

The Role of EAPs in Managing Human Capital

by Mark Attridge, Ph.D., M.A.

Employers and the business community are focusing more and more attention today on the concept of "human capital." In this column I will define human capital, discuss why it is relevant to EAPs, and describe some new research findings on how business managers and employees report that EAPs are helping in this area.

The Human Capital Approach

Business success today requires more than just the effective management of physical capital (such as computers, machines, inventory, and property). It also demands the effective management of human capital—the employees and people who are involved with the business.

In October 2000, I joined with a couple of colleagues to deliver a presentation at the Benefits Management Forum and Expo on how businesses and health care providers are starting to work together to manage human capital for organizational success. We noted how low unemployment, pressures to increase productivity, and rising health care costs have combined to interest many employers in attracting and retaining talented employees.

A cover story in *Workforce* magazine (February 2001) echoes this thesis, arguing that "a company's success is embedded in its people and what's in their heads." A national survey by the Society of Certified Employee Benefits Specialists quotes Sally

Welborn, vice president of corporate benefits at Wells Fargo Bank, as saying, "We need to focus in 2001 not only on attracting and retaining talented individuals, but also in making them as productive as possible while employed." In his 1999 book *Human Capital*, Towers Perrin consultant Thomas Davenport provides a compelling case for how companies can benefit financially from taking an active interest in the welfare and success of their employees. The consulting firm of Deloitte & Touche even has a Human Capital Advisory Services Practice that it offers to employers.

Business consultants and executives are not the only ones advocating the human capital approach. For the past few years, the American Psychology Society (www.psychologicalscience.org) has produced a series of white papers for its Human Capital Initiative. This academic-based organization has pulled together research theory and findings on how psychological processes and services can help individuals cope with a variety of basic issues, including aging, literacy, productivity, substance abuse, health, and violence. A similar effort by the nonprofit Institute for Health & Productivity Management (www.ihpm.org) has been gaining momentum during the past few years. IHPM, an organization of employers, health providers, researchers, and pharmaceutical companies, is dedicated to establishing the value of employee health as a business asset and an investment in corporate success. Additionally, some of the first major research studies empirically

linking employee health and workplace performance have just been published in the January 2001 issue of the *Journal of Occupational and Environmental Medicine* (www.joem.org).

EAPs and Human Capital

The business focus on human capital is an opportunity for EAPs to mesh with the larger goals of the organization. It is critical for EA professionals to work with business leaders to show how our services can contribute to both the human resource needs of employers and the personal needs of employees.

Toward this objective, in the November/December 1997 issue of the *EAPA Exchange*, Eugene Messinger described an innovative effort by the New York City Chapter of EAPA to survey and meet with human resources executives of local companies to identify their most important needs for the future. This initiative suggests that EAPs can help maximize the talents of the 21st-century workforce in a number of ways, such as enhancing skills and training, fostering employee trust and diversity, balancing work and family, furthering career development, retraining employees for other jobs, and empowering employees.

Behavioral Healthcare Tomorrow magazine recently issued a special report (April 2001) on employee benefits that focuses partly on how companies are demanding more from their EAP and work/life vendors to help manage human capital. As the focus of EAPs has broadened, we have become cast less as clinical interventions and

Mark Attridge is chair of the EAPA Research Committee and a principal in the Research and Analysis Group at Optum, an employee assistance, wellness, and health information company in Golden Valley, Minn. He can be reached by e-mail at mattridg@uhc.com.

more as holistic approaches that are as likely to address personal finances as mental health issues. Along with this expanded role has come a new set of goals for employee assistance and work/life initiatives.

For example, while many companies have long tried to identify strategies for reducing worker absenteeism, today's EAP programs are also expected to help combat employee "presenteeism," which refers to people whose bodies are at work but whose minds are not focused on their jobs. Some of the causes of presenteeism are drinking, depression, and family conflict, issues with which EAPs have proven successful in helping employees.

Thus, employee assistance professionals can play a major role in helping employers address presenteeism and other challenges of managing human capital. Many research projects have demonstrated that EAPs provide services that help preserve and improve the human capital of organizations. Following are two key studies that assess the views of employee benefits managers:

- An Optum study of benefits managers at almost 500 U.S. companies revealed a trend among employers toward offering more comprehensive health services that address the physical, psychological, and social needs of employees. Of particular interest was that the vast majority of benefits managers believe that substance abuse counseling treatment (88 percent) and EAP/mental health services (84 percent) help to "improve employee performance."
- Another survey of benefits managers, by the International Foundation of Employee Benefit Plans, focused on the impact of EAPs on preventing job turnover. The survey found that among the 185 benefits administrators whose fund participants had access to an EAP, the majority (57 percent) indicated they believe the EAP helps reduce employee turnover and job loss. Only 13 percent indicated their EAPs did not

reduce turnover and job loss, while 31 percent said they did not know.

These studies assessed the views of employee benefits managers. But what about the opinions of managers from all parts of the business? Kirk Harlow, a past chairman of EAPAs Research Committee, conducted a survey of almost 3,000 supervisors and managers in a large company with an internal EAP. The results, published in the November/December 1997 *EAPA Exchange*, revealed that the majority of supervisors felt the EAP helped create a more effective workforce (66 percent), improve employee productivity (72 percent), improve employee morale (56 percent), resolve organizational problems (50 percent), and reduce claims costs (71 percent). Thus, most of these supervisors believed the EAP helped their company deal with issues of managing human capital.

A final point is that employees who use EAP services consistently report positive outcomes in areas relevant to the human capital approach. For example, surveys in 1999 and 2000 of more than 1,000 employee clients who used external EAP and work/life services provided by Optum (with the vast majority using telephonic services) show that 75 percent reported decreased stress, 73 percent reported improved overall health and well-being, 67 percent reported improved performance of routine daily activities, 72 percent reported improved productivity, and 60 percent reported avoided absenteeism. Moreover, users who reported a benefit in one area generally reported positive results in other areas as well.

By providing EAP services to employees, organizations are investing not only in the health of their workers but also in the success of their enterprise. This focus on managing human capital pays big dividends in helping troubled employees resolve their issues and return to working more productively. **E**

(Special thanks to Stephanie Klietz for her help in preparing this article.)

MANAGEMENT TRAINING FOR
EMPLOYEE ASSISTANCE PROGRAMS

EPISODES IN EAP!

© MCMLXXXIII MOTIVISION, LTD.

VIDEO WITH TRAINING GUIDE
Supplement "The Dryden File II"

• VIGNETTES FOCUS
SUPERVISORS ON WORK
PERFORMANCE.

- MULTIPLE WORK SETTINGS.
- BREVITY WITH SUBSTANCE.

14:45 Min. Previews \$25 US
\$395 US plus Shipping

ALSO ASK FOR COURTESY PREVIEW OF
"EAP-AT YOUR SERVICE!" TO ENCOURAGE
SELF-REFERRALS. 8 MINUTES

Classic on Video Tape.

THE DRYDEN FILE II

© MCMLXXXVIII MOTIVISION, LTD.

HELP SUPERVISORS MANAGE
PERFORMANCE PROBLEMS.

Turns wasted time
into positive action.

"... telling scenes"

"... best I've seen"

24 Min. Previews \$25 US
\$495 US plus Shipping

Call (914) 684-0110
MOTIVISION, LTD.

2 Beechwood Road
Hartsdale, NY 10530-1622
FAX (914-684-0431)