

Making the CONNECTION

Many Canadian organizations allocate a significant portion of their operational expenses to hiring, training and retaining the employees required to achieve their objectives in a highly competitive global business environment. At the same time, employers face intense competition for talent as a result of job mobility, a shortage of skilled employees and an aging workforce. They are also confronted with increasing staff demands for a work culture that is personally satisfying for a diverse group of individuals.

In this climate, many employers go to considerable lengths to attract talent and meet employees' needs. Typically, this includes promising development opportunities,

By Jeff Curtis and Liz Scott

Looking to improve the health of your employees and the organization's bottom line? Consider how disability management fits into the company's strategic plan.

FIGURE 1

THE STRATEGIC FIT

How strategic planning, value propositions, promises, employee engagement, customer loyalty & profitability interact

Strategic planning covering:

- customers
- employees
- business priorities
- key tactics (e.g. DM)

Align strategic plans for customers/employees and tactics including leadership, employee development, empowerment, compensation/benefits and disability management (DM)

Strategic

Customer value proposition: *service excellence*

Promise to customers: *exceed expectations*

Policies & processes: *single face to the customer*

Outcomes/results: *customer loyalty and market share*

Employee value proposition: *deliver workplace of choice*

Promise to employees: *commitment to employees*

Policies & processes: *empower, develop, career path, etc.*

Outcomes/results: *retain engaged employees*

Tactical

DM value proposition: *commitment to employee wellness*

DM promise to employees: *personal health & functional capacity*

DM policy & processes: *human-oriented DM/return to work services*

Outcomes/results: *reduce human & financial costs*

Performance targets including:

- revenue
- EBITDA margins
- earnings per share

Strategic plans, customer value proposition, employee value proposition and enabling tactics interact horizontally and vertically to achieve performance targets

Adapted by Curtis & Scott (2002) from Hewitt (2000)

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attractive performance-based compensation, a commitment to employee health and wellness, empowerment and a voice in decision-making as well as effective leadership.

Making promises to employees isn't difficult. Fulfilling them is another issue altogether. Indeed, how many organizations can say that they live up to their promises? But making good on promises contributes to both the overall health of employees and to the financial well-being of the company.

WORKPLACE OF CHOICE

Progressive employers recognize that organizational health is both directly and indirectly linked with the organization's bottom line. In order to create a workplace that delivers on business objectives, Canada's best companies ensure that employee engagement, satisfaction and health are essential elements of organizational health. These elements flow out of a compelling employee value proposition.

When organizations fail to deliver on their promises, employee relations and well-being break down. Workers begin to exhibit behaviors and symptoms that can cost employers billions of dollars in turnover, lost productivity,

illness and injury each year. For example, high-performers may leave the company, while others may stay and scale back on their productivity and output. As well, a greater number of employees may be added to the company's disabled list, be it for the short or long term.

Recent data from the insurance industry reveals that half (49%) of all non-occupational disabilities are attributed to psychological conditions. Indeed, employers pay almost \$11.3 billion a year in absence-related costs, according to Statistics Canada, while the Association of Workers' Compensation Boards of Canada estimates the cost of time lost from work at \$5.7 billion in 2001.

The repercussions of the failure to live up to organizational promises is also evident in spiralling benefit expenditures. The latest research from the Canadian Life and Health Insurance Association shows that annual health benefit payments total \$12.5 billion.

Canadian companies need to incorporate disability management into their strategic planning in order to create a healthy organization that achieves its business objectives.

In fact, disability management must be seen as one of several key enablers that are in line with and drive employee and organizational health. It must support the

company's promises to employees, employee satisfaction/engagement, customer loyalty and corporate profitability.

Employers need to consider whether their disability management practices correspond with promises made to employees. In this vein, organizations could look beyond the traditional costs directly attached to disability. They must address the bigger picture, which is the impact that employee engagement—influenced by many factors, including disability management—has on corporate results. At the same time, employers need to understand the connection between workplace culture and employee engagement, and in some cases, the occurrence of disability.

The occurrence and type of psychological disabilities in a workplace often reflect the overall health of the organization. A firm's health is negatively influenced by “excessive office politics, the failure to recognize honest effort, unclear job mandates, ambiguous [directions set] by those in senior management [positions], frequent changes in priorities and intrusive interruptions, lack of trust [and] poor communications,” said Edgardo Perez and Bill Wilkerson, co-authors of the 1998 report *Mindset—Mental Health: the Ultimate Productivity Weapon*.

In light of this research, organizations need to ask themselves what type of work environment they are promising—and actually delivering to their employees. (see figure 1, pg. 75)

PERSONAL HEALTH

Personal health is a state of complete physical, social and mental well-being. It is not merely the absence of illness or disability. According to the World Health Organization, personal health is a positive concept emphasizing

social and personal resources, as well as physical capabilities.

Corporate health is the ability to meet the goals and objectives of the organization in a profitable manner. Organizational health is the integration of personal and corporate constructs to effectively deliver on corporate goals.

From an employer's perspective, disability management policies and programs are intended to bridge personal and corporate health in order to achieve organizational objectives. These include enhancing employee engagement, reducing the human and financial costs associated with illness and injury, and enabling the company to achieve its business objectives. This is why it is important for disability management to be integrated into the strategic planning process.

In order to achieve this goal, disability management must become one component of a company's human resources strategy and senior management must be firmly committed to these objectives. These strategies then become corporate priorities and policies that, in turn, become tactical programs and processes at the planning level. Through the implementation of these objectives, the company clearly articulates the importance of effective human resources management, confirms its promises to employees and specifies which processes need to be in place in order to positively influence employee engagement and business outcomes.

One of the key reasons for an organization to rise to this challenge and integrate a health management program is that organizations that do so are well positioned to improve their business results.

One example of this success is Sears, Roebuck and Co. Through its Employee-Customer-Profit chain, Sears identified and

addressed how “employee attitudes influenced customer service, employee turnover and, ultimately, company profits,” according to research by Anthony Rucci, Steven Kirn and Richard Quinn in the United States. Their 1998 study, *The Employee-Customer-Profit Chain at Sears*, illustrates how the vision of a successful workplace is linked through a series of outcome measures to strategic goals covering customer loyalty and profitability. Sears’ model establishes a direct correlation between employee engagement and satisfaction, customer loyalty and bottom-line results.

MAKING THE CONNECTION

An employee’s capacity to deliver on a company’s objective is influenced by various factors, including disability management. Many variables contribute to the absence of illness in a workplace, including an employee’s perception of their health and ability to function at work. Looking at disability as an organizational issue as opposed to simply a medical condition leads to a broader consideration of the factors that influence an employee’s decision to attend work and contribute to the organization.

Effective disability management programs incorporate prevention, early assessment and intervention, close monitoring and management of an absent employee to ensure optimal progress as well as early and safe return-to-work policies. Most importantly, programs address the reciprocal economic and human needs of the two key stakeholders in organizational health—the company and its employees.

Successful workplaces are rigorous in pursuing the key factors that determine health in the organization. This includes establishing and communicating performance measures in advance to determine the success of disability management programs. Examples of such performance indicators include number of “lost time” accidents, cost of “lost time” accidents, number of days on transitional work and percentage of employees who return to work.

Organizations must clearly convey the objectives and

measures of their disability management programs to ensure employees are engaged by them and, in times of need, assisted back to good health. However, this may require the employer to explore the underlying causes that prevent an individual from returning to work.

If an organization is healthy, its employees should feel a sense of purpose and satisfaction in the workplace. They understand that their absence prevents them from achieving personal goals and contributing to those of their employer. In the absence of a common goal, the employee’s detachment from the workplace grows. Eventually, the employee distances him or herself entirely from their role in achieving these targets.

Disability management can help shape a company’s ability to create an attractive workplace and keep its employee promises. It plays a key role in helping those employees who are motivated to achieve personal and corporate objectives at work. In the end, both the employees’ and the company’s health will benefit from this approach.

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