

Cost of lost work days: Case Finland

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This is how we did it

■ Starting point

- The experts disagreed on the basis for calculation of the costs to the national economy due to "unwellbeing" at work
- Disagreement on whether the costs are due to poor working conditions

■ A discussion group with the relevant experts

- The ministry invited the economic experts to present their views in a discussion group (chaired by the DG on OSH inspection)
- The experts/researchers represented research institutes, which cooperate closely with social partners in the labour market

Process

- **Internal assessment in the ministry**

- The ministry (OSH dep't) discussed internally the studies of different researchers and assessed how differing views could be moderated and reconcile

- **Proposal for review**

- The ministry developed a a draft proposal for the group of researchers on the calculation of the cost of lost labour input and undertook to do the calculations

- **Calculation**

- While the calculation progressed, the researchers commented methodology and preliminary results as well as helped to find data sources

Outcome

- **Acceptance of the experts**

- The calculations were checked by the researchers and they were asked to comment on the results of the calculations, when they were published

- **Public presentation of the calculations and their basis/methodology**

- The calculations and their basis were presented in an event, to which among others the social partners, work pension companies, OSH organisations in addition to the press.
- The calculations were broadly perceived as the minimum cost/losses to the national economy
- The media gave good coverage to the event and the calculations have been presented several times also later

General background

- CLAIM: Health & safety at work has a key role to:
 - make work more productive and
 - improve the well-being of their personnel
- Most workplaces are small and they don't have special trained OSH staff
 - => inadequate know-how concerning health related questions
- To improve the situation we need generally accepted and comprehensible facts and calculations

Background for calculations

- Calculations are based on the employee's total wage sum including non-wage labour costs (when possible)
- Calculations are conservative estimates, they all based on year 2012 (yearly estimates)
- Our aim was to quantify minimum level of costs of lost labour input

Wage sum

- Contemplating the cost in relation to the wage sum (when it is possible)?
- Entrepreneurs and managers know how much the wage sum is in their enterprises and therefore this method can be more comprehensive, lead to action and give comparable information
- Using the wage sum in the calculations produces the minimum cost of lost work ability (it does not contains other costs - such as temporary workers, recruitment, retraining)

Absence due to sickness

Basic figures:

Shorter sick leaves, 8 778 597 days (differing levels)

Longer sick leaves, 11 414 403 days (á 150 € per day)

Overall cost of sick leave days

Shorter absences 1 695 025 065 €

Longer absences 1 716 612 067 €

Totally 3 411 637 132 €

Cost of absences due to sickness / employee

3,4 billion € / 2146 000 \approx 1 590 € / employee / year

Presenteeism

- Presenteeism accounts for higher loss of productivity than absenteeism (absence due to sickness)
- Conclusion: Value of presenteeism \approx value of absenteeism
- Cost of presenteeism
 \approx 3,4 billion €

Accidents at work and occupational diseases

- Costs of accidents at work consists of direct and indirect costs (indirect cost are 3-4 times bigger than direct costs)
- Costs of accidents at work for employers in one year (2012) \approx 500 milj € (direct costs)
- Indirect costs of accident at work for employers (2012) \approx 1,5 - 2 billion €
- Total cost 2012 \approx 2 - 2,5 billion €

Disability pensions

- Finland lost 180 928 work years due to disability pensions in 2012
- The lost value of their work would have been 8 030 431 031 \approx 8,0 billion €
- This is calculated based on the persons' education level and corresponding medium wages

- 20 457 persons retired to disability pension in 2012
- Their medium age was 51,9 year
- The official retirement age is 63 year; the Finnish economy lost a total of $20\,457 * (63 - 51,9) = 227\,072$ years of work

Cost of health care

- The cost of health care in 2012 was 8,28 billion € for the working age population
- The share of health promotion (prevention) was 560,5 million €
- Health care costs of working-age population without preventive measures

≈ 7,8 billion €



Summary

- Sickness absence
3,4 billion €
- Presenteeism, working while ill
3,4 billion €
- Occupational accidents and diseases
2,1 - 2,6 billion €
- Disability pensions
8,0 billion €
- Cost of health care
7,8 billion €
- Totally 24,45 - 24,95 billion € (any overlapping costs has been subtracted)

Outcomes

- These calculations have a wide acceptance in Finland especially concerning the cost of sickness absence
- Concept of presenteeism is difficult to understand (people usually understand only their own experience with flu)
- Occupational accidents, occupational diseases and work disability are non-frequent for most small workplaces
- The full report can be found on the ministry's web pages