BENEFIT Plan Trends

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Companies May Be Losing Productivity to Presenteeism

While employers find it easy to track absenteeism, they face challenges in measuring "presenteeism," or when an employee physically turns up at work but is not fully focused on their job. According to a new report by human resource consultancy Global Corporate Challenge (GCC), presenteeism could be costing businesses the equivalent of nearly three months per year in lost productivity.

Based on the results of a survey of 1,872 adults conducted in 2015 and released on March 8, the study found that the average respondent reported being absent from work four days per year, but confessed to being unproductive on the job for 57.5 days, or almost three working months. The report estimated that the cost of presenteeism to businesses is 10 times higher than of absenteeism: absent workers cost employers around $150 billion per year, but employees who come to work and are not fully productive cost $1,500 billion per year.

The report, "Clocking In and Checking Out: Why Your Employees May Not Be Working at Optimal Levels and What You Can Do About It," includes extensive recommendations on how to improve employee performance from Dr. David Batman, GCC's chief medical officer and an occupational health specialist.

According to the report, the issues that interfere with employee productivity, and thus lead to presenteeism, fall into four main categories: personal issues, such as family, debt, and substance abuse; business issues, such as problems with job design, work relationships, or a lack of certainty; physical health decline, such as chronic ill health or a major illness diagnosis; and psychological issues. Batman estimated that while one in four people will suffer from a major diagnosable mental health disorder over the course of their lifetime, on any given day 17% of the workforce are affected by some form of psychological problem.

The report also pointed out, however, that presenteeism is easy for managers to spot if they know the signs. For example, employees may begin coming in late and leaving early,

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have more accidents or altercations with colleagues, begin falling asleep at work, or lack concentration and attention. More generally, employees' engagement with their job may decrease, and they may seem uninterested in what they are doing or unconcerned about the outcome.

Batman observed that while there is no quick fix for all of these problems, managers can bring about dramatic change in employee productivity by paying attention to three key metrics that have been shown to be correlated with presenteeism: sleep, stress, and happiness. He thus advised managers to encourage employees to tackle those underlying issues through exercise, adjusting their eating habits, getting enough sleep, and spending time relaxing with family and coworkers.

Moreover, Batman said, managers can respond to these problems by creating a supportive culture for employees.

Plan Sponsors Should Offer Participants Personalized Guidance

Rather than simply communicating with employees about their workplace retirement plan, employers should seek to offer participants personalized guidance on how to save for retirement, and make the process of contributing to and managing their retirement accounts easier and more effective, a report by Broadridge Financial Solutions recommended.

The report, "The Experience Revolution: Latest Trends in Participant Experience Design," was prepared in association with Oculus Partners, and published on March 11. Researchers observed that growing numbers of retirement plan sponsors are seeking to build an infrastructure that supports sustainable, consistent, and predictable participant experiences across their entire business base. Some of these platforms are built internally, while others are constructed through external partnerships and outsourcing arrangements.

The report identified a number of practices and plan features that are being used by leading providers across the industry to create better participant experiences. First, many plan sponsors are completely overhauling the participant experience related to automatic enrollment, contribution escalation, QDIA investing, reenrollment, reinstatement, and other types of automatic features. The authors recommended that plan sponsors eliminate steps and potential confusion, rethinking when and what information is provided, and what other decisions should accompany the "automatic" transaction.

In addition, the report recommended that plan sponsors offer interactive calculators and tools to allow the participant to personalize the projections with more information by, for example, answering true profiling questions, the responses to which are stored for future use. The report also suggested that employers use a multi-channel participant experience design with a balance of person-to-person and digital interactions.

Moreover, researchers advised plan sponsors to generate personalized retirement income projections for each participant that take into account all of the known information from the employer's plans, the participant, and other purchased information. Based on this information and predictive analytics, each participant can then be offered a series of personalized "next best step" messages to guide him or her through every interaction, and be sent targeted campaign materials supplemented with life stage and life event content and messaging. To help participants stay on track and find out where they stand relative to peers in similar situations, plan sponsors can offer them access to "people like me" benchmarks and comparisons within plans or across plans.

The report also advocated providing participants with access to financial wellness and investment advice programs that go beyond third-party partnerships, and offer truly integrated experiences across select partners by sharing data, offering integrated access, and presenting unified guidance and perspectives.

Finally, the report recommended that plan sponsors use dashboards and digitally delivered analytics to help them assess how the plan is performing against these new participant experience metrics. These platforms have drill-down capabilities that allow sponsors to track participant activities, engagement, enjoyment, and outcomes. Researchers observed that by harnessing the power of data from their platforms, sponsors can more accurately and completely measure channel usage at a participant level across channels and by type of interaction.

The ACA Small Business Tax Credit Is Not Widely Used

The small employer health tax credit, which was established as part of the Affordable Care Act (ACA) to encourage eligible small employers to provide health insurance for employees, has so far had a limited effect, a recently released report by the Government Accountability Office (GAO) indicates.

The report, "Small Employer Health Tax Credit: Limited Use Continues Due to Multiple Reasons," was presented as a testimony on March 22 by GAO director of strategic issues James R. McTigue, Jr., before the Subcommittee on Economic Growth, Tax and Capital Access of the House Committee on Small Business. The report stated that claims of the tax credit have continued to be lower than the number of potential claimants estimated to be eligible by government agencies and small business groups. The base of the credit is the premiums paid or the average premium for an employer's state if the premiums paid are higher. In 2016, the credit is 50% of the base unless the business has more than 10 full-time equivalent (FTE) employees or pays average annual wages over $25,900.

According to the report, in 2014 181,004 employers claimed the credit, down somewhat from 188,303 in 2010. McTigue observed that these numbers are relatively low compared to the number of employers eligible for the credit: a GAO report from 2012 indicated that estimates of the number of eligible businesses ranged from 1.4 million to four million. In 2010, the GAO found that claims for the tax credit totaled $468 million, compared to initial estimates of $2 billion by the Congressional Budget Office and the Joint Committee on Taxation. McTigue added, however, that actual claims for the credit had increased slightly in recent years, to about $511 million in 2013 and $541 million in 2014.

The small employer health tax credit has not been widely claimed for a variety of reasons, McTigue said, including that the maximum amount of the credit does not appear to be a large enough incentive for employers to offer or maintain insurance, and that few small employers qualify for the maximum credit amount. For those employers who do claim the credit, he noted, the credit amount phases out to zero as businesses employ up to 25 FTE employees at higher wages. McTigue also pointed out that the amount of the credit is limited if the premiums paid by an employer are more than the average premiums for the small group market in the employer's state, and that the credit can only be claimed for two consecutive years after 2013.

In addition, McTigue cited GAO research showing that small employers are deterred from claiming the tax credit because of the significant cost and complexity involved. Moreover, he said, surveys of small businesses have shown that many are unaware of the credit. Yet McTigue also noted that IRS has been taking steps since April 2010 to raise awareness about the credit, and to reduce the burden on taxpayers by offering tools to help businesses determine their eligibility for the credit.

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Finally, McTigue pointed out that Congress and the administration have proposed a number of changes to the credit, including expanding the size of eligible employers, altering the phase-out rules, and allowing the credit to be claimed in more than two consecutive years.

Missing Opportunities to Tap Into Executives' Values and Priorities

In light of mounting evidence that optimal performance comes from the alignment of an executive's personal values with the organization's culture and the role's responsibilities, encouraging executives to derive deeper satisfaction and meaning from their work can help organizations retain and improve the performance of their management team, according to a recent report by executive search firm Egon Zehnder.

The report's findings, released on March 15, are based on the results of a survey conducted in the fall of 2015, in which 1,275 senior executives from around the world were asked about their personal priorities, and the extent to which they feel those priorities are supported at work. Researchers observed that the key findings were consistent across industries and regions, and thus provide a framework for thinking about ways of improving the alignment of personal meaning and the professional environment.

The survey showed that senior executives are motivated by a variety of factors. When asked to identify those factors, the top internal motivator cited was the opportunity to make a difference (55%), followed by leading and motivating others (45%), personal growth and development (45%), and being true to their beliefs and values (39%); while the main external motivators cited were monetary compensation (45%), the opportunity to be part of an innovative enterprise (44%), and having power and influence (37%).

In addition, the overwhelming majority (70%) of executives surveyed said they feel that too much emphasis is placed on moving up the organizational chart when lateral moves should also be held in esteem. Meanwhile, just 31% of respondents said they believe their organization has effective ways to reward high performance other than promotion.

When asked if they believe their organization helps them unlock their potential, 40% of the executives surveyed gave a positive answer, while 60% gave a negative or neutral response. The survey also found that 72% of respondents would welcome more help from their organization to pinpoint and pursue their personal motivations and goals.

The report's authors observed that on a practical level, "moving up the ranks" often means two things for executives: focusing on short-term performance metrics and "checking the boxes," which can prevent executives from shaping their role in a way that satisfies both the company's objectives and their own priorities; and relocating to take roles dictated by a professional development plan, even though such moves are often very disruptive to mid-career and senior executives with families.

Researchers also pointed out, however, that relatively few executives who feel there is a disconnect between their personal goals and the company's objectives articulate their concerns. They recommended that both companies and executives seek to initiate a true dialogue on professional development that goes beyond box-checking, and that gives executives an option beyond "take it or leave it."

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