

health and future

A RESEARCH PROJECT ON LONG-TERM HEALTHY COMPANIES

SUB STUDY 1-4

Summary

2008

The Swedish Health and Future study examines what distinguishes private companies with healthy employees – healthy companies – from other companies. The underlying hypothesis was that factors at an organisational level may help to explain why some companies have a low level of sick leave. The companies themselves may have an impact on these factors, but other factors that play a role (individual factors, geographic factors or factors in society as a whole, such as the economy) are more difficult for individual companies to influence.

This project is unique in that it has studied health factors in companies at an organisational level. Previous research on the working environment has focused on factors that increase an individual's risk of illness. The project also brings together representatives from local enterprises, unions, insurance companies and researchers.

Both quantitative and qualitative methods were used in the project. Sub study 1 examined data gathered from several registers. Sub study 2 involved interviews with key people in companies with low or average levels of sick leave. In sub study 3, questionnaires were sent to the managing directors of a number of companies. Sub study 4 focused on rehabilitation, using group interviews with managers and questionnaires for employees on long-term sick leave, in addition to interviews from sub study 2.

The results show that there are organisational differences between companies with low and average levels of sick leave. We are not able to draw any conclusions regarding causality in this study. One reason for studying this further may be to investigate whether organisational improvements result in decreased sick leave and in increased productivity and profitability. This could be carried out quite simply, by conducting a special study on the companies with an average level of sick leave that were beginning to introduce changes at the time of this study. It might also be of interest to conduct a similar study within the public sector, where levels of sick leave are significantly higher than in private companies, particularly in the municipalities.

Results

- Health factors at company level is a new and important subject of study.
- There are pronounced differences in sick rates between healthy and average companies.
- Companies with a low level of long-term sick leave also have lower levels of short-term sick leave.
- Healthy companies exist in all industries.
- Women typically have higher sick rates than men, but not always, which implies that this needs not necessarily be the case.
- Healthy companies are characterised by having a strong leadership.
- Employees at healthy companies are familiar with company values and have inside knowledge about the company, and employee participation is encouraged.
- At healthy companies, the employees are seen as an important resource – an incentive which helps to maintain employee health.
- Communication in healthy companies functions well on all levels.
- Healthy companies have a structure in place for rehabilitation.
- Healthy companies have a preventive perspective on the health of their employees.
- Once on long-term sick leave, it is difficult for an employee to return to work in both healthy and average companies.

Conclusions

- Knowledge is available regarding the factors associated with healthy companies.
- Awareness of employee health varies among different companies, and some- times within a single organisation.
- Healthy companies work more strategically to ensure that they have clear strategies and employee participation.

Sub study 1 – register study

The material in this study is based on information gained from the registers of the insurance companies AFA Insurance and Alecta. Data on private companies with at least 75 employees, both blue- and white-collar, was gathered from the registers. Data was also gathered from several of the Statistics Sweden (SCB) registers.

The companies were divided into four groups of similar size, based on the number of new cases of sick leave lasting more than 90 days. There were approximately 500 companies in each group. The companies we refer to as healthy companies made up 25 per cent of the companies studied; the average companies, 50 per cent and those with the highest level of sick leave, 25 per cent.

Data was collected for the years 2002, 2003 and 2004. Total sick leave decreased during these years, but there remained large differences between the healthy and average companies.

Large differences in sick rates

The register study shows considerable differences in sick rates, or the number of days of sick leave per insured person per year, not only among the counties and industries but within industries as well.

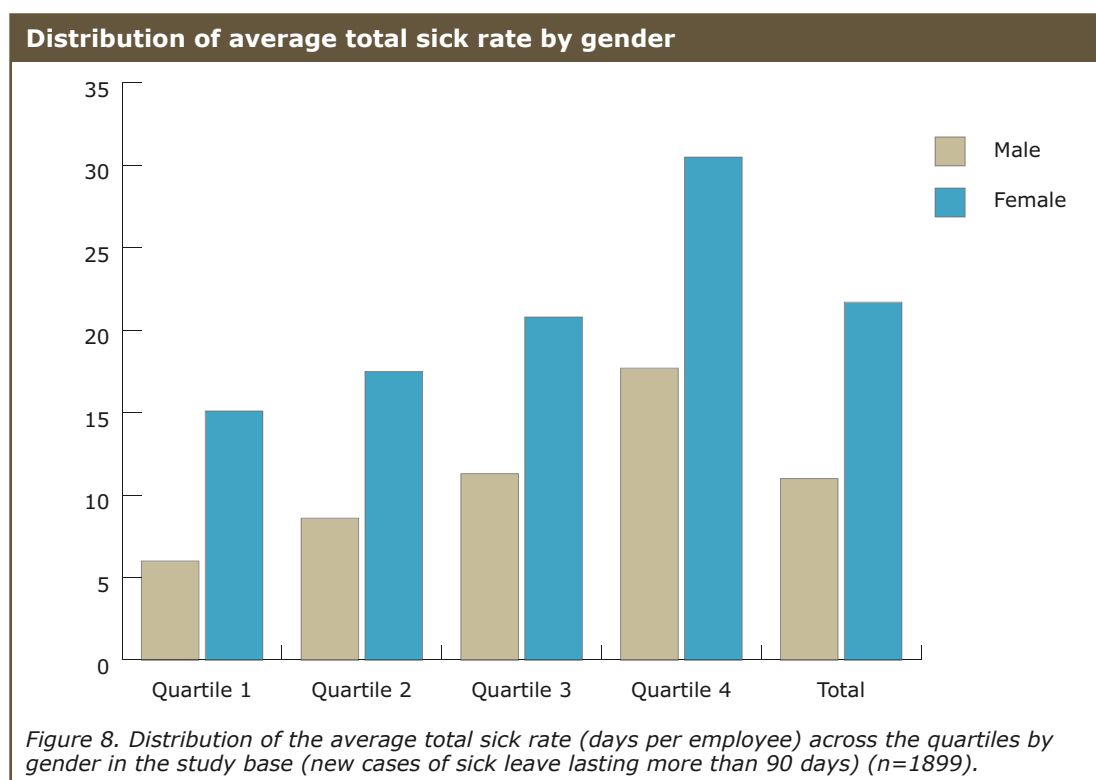
Healthy companies exist in every industry, even in those with a generally high level of sick leave, such as the cleaning

industry. In physically demanding industries, such as manufacturing and construction, there are companies without a single case of long-term sick leave during a 1-year period. Companies with a low level of long-term sick leave also have lower levels of short-term sick leave.

Males are healthier

Another finding from the register study is that males have lower sick rates than females – something that has long been well known. The difference between males and females is 10 days per employee per year.

The females in Kronoberg County represent an exception to this, as they are nearly as healthy as the males in the same county. Females working in male-dominated industries have lower levels of sick leave than females working in female-dominated companies or in companies with equal gender distribution. There is also a tendency towards lower levels of sick leave among males in male-dominated companies.



Sub study 2 – interview study

In this study, just over 200 interviews were conducted at 38 private companies across the entire country. Half of the companies had a markedly low level of sick leave; the other half had a more average level. Although companies with the highest levels of sick leave were excluded from the study, the level of sick leave in the healthy companies was, on average, three times lower than those with an average level.

As the aim of the study was to identify factors at an organisational level that may have an impact on sick leave, interviews were conducted with people in strategic positions at the companies studied. The interviews were recorded, transcribed and analysed.

The health factors identified in the study overlap and interact with one another. We found the characteristics of healthy companies to be; continuity and functioning systems for follow-up, competence development, participation, communication and ways of dealing with health and sick leave among employees, all of which were better integrated into an ongoing process than in average companies.

Healthy companies are characterised by having more of a general leadership philosophy, with a clearly assigned responsibility on all levels. Leaders and employees know what is required and what is expected of them. Leadership traits, such as social skills, are more often rewarded in healthy companies.

Well-developed day-to-day support for leaders, from other leaders, is more common in healthy companies, as are leadership development programmes and more advanced human resources functions. Internal promotion is more common in healthy companies.

Long-term assets

Recruiting and retaining good employees is important at all companies. In healthy companies, employees are more often viewed as long-term assets and potential future leaders. Training and other forms of competence development are also seen as part of personal development, and are not governed solely by the direct needs of the operation.

At healthy companies, work-specific competence is not the only aspect that is taken into consideration. There is also a greater awareness of the context in which the employees work. These companies give more thought to recruitment strate-

gies that help the staff to fit in, work well in groups and accept and share the company's values.

All companies use formal channels of communication, including intranets, staff newsletters and meetings. Furthermore, healthy companies are more likely to use informal channels of communication as well. The management at healthy companies is more open to discussion and criticism. The management also tries to have more personal contact with employees, e.g. by making rounds on the factory floor or having contact by telephone. This type of closeness creates greater knowledge about what is happening in the organisation.

We found a more pronounced long-term perspective with regard to communication as well as more developed feedback strategies in the healthy companies, as they are aware of the need for ongoing work in these areas.

Well-known values

Healthy companies are characterised by their values to a greater extent than other companies, and the employees are familiar with their company's value base. More time and resources are devoted to gaining approval for the company's values. There is more often an explicit expectation that the employees will participate in an ongoing company-wide improvement process.

Healthy companies also have more developed routines for making use of employee ideas that might improve the operation. There is also awareness that both time and effort are needed in order for employees to take on more responsibility.

Occupational health services and preventative health care are about equally as common in healthy as in average companies. In healthy companies, the management seems to be more aware of both short- and long-term sick leave. The management knows what percentage of its employees are

on sick leave, if there are any changes over time and why the employees are sick.

The healthy companies are more likely to have strategies and policies in place that address how these issues should be handled. Decision latitude, or the ability to influence one's own work, varies by line of

business, industry and qualification level in both healthy and average companies.

The clarity of the boundaries, however, varies between the two groups. In healthy companies, the management and employees understand the scope and limits of their authority.

Sub study 3 – questionnaire study

A questionnaire was sent out to the managing directors of approximately 600 companies. The selection was evenly divided between companies with low, average and high levels of sick leave. A low response rate was to be expected with this target group. The response frequency of the study was 43 per cent, with an even distribution across the groups. The questionnaire study confirms many of the findings of the interview study. There are only minor differences between companies with low levels of sick leave and others, and the results should be interpreted as current trends.

Top-level management in the healthy companies stated, more often than other companies, that leadership programmes were offered and that internal promotion took place.

The results also suggest that healthy companies value various types of competence when recruiting managers, such as leadership ability and social skills.

Efforts are rewarded

Organisational support appears to be superior in healthy companies. Healthy companies are also better at rewarding positive efforts, and they devote more

time to internal competence development. Participation is more often rewarded, both through increased authority accompanying increased responsibility and mutual communication between the management and employees. Knowledge and awareness about the company, its operations and its operative system appear to be stronger in healthy companies.

At the same time, the management is more likely to express a belief that employees perceive the operation as meaningful. Healthy companies have a greater awareness that organisational problems can be a cause of illness and sick leave.

Sub study 4 – rehabilitation study

This study surveyed how rehabilitation works in practice at various levels in the company. Top management and managers were interviewed at 11 companies, five with a low level of sick leave and six with an average level of sick leave. Approximately 4 000 people who had been on sick leave for more than 3 months were randomly selected from the AFA Insurance and Alecta registers, including employees from small companies. They completed a survey about their experiences of rehabilitation.

The healthy companies had a clear structure regarding how the rehabilitation process should be handled. At four of the six companies with an average level of sick leave, there was also a relatively clear structure in place for rehabilitation work.

At companies where the top management and managers were in agreement regarding a rehabilitation policy (and where

this policy is used), the level of sick leave was lower than in other companies. The lowest level of sick leave was found in companies with clearly formulated routines regarding the rehabilitation process, and where these routines are seen to work in practice.

Supportive functions

The healthy companies generally had more

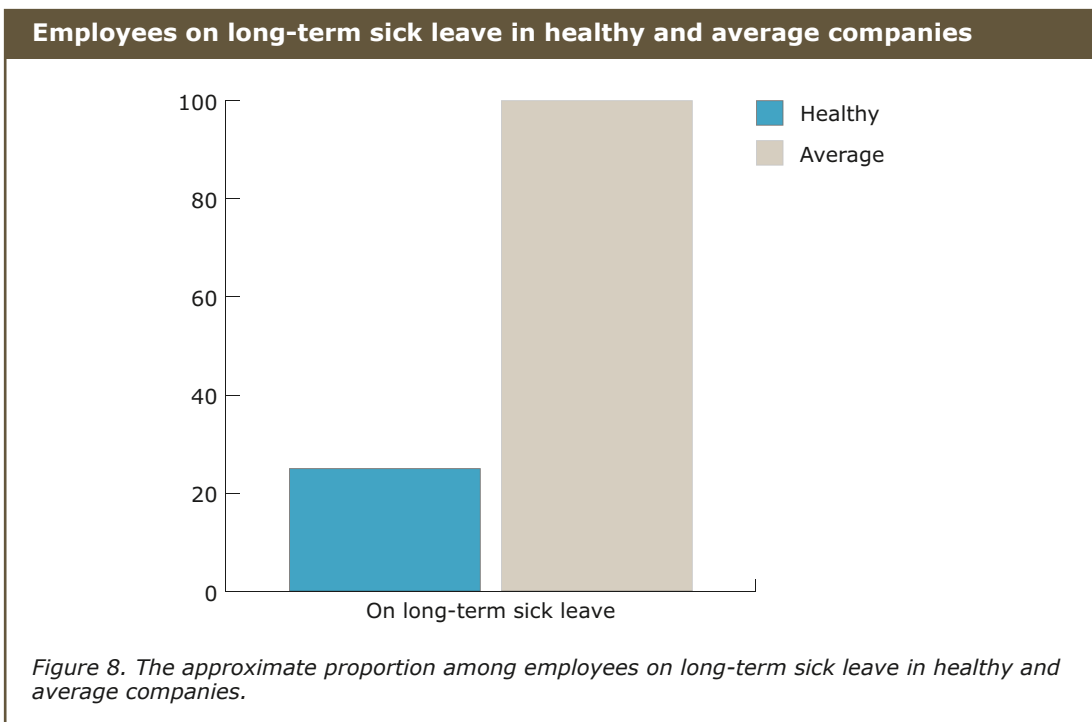
supportive functions, with the responsibility being shared between managers, the human resources department and the occupational health service.

It was rare for managerial staff to have active contact with employees on long-term sick leave for whom they were responsible. The responsibility for rehabilitation was, in most cases, transferred to the human resources department. The managerial staff primarily had contact before the person had gone on long-term sick leave or in connection with their return to work.

One result that emerged from the questionnaire is that there are few employ-

ees on long-term sick leave in healthy companies compared with average companies. The diagnosis for which the employee had been placed on sick leave was not a determining factor.

The results show that it is important to take action before the employee has gone on long-term sick leave. Once an employee has been on sick leave for a long period of time, it makes no difference whether she/he is employed at a healthy, average or small company. Regardless of the level of sick leave in the company, many employees do not return to work after a long period of sick leave.



How can companies use the results of this project?

Organisational factors have often been studied using productivity, effectiveness and profitability as outcome variables. The factors we found to be more pronounced in healthy companies have been confirmed, by other studies, to have a connection with these outcome variables. It is likely that work focused on strengthening leadership, competence development, communication and employee participation, as well as increased awareness about, and clear strategies for, sick leave not only lead to a reduction in sick leave but to an increase in productivity, effectiveness and profitability as well.

One way of utilising the results of this project would be to follow up on the company's sick leave in recent years and compare it with corresponding figures for

other companies in the same industry. If there is a gap between that company and those with the lowest level of sick leave, there may be room for improvement. If, on

the other hand, the company is among the healthy companies, there is good reason to utilise and further develop these strategies.

Reaching the top requires ongoing effort – becoming, and remaining, a healthy and profitable company is a constant process that involves all parts of the organisation. Support from the managing director and from the organisation's board of directors is therefore essential. It is important that the executive committee, the other managers and the employees understand the purpose behind the ongoing work. All parts are working together to create something new, and there is no predetermined way to reach the goal.

Clear leadership

Leadership must be well thought out, well established and must permeate the entire company. This means clear and receptive leadership that aims to engage, inspire and encourage, and leaders who have an insight into how people, groups and organisations should be approached.

The leader should invite participation, support an individual's development and optimise groups. Employees should be

viewed as individuals with unique competences, perspectives and viewpoints, all of which are important for the organisation to function in a better way. The leader should also present strategies and requirements for employee participation and influence.

Competent recruiting

This can be accomplished through careful and competent recruiting of both leaders and employees with a long-term perspective towards the company's needs and development opportunities, with the help of communication throughout all levels of the company.

One vital element is awareness about the company and its employees, what the existing competences are and which of these need strengthening, as well as how individuals and groups function together. Communication helps a company make use of and develop its values, as well as making changes and improvements in areas of weakness. Internal promotion is a way of taking advantage of known competence, in order to refine knowledge and pass along values.

Questions for companies seeking to make improvements

- Organisations are constantly undergoing changes. At what point are employees informed of such changes? In the planning phase, the decision phase or not until the implementation phase?
- In what way does the recruitment process for managers value leadership abilities, social skills and self esteem in addition to the applicant's specialist and industry knowledge?
- Does the company have systematic programmes for leadership development?
- Are there strategies in place for a rewards system? Is there a system of rewards other than salary? Are positive efforts encouraged and rewarded in the company?
- Is there sufficient organisational support and sufficient resources to make the operation manageable?
- Is sufficient time devoted to internal competence development? Are there competence development programmes for employees?
- Are the employees familiar with the rules and routines? Are the managers familiar with the order of delegation and the sharing of responsibility? Is the leadership structure clear and apparent? Is the sharing of responsibility made clear in day-to-day work?
- Are there clearly documented goals for the company's operation? Are the employees aware of the company's goals and its various areas? Is there a systematic follow-up on the company's goals?
- When responsibility is delegated, is it accompanied by authority? Does communication between the management and the employees go in both directions? Do the employees see the operation as meaningful? Is the management receptive to the employees' work situations and their opinions?
- Is the management aware of the level and nature of sick leave in the company and its underlying cause?

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Facts about Health and Future

Health and Future is a research project on private companies with long-term healthy employees. The project, which started in 2005 and ended in 2008, consists of four substudies.

The first study is a register study. In the second study, we analyse factors that might be connected with good health among employees. We did this by interviewing representatives for the management, the HR department and the employees. In substudy three, questionnaires were sent out to a large number of companies, in order to validate the significance of health factors found in substudy two. In the final study, we investigate whether the rehabilitation process is a key factor in companies with low levels of sick leave.

Research for the Health and future project was carried out by Stockholm County Council's Centre for Public Health, the Karolinska Institutet and Uppsala University. The project received a total of 12.75 million SEK (Swedish krona) in financial support from AFA Insurance, Alecta, Carl Bennet AB, Axel Johnsson AB and AB Volvo. A reference group, with representatives from Svenskt Näringsliv (Confederation of Swedish Enterprise), Företagarna (Federation of Private Enterprises), LO (The Swedish Trade Union Confederation), IF Metall (Swedish Industrial and Metal Workers Union), TCO (The Swedish Confederation for Professional Employees), Unionen (The Union), SACO (The Swedish Confederation of Professional Associations) and PTK (The Council for Negotiation and Co-operation) also support the project.

Learn more at www.folkhalsoguiden.se/halsaochframtid and www.ki.se.