



# Increasing Productivity and Reliability by Investing in Health Care

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Create Value by Improving Conditions for  
Your Low-Level Workers

EXCERPTED FROM

*Profit at the Bottom of the Ladder:  
Creating Value by Investing in Your Workforce*

BY

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## Increasing Productivity and Reliability by Investing in Health Care

**E**MPLOYERS HAVE BEEN CALLED the “new gatekeepers” of health care and health in recognition of the crucial importance of working conditions.<sup>1</sup> At the same time, there has been a growing realization that just as work is a major determinant of health, so does workers’ health play a key role in the quality and productivity of their work. An increasing amount of research evidence shows that companies can reap economic benefits from investing in the health of their workers. Despite this evidence, there are important challenges to creating and maintaining a successful relationship between work and health, such as determining how to share and control the cost of medical care.

Over the past decade and a half, we have brought together top researchers from around the world to examine the relationship between working conditions and health. We have carried out collaborative studies to examine the impact of working conditions on the health of individuals, families, and communities. Findings from these studies of how working conditions affect health globally are summarized in *Global Inequalities at Work: Work’s Impact on the Health of Individuals, Families, and Societies* and elsewhere.<sup>2</sup> Since 2001, we have been studying both public and private sector initiatives aimed at improving the impact of working conditions on the health of employees and the family members in their care. In this particular initiative, we examined what companies around the world were doing

to improve the health of all their employees, including those who occupy the lowest rungs of the corporate ladder.

We visited health clinics, observed safety measures in factories, examined steps taken to increase ergonomics, and reviewed policies designed to promote healthy work environments. We interviewed CEOs, human resources managers, company health personnel, and line workers on these topics. The companies we studied adopted a wide range of approaches to improve the health of their workers, from building comprehensive health clinics at the work site to providing insurance to increase access to community-based health care, and from addressing physical risks in the workplace to improving the ways in which the social environment influenced workers' health.

In this chapter, we present the experiences of two companies working in very different environments. SA Metal separates and sells scrap metal in South Africa, a country that has been hit particularly hard by one of the world's worst health crises: the AIDS pandemic. American Apparel manufactures clothing in the United States, a country that has one of the highest health care expenditures per capita in the world while having one of the highest rates of uninsured citizens among affluent nations.

### SA Metal: Health Care Amid the AIDS Pandemic

South Africa Metal (SA Metal) is one of the largest metal recyclers in the country, collecting and processing all forms of ferrous (iron) and nonferrous (copper, zinc, aluminum) scrap metals. The company was founded in 1919 by Wolfe Barnett and is now run by his grandsons, joint managing directors Clifford and Graham Barnett.<sup>3</sup>

SA Metal takes in scrap metal collected from factories, brokers, and individuals. The distance the scrap is transported depends on its value. Since ferrous metals have less value, the company doesn't go more than a few hundred miles to collect them; they are mainly sold locally or melted down at their mill and exported as steel. Nonferrous metals, including copper, nickel, and aluminum alloys, have greater value, and they are brought in from as far away as Angola; since there is little local demand for these metals, they are separated into their component parts and turned into processed scrap, such as copper tubes and bars that are exported internationally.

Competition in the industry is significant, including RECLAM, Collect-a-Can, and Mittal, as well as smaller scrap dealers and local foundries that

compete for available scrap. SA Metal is headquartered in Epping, greater Cape Town, and has expanded its operations to other sites, including Salt River, Bofors Circle, and Johannesburg. In 2007, the vast majority (nearly nine tenths) of the firm's racially diverse employees had limited formal education.

Like all companies, SA Metal is affected by economic changes in the global market. For example, in 2007, the demand for SA Metal's products was high, particularly in China and Japan; however, the cost of shipping its products overseas had increased. Bulk shipping, which used to be very inexpensive at \$20 per ton to Taiwan, was on the rise with the commodity boom in China and the accompanying increase in demand for bulk carriers. Falling water levels in the Rhine River had led to a decline in Europe of nuclear power, which requires water as a coolant, and to an increased demand for coal. These factors led to increased costs for bulk shipping worldwide. At \$50 per ton, shipping in containers was two and a half times as costly. Nonetheless, business at SA Metal remained successful. Although there are not many uses for scrap metal in its raw form, SA Metal made money by separating it into its component parts, processing it, and shipping the processed goods.

*CEO's Vision: Caring for Workers' Health as a Competitive Strategy*

Clifford Barnett comanaged SA Metal with his brother Graham. During our visits to the company in 2005 and 2006, his pride in the quality of their product was readily evident as he guided us through the scrap metal yard. To have a successful business, they needed to be able to retain workers who were productive and whose experience led to high-quality work separating valuable metal from worthless scrap. Clifford Barnett affirmed: "Your most important asset in your business [is] your people."<sup>4</sup> Instead of seeing health care for employees as a luxury or a bonus, SA Metal considered it an important investment. Barnett compared providing health care and training for employees to maintaining spare parts for machinery along with the skills to repair them, since both greatly contributed to production.

Having determined that the health of its employees was central to its operations, the company was prepared to invest in the health of its workforce by providing the services that best suited workers' needs. SA Metal began by opening an on-site clinic for employees. When it became clear that HIV/AIDS was affecting a significant portion of its workers, the company decided to invest in providing on-site HIV/AIDS treatment.

The fact that Clifford Barnett lived near the company and worked side by side with the employees deepened his commitment to providing a healthy work environment. In reference to the cleanliness of the factory yard, he said, “It is very simple: I live here too, [so] I want the air to be clean.”<sup>5</sup>

### *Health Care Provided by SA Metal*

South Africa has one of the largest income disparities in the world, with over 50 percent of the population living below the poverty line. In a context where millions lack adequate access to water, sanitation, and basic health resources, SA Metal offered a variety of health services to its employees and their families.

#### FREE ON-SITE CLINIC

While many moderate- and high-risk workplaces have on-site occupational health clinics, SA Metal’s free clinic went two steps further in protecting employee health: first, recognizing that many employees did not have access to quality care for basic health problems, the clinic offered primary care in addition to occupational health; second, recognizing that HIV was the greatest threat to the health of many working-age adults in South Africa, the clinic began offering HIV-specific care.

The free on-site clinic began in 1996 as a small operation. Dr. Harold Amaler, head of the clinic, described the early days: “When I started here, the clinic was just a little factory clinic in a small room downstairs and was manned by a nurse four days a week. We had just basic meds. I came in just one day per week. I identified a much broader need for health interventions than was being offered. It grew organically from there.”<sup>6</sup> By the time of our visit in 2006, the clinic had multiple rooms, medical equipment for primary care exams and more, lung-function equipment, an audiometer, and a small dispensary where, according to Dr. Amaler, the “drug formulary is more comprehensive than many GPs’.” The staff had increased accordingly, and the clinic now had two part-time primary health care doctors, two full-time nurses, one occupational health care doctor, one trained counselor, and one administrator. The clinic was open Monday to Friday and was available to all employees at all SA Metal work sites, including part-time workers, fixed-term contractors, and casual employees.

The limited access to water and sanitation in the townships where many of the employees lived had led to a high prevalence of health problems, and inadequate preventive measures had further compounded them

for the entire population, leading to lengthy lines at the public clinics. Head of human resources Renata Opperman explained the context in which SA Metal operated its clinic: “The public health care system is overwhelmed and there is a shortage of staff. So, you have spent the whole day [waiting to see a health care provider], you are sick, and then you are told, ‘Sorry, I can’t see you, we have taken in enough patients,’ and you have to go [back] the next day.”<sup>7</sup> Given this strain on the public system, SA Metal’s on-site clinic provided the least-advantaged workers with more ready access to health care. For SA Metal, this meant that employees did not need to be absent from work for as long.

SA Metal employees greatly appreciated having access to the clinic. As Thandiwe Nqanqase, a boiler maker, explained: “I use the free clinic. A private doctor charges about 120 rand for a consultation fee, plus medications. So it is nice to have the clinic here.”<sup>8</sup> Workers also mentioned that the free clinic saved them from having to wait for the publicly provided health services. Alan Botha, a monthly employee working as a driver, told us: “It is convenient because it is right there. You can just pop in.”<sup>9</sup> The clinic was frequented regularly by employees; it recorded 2,277 visits between January and July of 2006.

#### ADDRESSING HIV/AIDS: TESTING AND TREATMENT

As a company operating in South Africa, SA Metal has had to deal with the impact of the HIV/AIDS epidemic. With a national prevalence rate of 21.5 percent, South Africa has more people living with HIV/AIDS than any other country in the world, most of whom are concentrated in the working-age population (fifteen to forty-nine years old).<sup>10</sup>

As the impact of the HIV/AIDS epidemic became more widespread in the late 1990s, SA Metal began to recognize the need to implement broader health interventions. The small clinic it had set up in 1996 was not equipped to deal with the new health issues that were arising with the increasing number of employees living with HIV/AIDS. Having already reaped significant economic benefits from providing primary health care services, SA Metal began to prepare itself to address this new challenge. Dr. Amaler described the logic behind the company’s decision to offer HIV/AIDS treatment:

Here at SA Metal, in the late nineties, we realized that we were seeing more and more HIV-positive people and that there was only one cost-effective way to deal with it. This was to create an in-house

service, since there was no government rollout of ARVs [antiretrovirals] yet. Private costs for drugs are really high. We decided to develop a structured program. We costed it out. We knew that if we did not provide ARVs in-house, that people would seek [them] elsewhere. They would either pay or go to the government, but this takes a lot of time, and the company incurs lots of costs such as prolonged downtime. This was the broad principle driving the health care program here: it saves money. It is an internal fallacy that managing HIV in-house is more expensive than not managing it. We have to ask ourselves: can you afford *not* to do it?<sup>11</sup>

In April of 2000, SA Metal expanded its medical services to include a broad range of HIV/AIDS treatment services, including voluntary testing and counseling, treatment for sexually transmitted infections, prophylaxis for opportunistic infections, free ARVs, and monitoring of treatment. Despite initial concerns about the costs associated with these services, it became clear that investing in health services was ultimately a better option than spending money to hire and retrain substitute workers when employees were absent for HIV-related reasons.

Initially, SA Metal acquired ARVs from a variety of sources, including participation in clinical trials, Doctors Without Borders clinics, and private funding. Since 2003, it has been able to purchase ARVs at preferential prices through programs such as the Glaxo Smith Kline Access Programme. As a result, in 2006, SA Metal spent approximately 88 rand (US\$12.50) per employee on ARVs, which constituted only a small percentage of the total health care expenditure. As Barnett put it, “The powerful number is how little it costs if you do it properly.”<sup>12</sup> He was particularly proud of the fact that none of the employees on ARVs had died; before the treatment program was implemented, several employees had died from suspected AIDS-related causes.

In 2006, the clinic was managing twenty-eight HIV-positive patients at the weekly chronic illness clinic, which treated a total of 104 patients suffering from various chronic conditions such as hypertension, asthma, and diabetes. Employees were under no pressure to reveal the conditions for which they were being treated to their supervisors or colleagues; confidentiality was an important issue given the ongoing serious stigma and discrimination against people living with HIV/AIDS.

## HIV/AIDS PREVENTION EDUCATION

In addition to providing HIV/AIDS testing, care, and treatment, SA Metal set up a prevention education program. All employees at SA Metal were required to participate in the HIV Peer Educator Programme, which held classes once a week for eight weeks. Employees who did not attend at least six of the eight classes were required to take the course over again. Among the diverse topics covered in these classes were transmission, testing, treatment, positive living, support, and company policies regarding HIV/AIDS. Education as a prevention strategy was seen as an extremely important component of the company's efforts to address HIV/AIDS. In the company's HIV/AIDS policy document, Dr. Amaler stated that the education program "is possibly the single most critical element . . . Knowledge is power, and people must be empowered to take personal responsibility for turning the pandemic around."<sup>13</sup> Because SA Metal wanted all employees to participate, classes were offered during the workday and employees were paid their regular wages to attend. Though this was costly, it was seen as a good investment and as a way to have an important impact on the workforce and on the community at large. Clifford Barnett explained: "At the end of the day, [our workers] have more knowledge. They educate those with whom they interact, not only in the workplace, but also outside of the workplace."<sup>14</sup>

Indeed, Nombeko Butshingi, a cleaning employee, told us, "I am also an HIV peer educator and . . . I even give classes outside of SA Metal, at the church."<sup>15</sup> While SA Metal ultimately stood to gain by reducing infection rates among its employees, the community benefited as well from the decreased infection rates that resulted from prevention education.

Education was particularly important since, despite SA Metal's efforts to protect confidentiality, the stigma against people living with HIV/AIDS had a serious detrimental effect on the number of workers who used the HIV/AIDS services. Barnett explained: "Statistically we believe that about 15 percent of our workforce is HIV-positive, and that will translate into about 120 people. With all of our efforts—with celebrating AIDS Days and peer educators and education on all levels—I think that we have only been able to identify under forty people who are coming [to the clinic for care]. That is potentially [only] one third of the people who are HIV-positive."<sup>16</sup>

## MENTAL HEALTH SERVICES

While alcohol abuse and depression exist in all settings, the history of oppression and deprivation in South Africa has exacerbated their prevalence and impact on the township populations. The HIV/AIDS crisis has also increased the need for social and emotional support to deal with family illness and death. In response to this distress, SA Metal set up mental health services to give employees the opportunity to attend counseling sessions. Renata Opperman explained the economic rationale for providing these services: “Sometimes you just need to talk to someone. If a guy is healthy, it is a [benefit] for him and for us. [Otherwise] both sides lose at the end of the day.” She reiterated the mantra from the human resources department: “A healthy employee is a productive employee.”<sup>17</sup>

SA Metal’s mental health services were offered through SANCA, an organization that provides mental health and substance abuse counseling services. Opperman recounted how the company had expanded its services: “SANCA just used to come here for half a day per week, but last year I picked up on a lot of emotional and psychological issues outside of our clinic’s frame of reference, so we asked them to come for a full day. It is like our health care: we started small and now we have the clinic open five days a week for a full workday.” To attend a counseling session, employees simply notified their manager of their appointment at the clinic, and they were automatically given the paid hour off to attend the session. There was no set limit on the number of sessions an employee could attend, and the duration of the treatment was left to the discretion of SANCA and the employee being treated.

*Economic Gains for the Company*

Although SA Metal operated in a context of high unemployment in which it was easy to hire new workers, the company still believed that there were substantial economic returns to investing in their current employees’ health. Barnett recognized the valuable skills of his so-called low-skilled workers, acknowledging that they were costly to replace. As he showed us around the factory, he described the process of transforming junk metal into marketable products. As he did so, he stopped at every workstation to examine the quality of his employees’ work. He sampled every pile of junk metal to ensure that its components were being accurately separated, and if he found a mistake, he always brought it to the attention of the worker

responsible. These mistakes were expensive for the company since they reduced the quality of its products and thus the prices it could charge for them. Workers became more efficient and made fewer mistakes as they accumulated experience in separating scrap metal.

The company spent a total of 792,706 rand (US\$122,900) on health care in 2005, including the salaries of medical staff. After internal restructuring in 2006, it spent a total of 665,577 rand (US\$93,479), the equivalent of 1,142 rand (US\$160.39) per employee.<sup>18</sup> In the month of June, the on-site clinic received 331 visits for acute illnesses, 80 for chronic illnesses, 12 for mental health services, 28 for workplace injuries, 5 for medical exit exams, 4 for medical preemployment exams, and 13 for routine medical checkups. If these appointments had been conducted off-site, the company would have lost a substantial number of productive work hours due to travel time. Dr. Amaler explained that whereas it cost the company 750 to 1,000 rand (US\$105 to US\$140) a day when a truck driver and a truck were out of commission, HIV/AIDS treatment never cost more than 25 rand (US\$3.50) a day. The return on investment had been considerable; the company experienced reduced absenteeism and turnover in spite of the ongoing HIV/AIDS epidemic. In Barnett's words: "With an HIV program, I get a hell of a lot more productive hours out of people. People sick at work make businesses less and less efficient. It's an endemic problem. It's not just people living longer; it's people having more meaningful work lives."<sup>19</sup>

Timely product delivery was essential to SA Metal's ability to keep clients as well as to avoid paying large additional fees or fines for delayed shipments. The bottom line was that "downtime," whether due to equipment or to personnel, was costly. Providing on-site medical care had been extremely effective in reducing the number of work hours lost for health reasons. Barnett explained: "You don't have to be a genius to figure it out: if you don't provide it on-site, your staff will be absent from work, and it will be very expensive to go and find health care of whatever quality."<sup>20</sup>

### Improving Access to Existing Health Care Resources

SA Metal established a health care program that suited its socioeconomic reality. The challenges it faced, such as the high rate of HIV/AIDS and the lack of infrastructure, were particular to its environment and made on-site health care the best option. Companies have developed diverse

approaches to caring for their employees' health based on the needs they must address and the constraints they face.

In some communities, services must be developed in order to adequately meet people's health needs; in other settings, such as the United States, services are available but largely inaccessible to the uninsured. Workers earning lower wages are particularly likely to lack health coverage as part of their employment benefits. Figures from the Bureau of Labor Statistics for 2008 showed that 91 percent of workers earning in the top decile of the population had access to medical benefits, compared to only 25 percent of workers earning in the bottom decile.<sup>21</sup> In 2008, overall 46.3 million people in the United States lacked health insurance, and the percentage of people who had access to health insurance through employment had been decreasing.<sup>22</sup> Whereas 70 percent of the population had employment-based health insurance in 1987, only 62 percent did in 2007.<sup>23</sup>

Health insurance was one of the areas in which American Apparel stood out from its competitors. The company's health insurance plan covered preventive care, hospitalization, and prescription drugs. Twelve hundred employees participated in the plan, paying \$8 a week (\$32 per month) for individual Blue Cross HMO medical insurance coverage. American Apparel paid approximately \$150 to \$170 per employee per month. Vision and dental coverage were also available to employees for \$13.32 and \$42.32 per month, respectively. Although family coverage was available, few employees chose to participate due to its higher costs.

The health insurance plan was offered to all American Apparel employees, but human resources staff explained that it had been challenging to get employees to choose to pay for health insurance rather than take home a higher paycheck, in part due to the company's high proportion of immigrant workers. Kristina Moreno, director of human resources, explained: "People come from their national country of origin [where] there is a national health plan. They are not used to contributing any monthly premium, and so it was a challenge to get people to sign up and to look at it as preventative care."<sup>24</sup> The company conducted educational campaigns to inform workers about the importance of health insurance and the way the health care system operates in the United States.

American Apparel had also placed increasing emphasis on occupational health in an effort to reduce the rate of workplace injuries. Due to the nature of work in the apparel industry, minor lacerations and strains were the most common injuries. The company employed a safety

coordinator as well as an occupational health specialist. Every employee saw a massage therapist approximately every two weeks in an effort to help reduce repetitive strain injuries. “The insurance company that we just signed up with was very impressed. People want to insure us because we have low injury rates,” said Moreno. Lupe Caro, American Apparel’s safety coordinator, explained how he emphasized changing employees’ behavior and attitudes toward safety measures. People were sometimes reluctant to wear the protective gear the company provided, saying things like, “I look funny when I wear gloves.” The company needed to help employees understand the importance of wearing masks and gloves and of using safety devices. “Positive change trickles down through managers and employees,” he explained.<sup>25</sup>

In addition to safety measures, American Apparel implemented programs aimed at overall health promotion. Daily exercise breaks were part of the company’s health and safety program. During the break, all employees got up from their stations and stretched and stepped in place. By making these exercise breaks a group activity, the company ensured that employees did not feel they were slowing down their team’s production by participating. The company also offered low-impact exercise classes three times a day, three days a week. Efforts were made to ensure that the cafeteria had healthier options and increased quantities of fruits and vegetables. The director of human resources in 2007, Kristina Ledesma-Davies, explained that the exercise classes and improved diets had clear benefits for the company, since workers were more energized and productive. In the long run, they expected the health promotion programs to lead to a reduction in the use of health care services, which would enable them to negotiate better rates with the health care company.<sup>26</sup>

At the time of our second visit in 2007, American Apparel was planning to open an on-site clinic that would provide free health services to employees and their families. This was seen as a good investment since it would improve employees’ health while reducing the amount of time they needed to seek external health care services. The medical clinic was opened in October of 2007 in partnership with Health Care Partners.

### Impact of Other Working Conditions on Health

Working conditions are a leading factor in determining health outcomes for the majority of the population. The World Health Organization

(WHO) has estimated that 37 percent of lower-back pain, 16 percent of hearing loss, 13 percent of chronic obstructive pulmonary disease, 11 percent of asthma, and 8 percent of injuries are work related.<sup>27</sup> One quarter of workers in developed countries and three quarters in developing countries are exposed to potentially harmful physical conditions and chemical and biological risks.<sup>28</sup> Research also shows that employees at the bottom of the ladder are more likely to face inadequate working conditions, including physical strain, low job control, greater noise and air pollution, and hazardous shift work among many others.<sup>29</sup>

Just as physical health problems resulting from working conditions are costly to both employees and companies, so too do risks to mental health exact tolls on employees and companies alike. Research has linked workplace stress to a variety of illnesses, including cardiovascular disease, hypertension, diabetes, depression, anxiety, carpal tunnel syndrome, and tendinitis.<sup>30</sup> At the same time, excessive work-related stress has been found to lead to deteriorations in performance and to job dissatisfaction, accidents, unsafe working practices, higher likelihood of turnover, and high absenteeism.<sup>31</sup> Conversely, research has shown that efforts to improve the psychological welfare of employees can reduce absenteeism and improve job performance.<sup>32</sup>

In addition to affecting the health of individual workers, working conditions have a significant impact on the health and well-being of workers' families. In a world where an increasing number of parents are in the workforce, working conditions are a central factor in determining whether parents are able to provide the support their children need to lead healthy lives. For example, mothers can contribute to children's health by breast-feeding, which leads to a mortality rate 1.5 to 5 times lower than for children who aren't breast fed, in developing and industrialized countries alike.<sup>33</sup> The breast-fed infants have lower rates of gastrointestinal infections, respiratory tract infections, otitis media, meningitis, and other infections.<sup>34</sup> Working conditions and benefits, including paid maternity leave and breast-feeding breaks, frequently determine whether and how long working mothers breast-feed. Similarly, studies have shown that barriers to parents taking time off from work have an impact on whether their children are vaccinated.<sup>35</sup> A third example is the fact that children recover more rapidly from illnesses and injuries when their parents are involved in their care,<sup>36</sup> yet parents' ability to care for their sick children is strongly affected by working conditions such as the availability of paid sick leave.<sup>37</sup>

As demonstrated by Autoliv and Isola, when companies offer leave and scheduling flexibility to care for family as well as personal health needs, companies also benefit in their ability to recruit and retain experienced employees, as well as earn the commitment and engagement of these employees.

### Companies Profit from Investing in Health

Illness can be costly for companies by decreasing productivity and increasing unanticipated absences. In the companies we studied, not surprisingly, employees greatly valued their companies' provision of therapeutic health care services and appreciated the difference these services had made in their lives. The senior managers clearly contended that the financial benefits of focusing on health were substantially greater than the costs since employees were more productive, more likely to remain at the company for longer, and less likely to be absent. Even in the context of a health crisis such as the HIV/AIDS epidemic in South Africa, turnover and absenteeism were reduced.

Our case studies highlight the return on investment (ROI) to companies of ensuring that employees have access to clinical care; the evidence is at least as great as returns on health promotion programs that target employees' well-being through measures such as exercise, improved nutrition, smoking cessation, and stress management. A study of a comprehensive health promotion program at a large industrial company reported that the use of disability days among blue-collar workers participating in the program had declined by 14 percent over two years.<sup>38</sup> Studies of company health improvement programs have shown that participation resulted in 3 to 16 percent reductions in absenteeism rates and showed ROI of US\$2 to US\$6.40 for each dollar invested.<sup>39</sup> An analysis of twenty-four studies showed positive returns in all the studies that analyzed cost effectiveness.<sup>40</sup> Research on Workplace Health Promotion programs concluded that these initiatives "not only lower health care costs, but also decrease absenteeism and improve performance and productivity. Other benefits include improved ability to attract and retain key personnel, greater employee allegiance, and improved public image of the company."<sup>41</sup>

Given the important impact that working conditions can have on employees' health and that employees' health can have on financial returns,

there is great potential for both companies and employees to benefit from corporate health initiatives. As these case studies have shown, companies around the world can adopt a variety of approaches to health care, adapting their health programs to suit their social and economic environments and their employees' needs. Some businesses, such as SA Metal and ACC India (whose experience is described in detail in chapter 8), faced a substantial lack of infrastructure in the areas where they operated, which created a need for on-site health care. Others, such as American Apparel in the United States, operated in areas where health resources were present but unaffordable, which created a need to facilitate access to existing health care services.

Both the companies' experiences and the statistics demonstrate that employers stand to benefit from investing in the health of employees. The question remains: What should be the responsibility of employers and what should be the responsibility of the public sector?

Some aspects of health promotion can only be addressed well by companies themselves. To provide just one example, companies that place a strong emphasis on ergonomics, providing regular exercise breaks and work equipment that is conducive to healthier working routines, play an important role in preserving the health of their employees. American Apparel addressed ergonomic issues on-site by providing exercise breaks and massage therapy. Novo Nordisk also took this approach: at its factory in Tianjin, China, all employees took exercise breaks twice a day to stretch and do aerobic exercises. The company's equipment was ergonomically designed to ensure that employees took the necessary steps to avoid repetitive stress injuries. For example, one machine required the worker's hands to be in a "resting" position in order to continue working. This meant that workers had to manufacture products in ways that avoided injuries. Novo Nordisk's policies were especially noteworthy since they were aimed at factory workers, a demographic that frequently suffers from inadequate working conditions. Furthermore, the company's efforts to promote safe and healthy working practices were well above legal requirements and surpassed the common practices among most of its competitors in the region. Novo Nordisk addressed physical and structural risks within the workplace. Whether or not there are national policies mandating that they do so, companies also need to address the health impacts of workplace demands, opportunities, paid leave, flexibility, and other factors inherent in the work experience.

Other aspects of employee health promotion can be carried out either by employers or by national governments. Providing health insurance is an important example of this. The CEOs we spoke with recognized that their companies would be better off if their national governments more fully supported health care. Even large companies that had the infrastructure to set up on-site programs felt that the government had a key role to play in ensuring access to health care. Clifford Barnett at SA Metal and Sumit Bannerjee at ACC, which similarly developed health clinics where the country had none, saw their companies' actions as "filling the gap" until their national governments provided the services needed in these regions.

While the benefits of caring for employees' health are clear, the costs are considerable. Providing on-site health care necessitates investment in infrastructure and personnel. In regions that lack health care infrastructure or where the existing infrastructure is overwhelmed, it may be in a company's best interest to provide the necessary health services. In some cases, this will mean providing basic health care services through an on-site clinic. In other cases, there are specific health problems to address, such as the high prevalence of HIV/AIDS in some regions, particularly sub-Saharan Africa. Providing workers with on-site access to testing and treatment as well as education and prevention programs may be a beneficial investment. The costs associated with setting up an on-site clinic will be lower in poorer countries that are more likely to lack adequate infrastructure. If workers do not have to travel off-site and endure long waits to access health care services, their absences from work will be shorter. If workers have access to health care services, they will also be healthier and less likely to be absent or to quit for health reasons. Though we have studied large companies like ACC and midsize companies like SA Metal that have demonstrated the feasibility, this investment may be difficult for the smallest companies.

In the only industrialized country that lacks public medical care, the United States, the costs are greatest. A significant percentage of the population lacks access to health care because they cannot afford private insurance. Providing workers with affordable health insurance is a significant investment for companies, but it can yield returns in terms of increased productivity and retention. In some cases, even if the infrastructure already exists, companies may find it beneficial to set up on-site clinics. American Apparel believed that its on-site clinic would not only benefit its employees by providing free health care, but would also benefit the company by reducing employees' health-related absences.

The balance between the critical role that companies need to play in ensuring the health of their employees and the essential role of the public sector will be discussed further in the final chapter of this book. Finding the right place to draw that line is as important to the health of companies as it is to the health of employees. Regardless of the role of national governments, it is clear that companies have a strong financial interest in investing in the health of their employees. Moreover, all of the managers featured in this chapter had another fundamental element in common in their approaches to health care: they saw the health of their employees as vital to their success. In the absence of comprehensive government programs, they believed that taking care of employees' everyday health was an essential investment, not an unnecessary expense.

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# Notes

## Chapter 3

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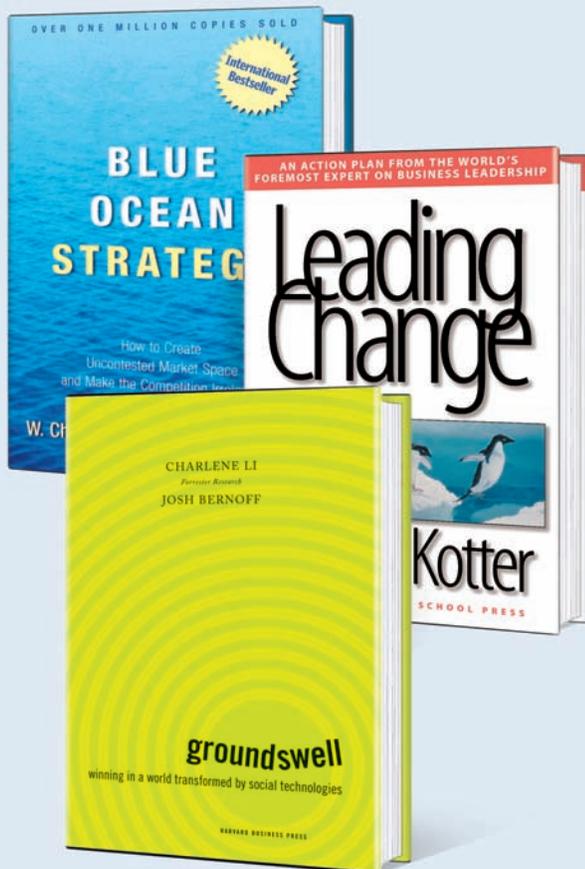
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