

Corporate Social Responsibility:

Why invest in employee health?

Meridian Group International
1250 24th Street, N.W., Suite 350
Washington, DC 20037
(202) 466-0511

Pathfinder International
Nine Galen Street, Suite 217
Watertown, MA 02472
(617) 924-7200

Through the Extending Service Delivery Project, Meridian Group International and Pathfinder International are able to build and expand on their earlier work as partners in the CATALYST Consortium (2000-2005).

The Extending Service Delivery (ESD) Project, funded by the United States Agency for International Development (USAID) Bureau for Global Health, is designed to address unmet need for family planning (FP) and increase the use of reproductive health and family planning (RH/FP) services at the community level, especially among underserved populations, in order to improve health and socioeconomic development. To accomplish its mission, ESD strengthens global learning and application of best practices; increases access to community-level RH/FP services; and improves capacity for supporting and sustaining RH/FP services. ESD works closely with USAID missions to devise tailored strategies that meet the RH/FP service delivery needs of specific countries. A five-year Leader with Associates Cooperative Agreement, ESD is managed by Pathfinder International in partnership with IntraHealth International, Management Sciences for Health, and Meridian Group International, Inc. Additional technical assistance is provided by Adventist Development and Relief Agency International, the Georgetown University Institute for Reproductive Health, and Save the Children.

Corporate Social Responsibility: Why Invest in Employee Health?

Corporate Social Responsibility in Health—Why are Corporations Taking Interest?

Corporations around the world are increasingly focusing on the health and well being of their employees. Corporate social responsibility in health is not just an issue for large, multinational companies. Increasingly, small and medium-size businesses are also beginning to look at how their decision-making influences their “triple bottom line”—the totality of their financial, social, and environmental performance. Corporations are also looking at how health issues affect worker performance, recruitment, longevity, and workplace morale. These concerns are an important part of the motivation behind employers’ efforts to implement health promotion activities in the workplace.

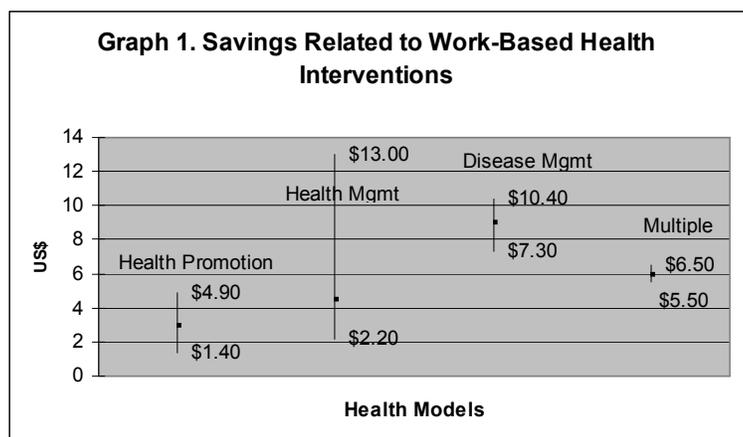
In 2002, Peru 2021 initiated an innovative partnership with an international project—called the CATALYST Consortium—focusing on corporate social responsibility in health. As part of its mission, CATALYST works to expand partnerships between the private and public sectors in order to increase access to health services—and particularly reproductive health services. As part of its collaboration, Peru 2021 and CATALYST conducted an innovative study to look at work-based health programs, employee health, and lifestyle habits. This study was commissioned jointly by Peru 2021 and CATALYST, interviewing over 1,300 employees and managers in 30 different companies in Metropolitan Lima.

Health Promotion and Preventive Health Programs Show Positive Results in the Corporate World

There are a variety of health interventions that have been introduced by corporations around the world. These interventions have been categorized into four different workplace models, and evaluated to assess their impact (See Graph 1).

Health Promotion Models: These work-based programs are designed to increase information and education sources for employees. Health promotion programs can address a wide variety of health areas, e.g. nutrition, stress reduction, exercise, HIV/AIDS prevention, and family planning. These types of programs have demonstrated savings between US\$1.40 to US\$4.90 for every dollar invested.¹

Health Management Models: These health programs are based on increasing information and education, but also encouraging proactive health behaviors and self-care among employees. Health management programs often include information hotlines, counseling services, seminars, and newsletters to help employees better manage their health.



¹ Goetzel, Ron, et al. What’s the ROI? Systematic Review of Return on Investment Studies of Corporate Health and Productivity Management Initiatives, AWHP’s Worksite Health, 1999.

These types of programs have demonstrated savings ranging from US\$2.20 to US\$13.00 for every dollar invested.

Disease Management Models: These programs target specific diseases for which there are effective, evidence-based guidelines for managing healthcare needs, e.g. diabetes and asthma. These programs have demonstrated savings ranging from US\$7.30 to US\$10.40 for every dollar invested.

Multiple Components: These programs include a mix of all the previously mentioned health models, and have provided savings ranging from US\$5.50 to US\$6.50 for every dollar invested.

How Does Health Status Affect Productivity and Profitability?

Healthy workers are simply more productive than workers with multiple health risks—this fact has been well documented in many studies. The evidence also shows that the true returns from a health program are not only monetary, but also intangible. Health promotion at the work site contributes to corporations by:

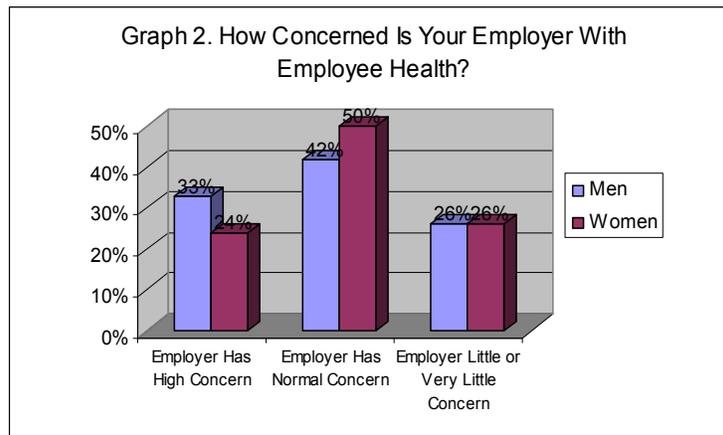
- Attracting superior employees
- Reducing absenteeism and loss of time
- Improving worker morale and increasing employee commitment
- Reducing organizational conflicts

Health promotion also benefits employees by:

- Increasing their physical strength, resistance, and general health;
- Improving their concentration levels;
- Improving their job satisfaction and fomenting a positive outlook on life;
- Improving their relations with co-workers and supervisors.

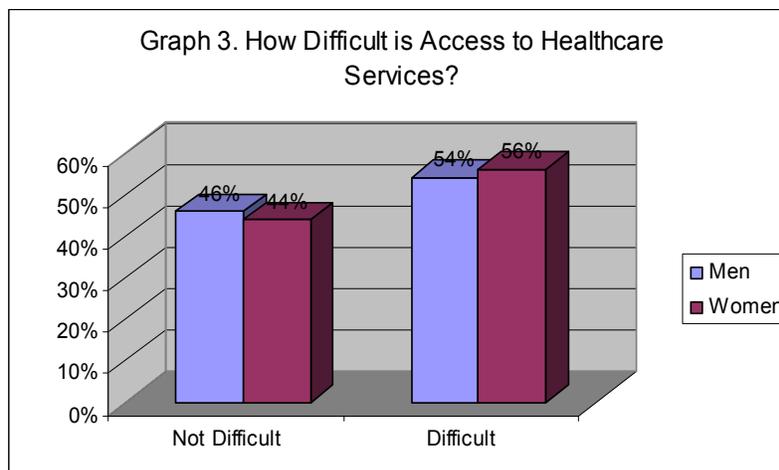
Key Health Issues for Peruvian Employers and Employees

In the study conducted by Peru 2021 and CATALYST, both employers and employees recognize the importance of health issues. Peruvian corporations have already implemented a variety of employee health programs. Sixty-nine (69%) of managers reported health as being a very important issue for the corporation. Among employees, 33% of men and 24% of women felt their company was very concerned with their health. Approximately half of men and women reported their company's concern for their health levels as normal, and 26% of men and women felt that it was poor (See Graph 2). In addition, the study also revealed that many employees were complacent about their health and did little to maintain or improve their health status. While many companies are taking important steps to address health issues, there are opportunities for employees to improve their life style and health behaviors, and for corporations to provide important preventive health activities and develop more integrated healthcare interventions.



Limited Access to Healthcare Services Creates Burden for Employees and Employers

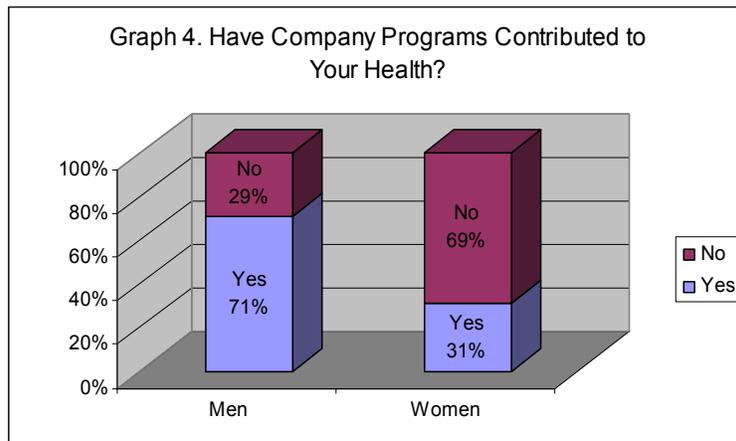
While Peruvian corporations are making significant investments in healthcare coverage for their employees, access to healthcare services is still a concern for many employees. Most workers (95% of men and 97% of women) have healthcare coverage—with the large majority through the Peruvian social security provider, EsSalud. However, the majority of employees still consider that access to healthcare services is difficult—representing 54% of men and 56% of women (see Graph 3).



Another concern for employers is related to the fact that the majority of workers reported seeking no healthcare for their last reported illness. For those who did seek medical care, only about 30 percent sought healthcare services through EsSalud—suggesting that many workers are paying out-of-pocket for their services despite their social security benefits. The majority sought care through other private sector sources—private clinics, physicians, or pharmacies. The results suggest that while valuable corporate resources are being used to pay for healthcare coverage through EsSalud, employees still have to supplement the cost of healthcare—a major disadvantage for both employers and employees.

Male Workers Are Satisfied and Female Workers Less Satisfied with Health Programs

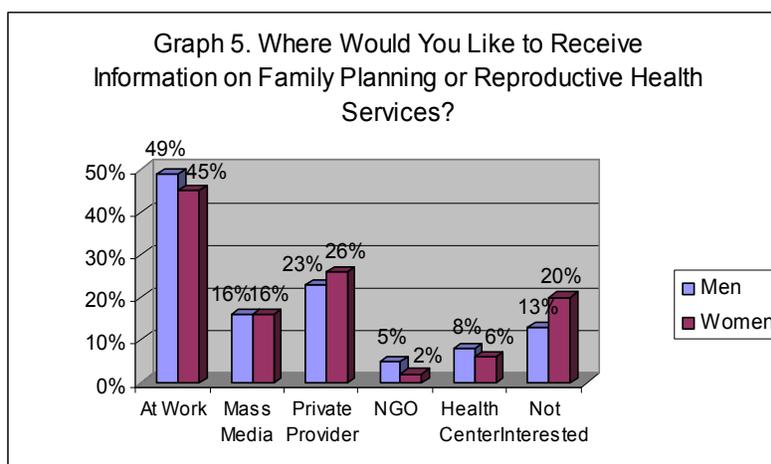
Interestingly, while male workers are satisfied with employer-based health programs, female workers in general are less satisfied (see Graph 4). For example, 69% of women said they felt that their company's programs had **not** contributed to improving their health—compared to 29% of men.



The qualitative results from the study suggest that existing health programs may be more geared toward the needs of men, which accounts for the higher satisfaction rates. The majority of existing health programs for women, for example, is related to pregnancy and prenatal care. There is an opportunity to better understand the full range of healthcare needs for women, including general, gynecological, and reproductive healthcare—and to develop programs that offer more comprehensive care.

Opportunities for Investing in Reproductive Health

Reproductive health services are an important part of men and women’s overall healthcare. Most men and women of reproductive age currently participate in the workforce. If men and women do not have access to the reproductive health care they need, there are important consequences, including higher medical and health costs, maternal and infant deaths, reduced chances of receiving prenatal care, more pregnancy complications, and lower than average birth weights. One recent cost-benefit study showed that for every dollar invested in family planning programs, the savings was US\$6.27.² In Peru, employees are very interested in receiving information and education on reproductive health and family planning services at their workplace—in fact, it is preferred by 49% of men and 45% of women over other sources (see Graph 5).



There are many things that corporations can do to address employee needs in terms of reproductive health and family planning services. For example:

² Impacto Economico Institucional del Programa de Planificación Familiar, Guatemala August 1999, AVSC International and GDS Consultants.

- ✓ Consider including on-site information and services in reproductive health. Many nongovernmental organizations can provide these services for a relatively low-cost.
- ✓ Review existing insurance premiums and coverage for inclusion of reproductive health benefits. Determine whether family planning and reproductive health services are covered. Many private insurance companies in Peru do not currently include family planning services in their benefit packages.
- ✓ Consider subsidizing the cost of family planning services for employees—most (69%) Peruvians use the Ministry of Health for family planning services, and although services are free, these services require that employees lose a significant amount of time waiting in lines—and contraceptive supplies are increasingly unavailable.

Considerations for Designing Successful Health Interventions

Health promotion, like education, is an investment in human capital and that investment in health provides significant returns—including increases in productivity and profitability as well as savings in healthcare costs. The importance of life style habits on overall health demonstrates that employers can have an important impact on workers health by promoting healthy life styles and by implementing preventive health programs. Here are some considerations for designing successful health interventions:

- Cost-savings and improvements in productivity are linked to positive changes in health behaviors. Corporations should consider programs in terms of medium- to long-term impact—in general, programs start generating cost-savings after three to five years of implementation.
- Systematic monitoring and evaluation of health programs enables corporations to measure impact. Few Peruvian programs, to-date, have been systematic about documenting and monitoring results. This will be key to ensuring future investment in health.
- Women’s health concerns should be better understood and better represented in employee health programs. In general, there is a focus on men’s health programs. Recognizing the special needs of women, and designing programs to address their health concerns will increase satisfaction among women. There is also a need to better understand gender issues related to women such as discrimination, physical abuse, and violence.
- In general, better communication between employees and managers with respect to health programs, services, and employee needs will also help to further improve programs. Although most managers are generally open and supportive of health programs and recognize the positive influence of such programs on employee health status, there is a need for more communication between managers and employees to identify appropriate health needs and to implement programs and interventions that are perceived by employees as of interest.

Many Peruvian companies and companies in other parts of the world are actively addressing health concerns for their workers and have implemented a variety of health promotion and preventive health activities. The challenge for the future will be to develop more integrated health programs, fully address the needs of women, and monitor interventions to document impact.

For more information contact: David Wofford, The Extending Service Delivery Project 1201 Connecticut Avenue, NW Suite 700 Washington, DC 20036 T: (202) 775-1977 F: (202) 775-1988