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Developing a ROI calculation tool for implementing workplace health promotion programs

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AIM and Research plan

- AIM
 - Developing a tool to compare the costs and benefits of WHP from a micro-entrepreneur perspective.
- Three steps:
 - First step: Existing tools have been identified via a scoping literature review.
 - Second step: On the basis of the results of this review, we developed expert interviews to consent the results.
 - Third step: We developed a calculator that can be used by micro-entrepreneurs to calculate their return on prevention.

Literature Review – first step

- We identified 17 calculators for return on investment calculations of workplace health promotion (8) or health and safety activities (9) from a small and medium sized business point of view.
- The economic evaluation was mainly conducted as a cost-benefit analysis
- Only two calculators were identified which covered different company sizes
 - The Workplace Health Savings Calculator (Baxter et al., 2015)
 - The Cologne formula (Kowalski, 2012)

Expert Interviews – second step

- We send the experts short descriptions of our calculators and asked them for an interview
- The interviews were audio recorded, transcribed and analyzed according to Mayring
- We asked them about the feasibility of the calculators, the input variables and the expected results
- 10 Experts agreed to participate

Expert Interviews

- Both calculators are easy to handle and the needed data is available
- The Experts would use both calculators.
- Problems:
- The structure of analyzed companies (hidden costs, they vary by the sector, IT vs small shop)
- Especially the workplace savings calculator needs some further explanations on individual points

Adapted Workplace Health Savings Calculator - frontside

How can I calculate the financial benefit to my organisation?

Employee health can have an immediate financial benefit to your organisation through reducing:

- 1. Absenteeism and**

- 2. Staff turnover**

The following exercise will help you calculate the impact a successful workplace health promotion program can have on staff absenteeism and turnover rates. Where a percentage range is provided, the percentage that calculates the most conservative saving is used.

Adapted Workplace Health Savings Calculator - frontside

3. Absenteeism

Total number of employee's _____ (A)

Sick leave rate per employee per year (in days) _____ (B)

Or

Total number of sick days in last 12 months _____ (C)

Average hours worked per day _____ (D)

Average hourly wage (€) _____ (E)

Total annual cost of staff sick leave _____ (F)

$$(F) = (A \times B \times D \times E) \text{ or}$$

$$(F) = (C \times D \times E)$$

It is estimated that a successful workplace health promotion program can decrease staff absenteeism by an average of 25%.

Reduction in sick leave (%) 25% (G)

Total annual savings in sick leave achievable by

implementing a workplace health and wellbeing program _____ (H) = (F) x (G)

Adapted Workplace Health Savings Calculator - backside

4. Staff turnover

Fill in the following spaces to estimate the cost of staff turnover to your organisation.

Total number of employees resigned in the last 12 months _____ (I)

Average annual gross wage (€) _____ (J)

It is estimated that the cost of replacing an employee is 75-150% of the employee's salary. Various costs are associated with this measure, such as costs for recruitment, training, specialist knowledge, loss of quality and productivity.

Cost of replacing an employee as a percent of annual salary 75% (K)

Or

Your own estimation for costs of replacing an employee as
a percent of annual salary _____ (L)

Annual cost of replacing employees as a result of resignation _____ (M)
(M) = (I) x (J) x (K) or
(M) = (I) x (J) x (L)

Adapted Workplace Health Savings Calculator - backside

It is estimated that a successful workplace health and wellbeing program can decrease staff turnover by an average of 10-25%.

Reduction in staff turnover (%) 10% (N)

Total annual savings in staff turnover achievable by implementing a workplace health and wellbeing program _____ (O) = (M) x (N)

Total annual savings as a result of implementing a successful workplace health promotion program _____ (P) = (H) + (O)



Thank you!



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