

Salient and subtle aspects of demand side approaches for employment retention: Lessons for public policymakers

Rochelle Habeck^{a,*}, John Kregel^b, Colleen Head^b and Satoko Yasuda^b

^a*Habeck and Associates, 4163 E Hillandale Drive, Kalamazoo, MI 49008, USA*

E-mail: habeck@chartermi.net

^b*Virginia Commonwealth University, Rehabilitation Research and Training Center on Workplace Supports & Job Retention, Richmond, VA, USA*

Revised / Accepted October 2006

Abstract. Public policies to stimulate demand side factors that affect the employment status of people with disabilities need to consider workplace efforts that support the continued employment of employees who develop work limitations from any cause (back door factors), as well as the hiring behaviors of employers (front door factors). Workplace participation rates are influenced by employment exits as well as placements. Little focus has been given to preventing separation from employment, despite evidence of the progression to public disability benefits. Factors that place employees who develop impairments or work limitations at risk for early exit from employment are discussed. Preliminary findings from a qualitative study of successful firms are identified and illustrated with practice examples. Implications of these effective interventions are raised, including the provision of workplace based services, the need for accommodations over time, and the role of employer incentives for retention.

Keywords: Demand side policy, employment retention, employer approaches, disability management, hiring, accommodation

1. Introduction

For the past three years, the Rehabilitation Research and Training Center on Workplace Supports and Job Retention at Virginia Commonwealth University (VCU) has been investigating strategies used by employees with disabilities and their employers to accommodate and manage disability for successful job retention. This paper focuses on a small set of intensive, on-site qualitative employer studies that are in process, which build on 25 case studies of progressive employers conducted in 2002–2003. The goal of this research strand is to explore the organizational factors and practices of companies that have successfully retained workers with disabilities in long-term employment.

Our work in this area over the past several years has led to several insights and raised some challenging questions that we believe are very relevant for public policymakers who want to understand and influence demand side factors associated with employment of people with disabilities. We share them here as tentative findings.

2. Demand side employment approaches

From the perspective of a comprehensive model of workplace supports [23], demand side employment approaches emphasize key policy considerations for working with employers, as organizations, in two major areas:

Hiring behavior of employer organizations: This relates to people with disabilities as job seekers and as new employees. (**Front Door Factors**).

*Corresponding author.

Retention behavior of employers: This relates to protecting the health and productivity of all employees and especially to the support and accommodation of employees who develop work limitations from any cause that may jeopardize their continuation in employment with the firm, such as chronic health conditions, work injuries, aging, and other causes) (**Back Door Factors**)

In our view, current public policy efforts to influence demand side aspects of employment of people with disabilities have been focused too exclusively on hiring behavior (opening the front door), without sufficient attention to efforts that could promote long-term retention of employees with disabilities or work limitations (closing the back door). As a result, the overall level of employment among people with disabilities has remained relatively unchanged [21,22], despite many successful interventions and systems of services to assist people with disabilities to be hired into jobs.

We postulate that this stagnant level of workforce participation is due in part to the high rate of employment exits and separations by workers with disabilities. Public policy efforts to promote hiring efforts by businesses (e.g. Work Opportunity Tax Credit, Architectural/Transportation Tax Deduction, etc.) have not been matched by initiatives that adequately address the factors that cause individuals to be separated from employment or return to work after the onset of a disabling condition. Until the ratio between job placements and job exits is more favorable, the net gain in employment for people with disabilities will be smaller than desired. Much greater understanding is needed about these exits, as well as the factors that contribute to their occurrence and approaches that can prevent or resolve them.

3. Impact of employment separation

Factors that cause individuals to exit employment affect both newly hired individuals with disabilities and individuals who acquire work impairments during the course of their employment. Newly hired people with disabilities who are placed or hired into new employment may face significant challenges in retaining employment due to: (1) inability to sustain adequate performance or attendance with the existing level of intervention, accommodation and support; and/or (2) changes in work, work conditions, health conditions or personal circumstances [17]. The problem of poor

job retention has been observed across multiple populations, including individuals with cognitive or psychiatric disabilities, and multiple service programs (e.g. job placement programs, supported employment, etc.). This issue has been consistently documented in the literature (e.g. [3,6,12,13]).

Similar factors place employees who develop impairments or work limitations due to chronic health conditions (physical or mental), work-related injury or illness, non occupational injury or illness, or aging processes at risk for early exit from employment. For these individuals, retention problems are often caused by: (1) inability to sustain adequate work performance or attendance with existing level of intervention, accommodation and support; (2) changes in work, work conditions, health conditions or personal circumstances; but also (3) employer policies and management practices that discourage continued work.

The problem of employee job retention in the work place after illness, injury or disability has been documented in the literature primarily as a private sector problem, but has received some recent focus in public policy [15,19]. These public sector efforts have been primarily designed to reduce the number of people who leave employment for SSDI benefits. Successful employer efforts to sustain health and employment can reduce the progression of private sector employees to public sector disability benefits [14] and should be supported in policy initiatives.

While the recent increased emphasis on the development of demand side approaches to promoting hiring of individuals with disabilities is commendable, we believe that there is a significant unrecognized need to develop new approaches that will focus on employer concerns about retention and productivity and facilitate the long-term employment of people with disabilities. In order to increase employer demand for labor from people with disabilities in ways that lead to increased duration of employment and reduced exits to disability benefits, public policies and interventions need to complement and reinforce business efforts to reduce absenteeism and sustain productivity [7,11].

4. Business efforts to promote employee health and productivity

The high costs of health care, global competition and the need for highly skilled and productive workers have caused progressive employers to devote extensive resources toward sustaining the health, productiv-

ity and tenure of their work force [16]. It is imperative that public sector demand side approaches not work at cross-purposes with these efforts. Therefore, advocacy efforts directed at hiring people with disabilities should more realistically consider needs that may arise after hiring, such as health care management, job modifications, performance improvement, and other accommodations that the work place must provide in order to help people with work limitations sustain employment as health needs and/or work demands change.

Placements must be made with knowledgeable and realistic preparation for long term needs, and be designed to assist employers to be successful in fostering the health and productivity of employees over time. Demand side approaches should help employers develop durable work situations for newly hired workers with disabilities in ways that complement employer efforts to sustain their existing workers in employment in a cost effective manner.

In order for public policy makers to assist businesses in their efforts to hire and retain workers with disabilities, research is needed that will lead to a greater understanding of the demand side factors within the workplace that impact the continued employment of people with disabilities. Current demand side efforts seem to be too narrowly focused on strategies that affect initial hiring decisions, without adequate regard for the complex challenges that ensue after employment and the multifaceted methods currently used by employers to manage productivity costs of health and disability in the workplace.

5. Preliminary findings from VCU research into demand side approaches to employment retention

Our efforts to identify and analyze employer efforts to promote employment retention and productivity have resulted in a number of preliminary impressions that will form the basis of future hypotheses and increased efforts to discover ways in which public agencies can support the efforts of employers to maximize the productivity and employment retention of workers with disabilities. Four of these findings are identified and summarized below.

5.1. Preliminary finding 1

The provision of accommodations and return to work services are not one-time events, but rather long term

efforts that require a changing mixture of accommodations and supports over time.

Recent cases reviewed by the VCU research team have involved persons with developmental disabilities, musculoskeletal work injuries, Multiple Sclerosis, adult onset mental illness, and HIV. In each case, both managers and employees report a need for ongoing adjustments and employment interventions to respond to changes in health, functional status, or job conditions in order to sustain productive employment. Recent literature has documented this phenomenon [1,5].

The ongoing demands on work place personnel to identify and respond to these needs and the level of skilled coaching and technical assistance needed to support their efforts should not be underestimated. Simply emphasizing the low cost of most (purchased) accommodations does not accurately prepare employers or service providers for the long term commitment and expertise needed to carry out the full scope of accommodation and support that can sustain productive employment. In the progressive employers we have studied, long-term employment retention results from the ongoing commitment of specialized, highly skilled staff members and a management team that values efforts to promote continued productivity and retention.

In a similar manner, *return to work is not a one-time event*. Just as placement efforts are too frequently viewed as time-limited efforts, return to work programs are often viewed as an event, rather than a process, resulting in a “place and run” approach. Effective return to work programs require specialized expertise, sufficient time and resources to deliver quality supports and a return on this investment, and a management commitment to the provision of long-term services. Progressive companies, such as those we have studied, are committed to the ongoing delivery of return to work supports as an individual’s employment situation, job content, and health status changes, as opposed to the one-time delivery of accommodation.

For example, the Disability Management Services program at the University of California at San Francisco employs 3 Disability Management Analysts who are assigned to serve certain departments and their employees to facilitate their knowledge of the work context in that department and continuity in the provision of their services. An administrative professional had changed job assignments to accommodate the development of a chronic illness. However, as the demands in the new job increased, the individual became unable to handle the increased stress and requested an extended absence with the physician’s support. The DMA was

able to develop a negotiated plan for a graduated return to work and resumed services to this employee and supervisor during this period of exacerbated symptoms and stress.

5.2. *Preliminary finding 2*

Effective supports and accommodations are rarely provided through external sources, but rather from highly knowledgeable support staff immediately available in the work environment.

In our research, demand side models are characterized by the availability of skilled support personnel who are immediately and continuously available to address problems that arise as an individual's health situation fluctuates, job requirements change, or the individual's attendance and productivity are affected by external factors such as unstable home or transportation supports. While businesses are more frequently recognizing the need to develop support and accommodation expertise, few employers are prepared for the vast array of support needs exhibited by individuals with various types of disabilities. More specific technical and practical knowledge is needed by service providers and work place personnel about strategies for accommodating and supporting all types of disabilities, including the interpersonal skills needed to facilitate effective discussion about work performance and disability with employees and supervisory personnel.

For example, the Cincinnati Children's Hospital Medical Center developed a model that provides continuously available coaching and accommodation services from a designated and highly experienced job retention specialist who operates on-site. The program was designed to fill an identified business need for employees in certain positions to reduce turnover and improve performance. The intervention was designed to stop multiple community agencies and changing personnel from coming into the business to provide disconnected services and to maximize the quality and immediacy of service provided by the designated staff.

This partnership program is run by the employer and has resulted in average job tenure of over five years and average current wage rate of over \$10 per hour with full benefits for employees with severe developmental disabilities [18]. The site-based, designated provider model enabled the provider to become completely knowledgeable about the business, its operation and policies, and the content of jobs; to have personal working relationships with supervisors and their disabled employees; and to be immediately available

when modifications and interventions are needed. All these aspects are critical to its success.

The needs of employers revealed through our research have direct implications for the types of services and supports that need to be provided by public sector agencies and their contracted provider networks. As public sector agencies change their focus from hiring to employment retention, follow-up contacts with employees and supervisors need to be handled in a way that elicits the identification of risks to job retention and provides timely and substantive interventions to address factors that can stabilize employment and productivity. Even then, when an employee's job retention is jeopardized, managers and supervisors must respond immediately to situations that often cannot be anticipated. How public agencies can complement and reinforce the internal resources employers have to draw on in these situations can make or break continued employment.

5.3. *Preliminary finding 3*

In many employer organizations, there exists a significant "disconnect" between their diversity efforts that relate to hiring people with disabilities and their health and productivity efforts (also called absence management, disability management, disease management, return to work) that relate to preventing health conditions and disabilities and managing them successfully for productive work retention when they do occur.

In the businesses we have studied, there seems to be little intentional connection within employer environments between efforts to hire people with disabilities and efforts to retain employees who become disabled. This lack of connection between hiring and retention program has implications for the employer organizations themselves, as well as for public policy, and needs to be explored.

The disconnect between hiring and disability management activities found in many businesses mirrors the lack of integration in public policy across efforts to impact the incidence and outcome of work disability and employment of people with disabilities [4]. Our results to date lead us to hypothesize that the skills and resources needed to accomplish accommodation and support may be the thread that can tie hiring and retention efforts together, in a way that benefits the broader employer goal of preserving the health and productivity of all its work force. Future public policy efforts should be targeted toward aligning these agendas in ways that provide additional incentives for employ-

er behavior that results in sustained employment and reducing exits from employment after disability.

In our view, the goals and structure of a firm's disability management programs or its diversity efforts will often determine the extent to which a company's expertise in one area affects its practices in the other. For example, absentee management and return to work programs built primarily or solely to decrease costs are inconsistent with "corporate cultures" that embrace and pursue diversity goals. When the primary purpose of a firm's disability management programs is retention versus cost control alone, it more often leads to a coordinated focus on human resource management and the creation of a retention culture.

For example, the University of California in San Francisco is a public institution that wishes to attract and serve thousands of students and patients each year as customers of its educational programs and health care and research. The accessibility of its facilities and services and the diversity competence of its staff have been top priorities for its success. The culture that has resulted from this long-term focus has created a certain level of awareness and familiarity about disability and accommodation that carries over when co-workers and supervisors are asked to accommodate employees who need modifications after injury or illness to be able to return to work.

5.4. Preliminary finding 4

The employer crisis in addressing health and productivity for business survival must be appreciated more fully by policy makers and service systems that want to focus on demand side activity.

In light of our finding described above, we need to consider and address the implications of hiring people with health conditions and disabilities on current employer goals to improve health and productivity, including absenteeism and presenteeism. Presenteeism is defined as the extent to which an employee is present at the work site, but whose productivity is negatively affected by injury or illness [9]. The high incidence of presenteeism is a significant issue in the workplace and illustrates the seriousness of the problems that impaired performance from unresolved mental and physical health issues create for employers [8]. Any work disability that contributes to presenteeism (not to mention absenteeism) must be acknowledged, addressed and offset [2,20]. Future investigations should investigate whether there is a role for public support in en-

hancing private sector efforts for work retention in the face of health and disability-related work limitations.

There is some evidence to indicate that business executives may be willing to adopt more comprehensive disability management practices if it can be demonstrated that such initiatives enhance employee productivity while controlling benefit costs [10]. The Integrated Benefits Institute (IBI) recently found that senior financial executives are open to approving changes in the way employee benefits are delivered if these efforts are shown to provide modest productivity results as a return on the investment. The findings of the IBI study provide important guidance regarding what types of benefit measures are likely to promote the productivity of all employees, since the incidence of presenteeism losses are often caused by factors that are similar to those that accompany the disabilities of many people with disabilities attempting to initially enter the workforce.

An example of one way in which public policy might support the efforts of employers to both hire and retain workers with disabilities is found in a recommendation contained in a recent report from the National Council on Disability (NCD, 2005). As a part of its review of SSA's efforts to promote return to work, NCD recommended, "Congress should direct SSA and the IRS to evaluate the possible effects of a Disabled Person Tax Credit as a means of increasing the use of disability management programs in business to prevent progression of injured and disabled workers onto the public disability rolls". In the view of the Council, the concept of a Disabled Worker Tax Credit (similar to the Work Opportunity Tax Credit designed to promote hiring efforts) may be a strategy that could enhance current work incentive policies of the SSA by providing a significant incentive for businesses to adopt state of the art disability management practices and promote private sector efforts to return injured or ill workers to employment, as opposed to continued reliance on the public benefit programs.

6. Summary

To take full advantage of demand side approaches to hiring and employee retention, public policymakers must understand that managing the health and productivity of all workers is a central business issue for every employer. Exemplary employers focus on learning from their own experience by using their internal data to identify and address the root causes of absenteeism and

lost productivity and improving their efforts accordingly. Many demand side retention efforts began with return to work programs designed to control workers compensation costs. These initial return to work efforts led upstream to early intervention programs, and medical case management evolved to a workplace focus on disability management. Separate treatment of work-related and non-occupational disability evolved into integrated programs for absence management. Progressive employers are using absence and benefit claims data to lead to prevention initiatives that focus on health and productivity and disease management. Innovative studies now look for earlier indicators of impact, such as identifying the effects of interventions on presenteeism. Retention-focused employers are broadening their focus from cost reduction to analyzing the benefits of their health investments on performance and retention. Public policymakers must learn from the experiences of these forward looking companies, and align programs and policies in ways that support employers who invest in comprehensive retention programs, thereby reducing the burden on our public disability rolls.

There is a key issue raised in this paper which needs to be considered in further research on demand side factors. Employer needs and interests regarding employees who develop disability or health limitations during the course of employment are to some extent separate from their needs and interests regarding new hires who have disabilities. The human capital investment is quite significant with an established employee. Preventing the loss of that investment is very important to some players in the organization, while avoiding legal challenges associated with hiring decisions is paramount for others. It is necessary to understand in what ways the legal, financial and procedural considerations in hiring and in retaining employees with disabilities are different, and to what extent these demand side factors can be addressed compatibly. We need a framework that is large enough to encompass both ends of this human resource/business management continuum and to carefully analyze the potential effects of demand-side policy interventions on the dynamics surrounding the hiring as well as the retention of workers with disabilities.

Acknowledgments

The authors wish to thank the leadership at Cincinnati Children's Hospital Medical Center and the Uni-

versity of California-San Francisco for facilitating this research and acknowledge the contributions of many of their employees associated with their outstanding programs, whose insights and experiences made this manuscript possible.

The development of this manuscript was supported by Grant No. H133B040011 from the National Institute on Disability and Rehabilitation Research (NIDRR), US Department of Education. The opinions expressed are solely those of the authors. No endorsement on the part of NIDRR or the US Department of Education is implied.

References

- [1] M.L. Baldwin, W.G. Johnson and R.J. Butler, The error of using returns to work to measure the outcomes of health care, *American Journal of Industrial Medicine* **29**(6) (1996), 632–641.
- [2] M.L. Berger, *Assessing the impact of lost productivity: Beyond the individual worker*. Paper presented at the Joint Forum on Health, Productivity and Absence Management of the Integrated Benefits Institute & National Business Group on Health, Orlando, FL, November 2004.
- [3] S. Botuck, J.M. Levy and A. Rimmerman, Post-placement outcomes in competitive employment: How do urban young adults with developmental disabilities fare over time? *The Journal of Rehabilitation* **64**(3) (1998), 42–847.
- [4] S. Bruyère, W. Erickson and R. Horne, *Disability employment policies and practices in US Federal Government Agencies: EEO/HR and supervisor perspectives*. Report by the Presidential Task Force on Employment of Adults with Disabilities. Ithaca, NY: Cornell University, School of Industrial and Labor Relations – Extension Division, Program on Employment and Disability, 2002.
- [5] R.J. Butler, W.G. Johnson and M.L. Baldwin, Managing work disability: Why first return to work is not a measure of success, *Industrial and Labor Relations Review* **48**(3) (1995), 452–469.
- [6] R.E. Drake, G.J. McHugo, D.R. Becker, W.A. Anthony and R.E. Clarke, The New Hampshire study of supported employment for people with severe mental illness, *Journal of Consulting and Clinical Psychology* **64**(2) (1996), 391–399.
- [7] R.A. Finch and K. Phillips, *An employer's guide to behavioral health services: A roadmap and recommendations for evaluating, designing, and implementing behavioral health services*, Washington, DC: National Business Group on Health, 2005.
- [8] R.Z. Goetzel, S.R. Long, R.J. Ozminkowski, K. Hawkins, S. Wang and W. Lynch, Health absence, disability, and presenteeism cost estimates of certain physical and mental health conditions affecting US employers, *Journal of Occupational & Environmental Medicine* **46**(4) (2004), 398–412.
- [9] P. Hemp, Presenteeism: At work but out of it, *Harvard Business Review* (October 2004), 1–10.
- [10] Integrated Benefits Institute, *On the brink of change: How CFOs view investments in health and productivity*, San Francisco: Author, 2002.
- [11] M. Kerr, Disability management: Measure for measure, 2006. Retrieved from http://www.riskandinsurance.com/06060Lfeature_4.asp.

- [12] J. Kregel, W. Parent and M. West, The impact of behavioral deficits on employment retention: An illustration from supported employment, *NeuroRehabilitation* **4**(1) (1994), 1–14.
- [13] A.F. Lehman, R. Goldberg, L.B. Dixon, S. McNary, L. Postrado, A. Hackman and K. McDonnell, Improving employment outcomes for persons with severe mental illnesses, *Archive of General Psychiatry* **59** (2002), 165–172.
- [14] B.T. McMahon, C. Danczyk-Hawley, C. Reid, B.S. Flynn, R. Habeck, J. Kregel and P. Ownes, The progression of disability benefits, *Journal of Vocational Rehabilitation* **15**(1) (2000), 3–15.
- [15] S. Mitra and D. Brucker, The early intervention project: An innovative initiative to return disability insurance applicants to work, *Journal of Disability Policy Studies* **15**(3) (2004), 159–167.
- [16] S. Nicholson, M.V. Pauly, D. Polsky, C.M. Baase, G.M. Bil-lotti, R.J. Ozminkowski, M.L. Berger and C.E. Sharda, How to present the business case for healthcare quality to employers, 2005. Retrieved from <http://knowledge.wharton.upenn.edu/papers/1303.pdf#search='how%20to%20present%20the%20business%20case%20for%20healthcare%20quality%20to%20employers'>.
- [17] K. Pierce, Predictors of job tenure for new hires with mental retardation, *Research in Developmental Disabilities* **24**(5) (2003), 369–381.
- [18] S. Rutkowski, M. Daston, D. Van Kuiken and E. Riehle, Project SEARCH: A Demand-side Model of High School Transition, *Journal of Vocational Rehabilitation* (in press).
- [19] J. Sim, Improving return-to-work strategies in the United States disability programs, with analysis of program practices in Germany and Sweden, *Social Security Bulletin* **62**(3) (1999), 41–50.
- [20] M. Stevens and M. Hursh, Presenteeism: Taking an integrated approach, *Journal of Employee Assistance* (3rd Quarter 2005), 7–9.
- [21] US General Accounting Office (GAO). (2002). *Social Security Disability: Disappointing results from SSA's efforts to improve the disability claims process warrant immediate attention* (Report No. GAO-02-322). Washington, DC: Author.
- [22] US General Accounting Office (GAO). (2004). *Social Security Disability: Improved processes for planning and conducting demonstrations may help SSA more effectively use its demonstration authority* (Report No. GAO-05-19). Washington, DC: Author.
- [23] P. Wehman, J. Bricout and J. Kregel, Supported Employment in 2000: Changing the locus of control from agency to consumer, in: *Mental Retardation in the Year 2000*, M. Wehmeyer and J.R. Patton, eds, Austin, TX: PRO-ED, 1999.