

Human capital

How investing in your employees can pay off

The most important asset of any business is its human capital — its employees. While many employers support that idea in theory, how many employers really know how to most effectively protect and optimize this valuable asset?

Many employers can maximize the skills of their work force and many are experts at motivating that work force to perform at optimal levels. But when it comes to maintaining the health and wellness of the work force, the effort is not always as widespread.

“The health and wellness of the work force is an important element in the success of a company,” says Stephanie Fudurich, the senior director of health management at UPMC Health Plan. “Proactive and sustained long-term investment in human capital will increase individual and organizational productivity and contribute to labor market success.”

Smart Business spoke with Fudurich about the concept of health and human capital and its importance in the world of business.

Why should employers be concerned about the concept of human capital?

When making their decisions, a lot of employers may focus on what they consider to be their biggest expenses: insurance costs or the medical costs incurred by their employees. However, the larger costs are usually incurred in absenteeism and presenteeism (employees who are at work, but not productive). And, as is the case with physical capital, human capital value can be increased through investment.

Employers need to look at the fact that their most valued resource is their employees. The question is, what can you do to help your employees want to stay, perform at their top level, and be more committed and focused on their job? In short, what do you have to do to develop high-functioning employees?

Health and health care costs do not stand alone within an organization. Health plan costs cannot be viewed as a single budgetary line item. We now know that the cost of health care is not only a function of the individual's health, but the overall culture of a corporation.

Why should an employer make an investment in human capital?

Employers need to ask themselves: Are their employees ‘vital’? By ‘vital’ I mean do they come to work with enthusiasm? Are they thriving or just surviving? Is there a lot



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of ‘presenteeism’? Employers don’t realize that the cost of short-term and long-term disability and absenteeism costs them more than medical claims. Add in presenteeism, and costs soar.

In what ways can an employer invest in human capital?

Employers can develop, nurture and implement a culture of health and wellness. Give the message to your work force that ‘you care’ about their health and well-being — that you sincerely care. The workplace has a powerful influence on behavior at and away from work. Whether business leaders realize it or not, that influence extends beyond specific work tasks into other aspects of life. By focusing on positive aspects of work, employers have a direct opportunity to improve individual health.

Employers need to look beyond health care benefits as simply a cost to be managed and see them instead as a means to produce good health in the workplace, which is an investment that can and should be leveraged.

Wellness, or lifestyle improvement, programs are another investment that are important components to implement. Core programs are tobacco cessation, weight management, stress management and physical activity. Talk with your health insurer to see

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if they offer such programs and also partner with them on ideas to provide incentives for your employees to utilize the programs.

Is there an incentive for employers to practice wellness?

It is clear that many employees see the workplace as playing a leadership role in creating a healthier work force and helping to curb rising health care costs. Some studies have shown that nearly 85 percent of employees say the workplace must assume a leadership role in creating a healthier work force and helping to curb rising health care costs.

High performing employees don’t just happen; they emerge in an environment that promotes health and also provides the motivation needed to gain the necessary skills to perform well. When achievement at work is recognized and encouraged, it can lead employees to value and protect their health.

How can you establish a culture of wellness in the workplace?

It doesn’t happen from simply offering a wellness program or sponsoring a weight race. Studies indicate that there is a correlation between work that provides employees with control over their job and properly rewards their efforts, and workplace health. In some instances where employees feel they have little control over what they do or don’t feel they are rewarded in the right way, they will not respond well to wellness programs or health coaches who motivate people to make behavioral changes. Studies have shown that workers who are rewarded for their on-the-job efforts have a tendency to improve other aspects of their life as well.

Can business practices impact health?

It makes sense that if employees can earn more rewards for being more productive, and get extra value by avoiding absences, the likelihood of both happening increases. Conversely, if there is little reward for increased productivity and employees are threatened with ‘losing’ absence days if they are not used up by the end of the year, then it makes sense that absences will increase, even if the work force is generally healthy. So company policy toward some things such as paid time off can impact productivity and health. <<

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