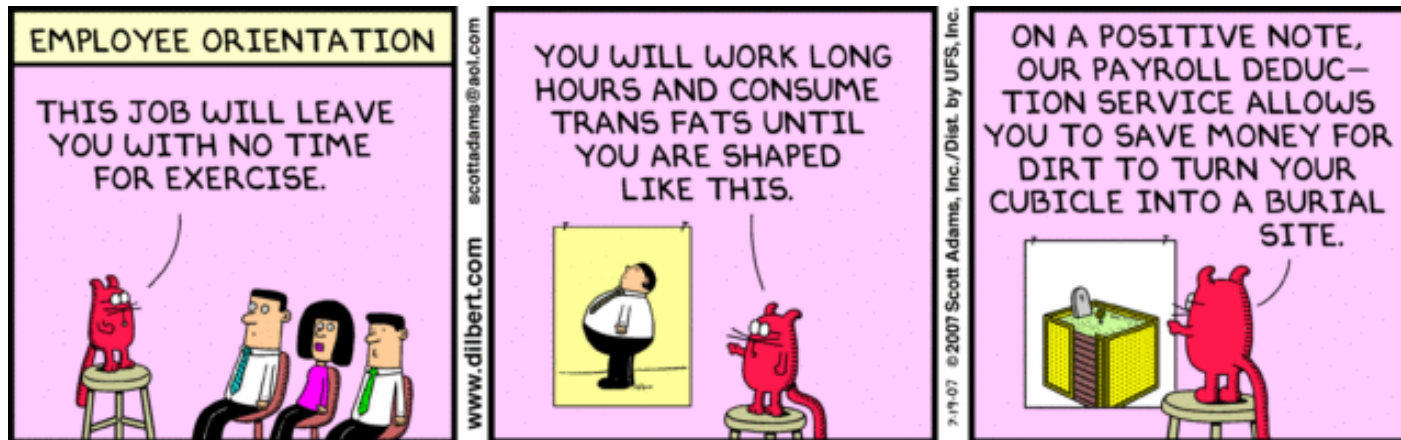


# Assumptions

- > A1
  - > Obese employees have lower health perception, more absenteeism and work fewer hours per week.
  
- > A2
  - > The most stressed employees have lower health perception, more absenteeism and work more hours per week.

# Results – Obesity\*

	Non-obese	Obese
All in all my health is good	8.30	6.66
Absenteeism (days)	4.53	8.12
Working hours	39.8	37.1



\*All differences are significant at the 10% level

# Results – Stress\*

	1-5 on Stess scale	6-10 on Stress Scle
All in all my health is good	8.33	6.57
Absenteeism (days)	4.27	9.01
Working hours	39.1	40.7



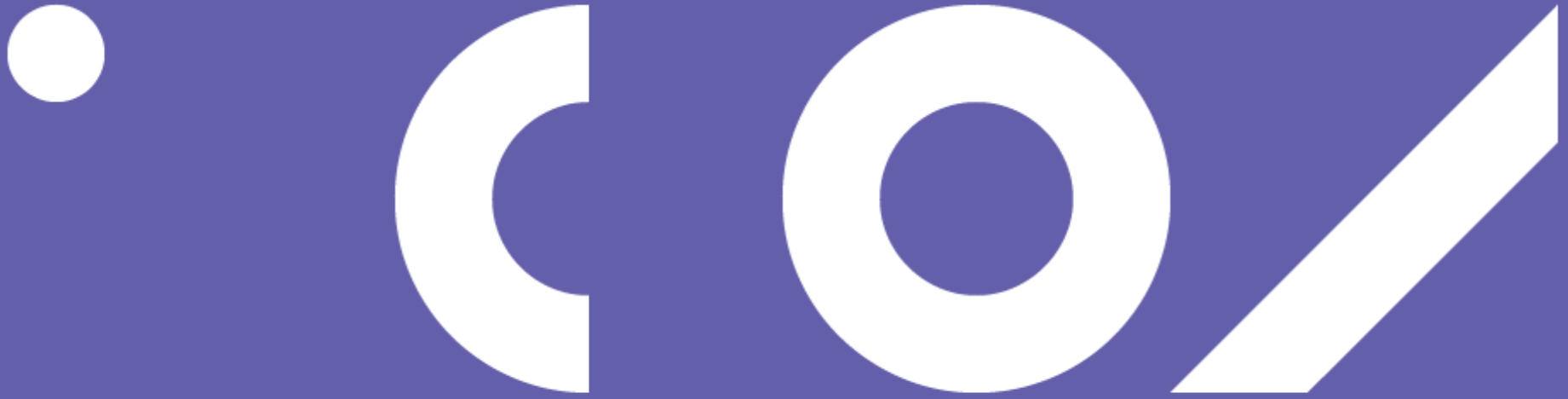
\*All differences are significant at the 5% level



# Results – Relationship\*

	<b>1-5 on Stress scale</b>	<b>6-10 on Stress Scale</b>
Non-obese	61%	18%
Obese	14%	7%

\*Significant at the 10% level



ICOA

AARHUS SCHOOL OF BUSINESS AND SOCIAL SCIENCES



## Conclusions





# Sustainable performance management matters!

- > Life style choices and stress affect work-life performance as well as health.
- > Absenteeism can be reduced by as much as 50% among those employees suffering from life-style diseases or stress.
- > HR can have an impact on illness and stress for the greater good of society, organization and employee.

