



Information Technology, Inc.

Presenteeism Report

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Prepared by:
Matrix Performance Consulting

Guidelines for Interpreting the Information Technology, Inc. Presenteeism Report

- Information Technology, Inc.'s Presenteeism Report represents a comprehensive statistical/financial analysis of Personal Stress Navigator® presenteeism data contributed by the Information Technology, Inc. workforce.
- Presenteeism is a phenomenon receiving increasing attention from employers concerned about performance and productivity. First cousin to absenteeism, presenteeism is defined as an employee being at work but functioning somewhere below 100% of capacity.
- Presenteeism is a complex phenomenon generated by a compound of at least six, often interactive, elements:
 1. **Burnout** — the exhaustion of physical and psychological resources in the pursuit of unattainable goals. Stress is a primary contributor to Burnout as a phenomenon and to how Burnout contributes to Presenteeism.
 2. **Physical Health** — employee at work but under-functioning due to physical distress such as colds, flu, migraine headache, diabetes, cardiovascular disease and musculoskeletal complaints. Stress related illness and the physical distress of the illness itself make it difficult for the employee to function at full capacity.
 3. **Mental Health** — employee at work but under-functioning due to psychological distress including anxiety, depression, inability to concentrate, impaired decision-making, and poor judgment. Employees dealing with stress related psychological distress problems have difficulty focusing, thinking, and performing at full capacity on the job.
 4. **Work Distractions** — employee at work but under-functioning due to distractions on the job (e.g. office politics, uncooperative coworkers, difficulties with superiors, impending changes such as layoffs, mergers, acquisitions). Many distractions on the job are stressful and create problems in concentration, productive thinking, and behaviors that undermine performance and productivity.
 5. **Life Distractions** — employee at work but under-functioning due to distractions outside the workplace (elder or childcare problems, transportation, home environment, marital difficulties, financial problems). The greater the stress associated with an outside concern, the greater the employee's preoccupation with it. Preoccupation results in divided attention and under-functioning on the job
 6. **Entitlement** — employee at work but under-functioning due to loafing, "goofing off," attending to personal affairs, and dissatisfaction with company culture or decisions. Not seen as stress related, Entitlement *per se* is beyond the scope of this report, but is represented in its entirety in Residual Presenteeism.
- Residual Presenteeism in this analysis is the Presenteeism not accounted for by specific stress patterns within the workforce and is represented in the element Entitlement.

- The various scales of the Presenteeism Report are listed below:
 - ♦ **Presenteeism Scale**
 - ♦ **Stress Related Presenteeism Elements**
 - Stress Related Burnout
 - Stress Related Physical Health
 - Stress Related Mental Health
 - Stress Related Work Distractions
 - Stress Related Life Distractions
- The results contained in this report reflect separate, but complementary, data sources:
 - ♦ Self report Presenteeism scores: a scale for employees to indicate their current level of functioning as a percentage of their full capacity.
 - ♦ Stress Related Elements of Presenteeism scores,
 - ♦ Cost Driver Indices based on aggregate Information Technology, Inc. employee PSN responses. Cost Drivers were defined as those PSN items accounting for some portion of the costs associated with Presenteeism. Cost Driver Indices consisting of the top ten Drivers were constructed for each of the elements of stress related Presenteeism.
- The results contained in this report are based on the following:
 - ♦ Percent Presenteeism is defined as 100% minus the individual's self reported percentage of full capacity.
 - ♦ Individual employee Presenteeism costs = Percent Presenteeism x Annual Salary/Wages. Individual Annual Salary/Wages data are drawn from a self-report Demographic item, *Annual Salary/Wages*, of the PSN.
 - ♦ The influence of stress as a Presenteeism driver and the percent of payroll associated with that influence are determined by extended statistical analyses.

Information Technology, Inc. PRESENTEEISM REPORT

Presenteeism and its Annual Dollar Costs:

The Information Technology workforce reports an average Percent Presenteeism score of 9%. Individual Presenteeism scores ranged from a low of 3% to a high of 58%. These values indicate the Information Technology workforce is functioning, on average, at 91% of capacity with some workers functioning at 97% of capacity and others functioning as low as 42% of capacity. If benefits costs and loss of corporate earnings/ employee were added to payroll costs, the losses due to Presenteeism would be even greater than the percent of payroll figures presented in this report. The Average Presenteeism payroll cost per Information Technology employee is estimated at **\$5,875/year**.

As shown in Figure 1 at right, the annual cost of Presenteeism for Information Technology's total workforce of 15,000 employees is estimated at **\$88,135,714/year**, amounting to 9% of an annual payroll of **\$979,285,714**.

Stress Related Presenteeism

As shown in Figure 2 at right, of the estimated Total Presenteeism cost of **\$88,135,714**, 69%, amounting to **\$61,177,560**, is stress related. Thirty one percent of presenteeism costs, **\$26,866,440**, remain as Residual Presenteeism.

Analysis of Residual Presenteeism is beyond the scope of this report.

Figure 1
Presenteeism Costs as Percent of Payroll

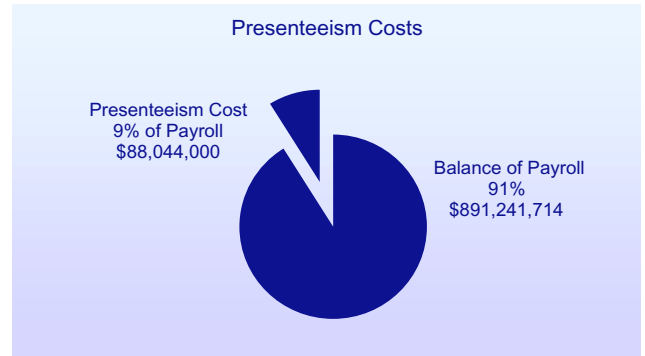
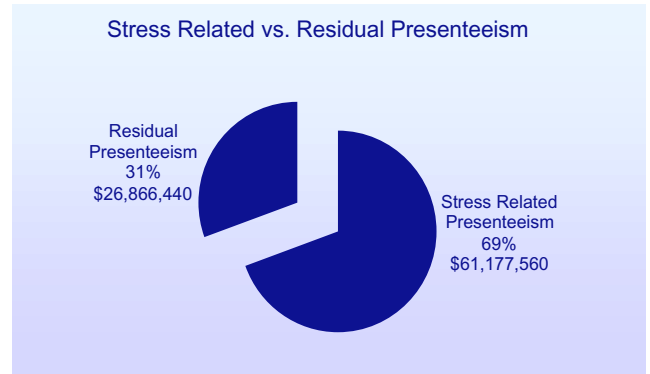


Figure 2
Stress Related Presenteeism Costs in Relation to Total Presenteeism Costs

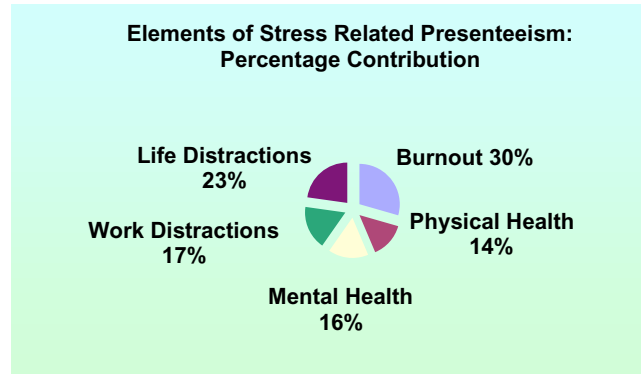


Stress Related Presenteeism by Element

The contribution of each element to the **\$61,177,560** in stress related Presenteeism Costs is shown in Figure 3 at right and in Table 1, below. In terms of cost, Burnout at 30% of the total is the most costly element of stress related Presenteeism followed by Life Distractions, Work Distractions, Mental Health, and Physical Health.

The annual costs of the five Elements of stress related Presenteeism within the Information Technology workforce costs are shown in Table 1. While typical presenteeism discussions in the literature point to Physical Health and Mental Health as the primary drivers of Presenteeism, the current analysis, however, finds that Burnout at **\$18,091,078**, Life Distractions at **\$13,983,442**, and Work Distractions at **\$10,662,375**, explain 70% of the costs accounted for by stress related Presenteeism.

Figure 3
Elements of Stress Related Presenteeism



Presenteeism Driving Element	Stress Related Cost
Burnout	\$18,091,078
Physical Health	\$8,564,858
Mental Health	\$9,875,806
Work Distractions	\$10,662,375
Life Distractions	\$13,983,442
Total	\$61,177,560

The costs of the Elements listed in Table 1 are further reduced to the costs of the specific PSN items composing them. Table 2 below lists the overall top ten PSN items driving the company's Presenteeism costs. Items are listed by descending magnitude of stress related cost. Column 1 lists the driving item, column 2 lists the cost of each Driver and Column 3 lists the percentage of the workforce contributes to the presenteeism costs associated with the driver because employees endorsed these PSN items as causing mid to high levels of negative stress. These top ten

Specific Cost Drivers are drawn from a number of Elements. Note that the first, second, and third Specific Drivers reflect demands and pressures of the workplace, whereas the balance of this top ten list are symptoms of Burnout, physical or psychological distress.

These top ten Drivers based on annual costs are responsible for 26%, **\$15,827,000**, of the **\$61,177,560** in stress related Presenteeism costs.

TABLE 2		
Information Technology, Inc. Stress Related Presenteeism: COST DRIVER INDEX (Top ten drivers presented in descending order of annual cost)		
Information Technology, Inc.	Stress Related Cost	Percent Employees at Risk
Work hours too long	\$2,653,000	68%
Pressured deadlines	\$1,973,000	59%
Too tired to get work done	\$1,971,000	74%
Pressure to do well at work	\$1,967,000	63%
Anger and Irritation	\$1,321,000	56%
Frustration	\$1,215,000	69%
Difficulty Concentrating	\$1,213,000	46%
Back Pain	\$1,205,000	36%
Indecisiveness	\$1,186,000	51%
Migraine Headaches	\$1,123,000	32%
TOTAL COST TOP TEN DRIVERS	\$15,827,000	

The Presenteeism Costs of Burnout:

A major driver of stress related Presenteeism, Burnout is defined as “The exhaustion of physical and psychological resources in the pursuit of unattainable goals”. As shown in Figure 4 at right Burnout accounts for **30%**, **\$18,091,078**, of the **\$61,177,560** in total stress related presenteeism costs. Affecting primarily the best and brightest, Burnout proceeds by phases:

1. The **Honeymoon** where workers see the job as fulfilling all of their hopes and aspirations. The conviction that hard work will achieve any goal is almost unshakeable.
2. **Disillusionment** where workers first begin to doubt they will reach their goals, but work all the harder to reach them anyway.
3. **Alienation** occurs when workers begin tiring, become dispirited, and disappointed in the level or type of reward for their efforts. Worker becomes critical of workplace, work setting, and co-workers. Performance begins to fall off sharply.
4. **Brownout** sets in when workers become cynical, engage in subtle sabotage, are tardy, take extended breaks, and see the employer as the enemy.
5. In full-blown **Burnout**, workers may engage in destructive on the job behaviors, may be absent frequently, or may become ill and require medical attention. Burnout often ends with the worker who showed so much initial promise angrily leaving the company either by choice or by request.

Figure 4
Burnout: Driving Element in Stress Related Presenteeism

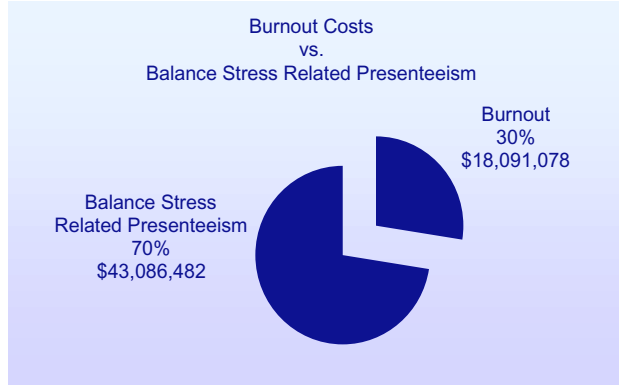


Table 3 below lists the top ten drivers of Burnout. Column 1 lists the top ten Burnout Drivers in descending order by stress related cost, column 2 lists the cost of each Driver, and column 3 lists the percentage of the workforce contributes to the presenteeism costs of that Driver.

These top ten Drivers are responsible for 53%, **\$9,511,000**, of the **\$18,091,078** in stress related Presenteeism costs for which Burnout issues are responsible.

TABLE 3

Information Technology, Inc.
Stress Related Presenteeism: BURNOUT COST DRIVERS
 (Top ten drivers presented in descending order of annual cost)

Information Technology, Inc.	Stress Related Cost	Percent Employees at Risk
Too tired to get work done	\$1,971,000	74%
Work hours too long	\$1,668,000	58%
Pressured deadlines	\$948,000	59%
Pressure to do well at work	\$836,000	63%
Overwork	\$753,000	61%
Meeting work goals	\$746,000	42%
Feeling that things are getting out of control	\$702,000	36%
Too much responsibility at work	\$684,000	34%
Dramatic increase in net worth	\$651,000	26%
Not enough time for myself	\$552,000	63%
TOTAL COST TOP TEN DRIVERS	\$9,511,000	

The Presenteeism Costs Of Physical Health:

Much attention is paid to the physical health of the workforce in the research literature on Presenteeism. Workers experiencing Physical Distress function at a fraction of full capacity. Stress related Physical Distress accounts for some **14%**, **\$8,564,858**, of the **\$61,177,560** in annual stress related Presenteeism costs.

The top ten Drivers of Presenteeism costs attributable to stress related Physical Health problems are listed in Table 4 below. These top ten cost Drivers are all symptoms of physical distress commonly associated with stress. They not only are the result of stress but are also a source of stress in and of themselves. The dual nature of these cost Drivers makes them doubly troublesome from the standpoint of Presenteeism costs.

Figure 5
Physical Health: Element in Stress Related Presenteeism

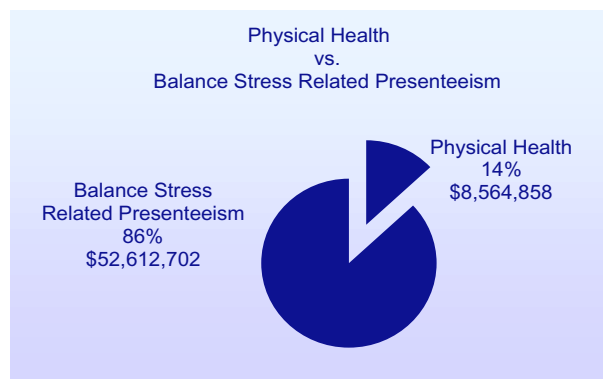


TABLE 4

Information Technology, Inc.
Stress Related Presenteeism: PHYSICAL HEALTH COST DRIVERS
 (Top ten drivers presented in descending order of annual cost)

Information Technology, Inc.	Stress Related Cost	Percent Employees at Risk
Back Pain	\$1,205,000	36%
Migraine Headaches	\$1,123,000	32%
Acid stomach, heartburn	\$903,000	16%
Many colds	\$723,000	22%
Allergies	\$568,000	27%
Frequent bouts of flu	\$527,000	14%
Shortness of breath	\$484,000	16%
Palpitations	\$420,000	18%
Dizziness	\$357,000	12%
Problems with drug or alcohol dependence	\$341,000	9%
TOTAL COST TOP TEN DRIVERS	\$6,651,000	

Column 1 of Table 4 lists the Drivers in descending order of cost, column 2 lists the cost of each Driver, and column 3 lists the percentage of the workforce contributes to the presenteeism costs of that Driver. These top ten Drivers are responsible for 78%, **\$6,651,000**, of the **\$8,564,858** in stress related Presenteeism costs for which Physical Health issues are responsible.

The Presenteeism Costs Of Mental Health:

Mental Health has received almost as much attention in the Presenteeism research literature as Physical Health. Discussion has centered primarily on anxiety and depression as symptoms of Mental Health distress with a significant impact on Presenteeism. As seen in Figure 6, Mental Health has a major impact on Presenteeism costs within the Information Technology workforce. Mental Health Distress accounts for **16%**, **\$9,875,806**, of total stress related Presenteeism costs seen in the Information Technology workforce.

Figure 6
Mental Health: Element in Stress Related Presenteeism

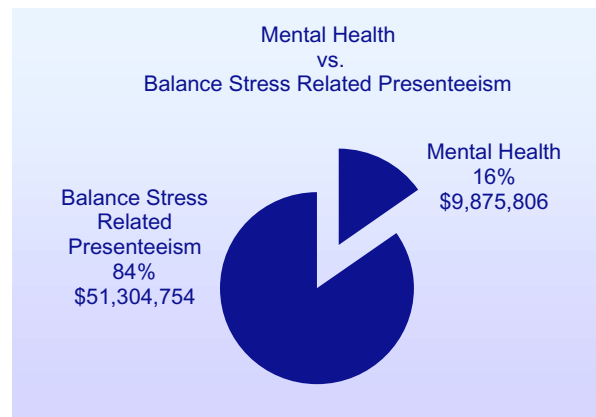


TABLE 5		
Information Technology, Inc.		
Stress Related Presenteeism: MENTAL HEALTH COST DRIVERS		
(Top ten drivers presented in descending order of annual cost)		
Information Technology, Inc.	Stress Related Cost	Percent Employees at Risk
Anger and Irritation	\$1,321,000	56%
Frustration	\$1,215,000	69%
Difficulty Concentrating	\$1,213,000	46%
Indecisiveness	\$1,186,000	51%
Pressure to do well at work	\$1,131,000	63%
Poor job description	\$622,000	74%
Ambiguous lines of authority	\$573,000	68%
Failure to understand or accomplish assignments	\$401,000	53%
Fear of error	\$363,000	38%
Trouble with boss	\$203,000	29%
TOTAL COST TOP TEN DRIVERS	\$8,228,000	

The top ten Drivers of Presenteeism costs attributable to stress related Mental Health problems are listed in Table 5 above. These top ten cost Drivers are all symptoms of psychological distress commonly associated with stress. They not only are the result of stress but are also a source of stress in and of themselves. The dual nature of these cost Drivers makes them doubly troublesome from the standpoint of Presenteeism costs

Column 1 of Table 5 lists the Drivers in descending order of cost, column 2 lists the costs of each Driver, and column 3 lists the percentage of the workforce contributes to the presenteeism costs of that Driver.

These top ten Drivers are responsible for 83%, **\$8,228,000** of the **\$9,875,806** in stress related Presenteeism costs for which Mental Health issues are responsible.

The Presenteeism Costs of Work Distractions:

Distractions in the workplace are a major source of stress related Presenteeism costs ranking third behind Burnout, and Life Distractions. As seen in Figure 7, Work Distractions account for **17%**, **\$10,662,375**, of total stress related Presenteeism costs of **\$61,177,560**.

The top ten Drivers of the Work Distraction Element of stress related Presenteeism are listed in descending order of dollar cost in Table 6 below. Column 1 of Table 6 lists the Drivers in descending order of cost, column 2 lists the costs of each Driver, and column 3 lists the percentage of the workforce contributes to the presenteeism costs of that Driver.

These top ten Drivers are responsible for 88%, **\$9,422,000**, of the **\$10,662,375** in stress related Presenteeism costs for which Work Distractions are responsible.

Figure 7
Work Distractions:
Element in Stress Related Presenteeism

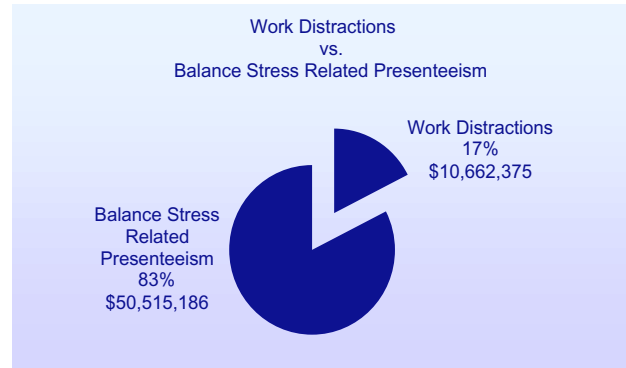


TABLE 6

Information Technology, Inc.
Stress Related Presenteeism: WORK DISTRACTION COST DRIVERS
(Top ten drivers presented in descending order of annual cost)

Information Technology, Inc.	Stress Related Cost	Percent Employees at Risk
Ambiguous lines of authority	\$1,623,000	68%
Pressured deadlines	\$1,025,000	59%
Work hours too long	\$985,000	68%
Poorly defined responsibilities at work	\$962,000	56%
Uncooperative coworkers	\$948,000	43%
Lack of company concern about workers	\$937,000	69%
Equipment malfunctions at work	\$858,000	28%
Trouble with boss	\$850,000	29%
Little opportunity for advancement	\$653,000	42%
Labor - management conflict	\$581,000	39%
TOTAL COST TOP TEN DRIVERS	\$9,422,000	

The Presenteeism Costs of Life Distractions:

Second only to Burnout, Figure 8 shows that Life Distractions constitute **23%**, **\$15,367,999**, of the total **\$66,689,365** Presenteeism costs attributable to stress. Workers distracted or preoccupied by concerns outside the workplace have difficulty concentrating and in some cases pursue their outside concerns during work hours. The data show the Life Distractions of the workforce constitute an expensive problem for Information Technology, Inc.

The top ten Drivers of the Life Distractions Element of stress related Presenteeism are listed in descending order of dollar cost in Table 7 below. Column 1 of Table 7 lists the Drivers in descending order of cost, column 2 lists the cost of each Driver, and column 3 lists the percentage of the workforce contributes to the presenteeism costs of that Driver.

The top ten Drivers of the Life Distractions element of stress related Presenteeism account for **62%**, **\$9,529,000**, of the total of **\$13,983,442** explained by the Life Distractions element of stress related Presenteeism.

**Figure 8
Life Distractions:
Element in Stress Related Presenteeism**

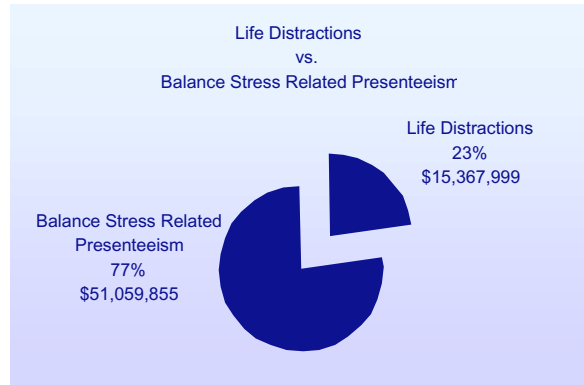


TABLE 7

Information Technology, Inc.

Stress Related Presenteeism: LIFE DISTRACTIONS DRIVERS

(Top ten drivers presented in descending order of annual cost)

Information Technology, Inc.	Stress Related Cost	Percent at Risk
Disciplinary problems with children	\$1,521,000	46%
Difficulties with other family members	\$1,326,000	51%
New mortgage or loan	\$987,000	22%
Problems with weight	\$954,000	61%
Special care in maintaining relationship(s)	\$906,000	44%
Problems with schools	\$843,000	32%
Problems with traffic, parking, transportation	\$801,000	48%
Feelings of competition and comparison	\$784,000	26%
Responsibility for aging relative(s)	\$753,000	21%
Serious illness in family	\$654,000	18%
TOTAL COST TOP TEN DRIVERS	\$9,529,000	

In Table 8 below, the following summary information taken from Tables 3-7 and Figures 4-8 demonstrates the power of selecting the top ten drivers from each of the Elements of stress related Presenteeism. By looking at the Top Ten Drivers of each of the five Elements of Stress Related Presenteeism, 71% of the costs are estimated to be included in these specific actionable items.

Elements		Top Ten Drivers/ Elements	
Presenteeism Driving Element	Stress Related Cost	Top Ten Drivers % Cost / Element	Stress Related Cost
Burnout	\$18,091,078	53%	\$9,511,000
Physical Health	\$8,564,858	78%	\$6,651,000
Mental Health	\$9,875,806	83%	\$8,228,000
Work Distractions	\$10,662,375	88%	\$9,422,000
Life Distractions	\$13,983,442	62%	\$9,529,000
Total	\$61,177,560	71%	\$43,401,000

Information Technology, Inc.	# Workers	% of Workforce
SEX		
Female	2,700	18%
Male	12,300	82%
TOTALS	15,000	100%
AGES		
20 and under	900	6%
21 - 30	2,250	15%
31 - 40	2,400	16%
41 - 50	5,250	35%
51 - 60	3,000	20%
61 and over	1,200	8%
TOTALS	15,000	100%
MARITAL STATUS		
Married	12,300	82%
Single	1,200	8%
Divorced	1,200	8%
Widowed	0	0%
Cohabiting	300	2%
TOTALS	15,000	100%

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Information Technology, Inc.	# Workers	% of Workforce
CHILDREN (under 5)		
0	13,200	88%
1	1,650	11%
2	150	1%
3	0	0%
4	0	0%
5 or more	0	0%
TOTALS	15,000	100%
CHILDREN (5 - 12)		
0	11,250	75%
1	2,250	15%
2	1,200	8%
3	300	2%
4	0	0%
5 or more	0	0%
TOTALS	15,000	100%
CHILDREN (13 - 22)		
0	9,750	65%
1	2,850	19%
2	2,100	14%
3	150	1%
4	150	1%
5 or more	0	0%
TOTALS	15,000	100%
CHILDREN (23 & up)		
0	9,450	63%
1	1,500	10%
2	2,250	15%
3	1,200	8%
4	300	2%
5 or more	300	2%
TOTALS	15,000	100%
ANNUAL INCOME		
Under \$15000	600	4%
\$15000 - \$20000	0	0%
\$20000 - \$30000	150	1%
\$30000-\$50000	1,050	7%
\$50000 - \$100000	10,350	69%
\$100000 - \$150000	2,400	16%
Over \$150000	450	3%
TOTALS	15,000	100%

Information Technology, Inc.	# Workers	% of Workforce
EDUCATION		
0 to 8 years	750	5%
9 to 11	600	4%
12	3,900	26%
13 to 15	3,750	25%
16	3,150	21%
17 or more years	2,850	19%
TOTALS	15,000	100%
RACE		
African-American	1,200	8%
Asian	600	4%
Caucasian	12,750	85%
Eskimo	0	0%
Hispanic	300	2%
Native American	150	1%
Pacific Islander	0	0%
TOTALS	15,000	100%
IMMIGRANT STATUS		
Immigrant	1,200	8%
1st Generation Amer.	1,500	10%
2nd Generation Amer.	1,650	11%
Multi-Generation Amer.	10,650	71%
TOTALS	15,000	100%
RESIDENCE		
Rural	5,250	35%
Suburban	8,100	54%
Urban	900	6%
Inner City	750	5%
TOTALS	15,000	100%

