

## EAP COUNSELLING: OUTCOMES, IMPACT & RETURN ON INVESTMENT.

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Employee Assistance Programs (EAPs) integrate services to employers and their employees to alleviate psychosocial, psychological and work-related behavioural issues which impact on work and personal wellbeing and productivity.

Typically, EAP service components include:

- (i) professional, short term counselling, with referral and case management;
- (ii) management consultations to address work-related, behavioural issues;
- (iii) organisational and team interventions and
- (iv) aggregate reporting to assess effective program penetration and to direct the development of preventive strategies.

The EAP counselling component, (i) above, is seen as the primary intervention and so is the subject of most EAP related research (Attridge, 2009). Previous research has shown that EAP counselling client satisfaction is generally around 95% (Phillips, 2004; Attridge, 2003) and measured improvements in employee absenteeism, productivity and identified a positive impact on workers compensation costs (Kirk, 2006; McLeod & McLeod, 2001).

To assess an employer's financial return on investment, the "EAP Business Value Model" (Attridge & Amaral, 2002) identified three types of potential, financial benefits from EAPs:

- (i) a health care value component, which includes workers compensation and salary continuance insurance savings for Australian employers (as opposed to American employers where there also medical and disability insurance benefits);
- (ii) the human capital value component, representing savings in reducing absenteeism and turnover and improving productivity and engagement/morale and
- (iii) the organisational value component comprising cost savings in regard to issues such as safety risks, employee grievances and legal claims and the positive benefits in demonstrating employee concern and support. The research measures the employers' financial benefits (Finch & Phillips, 2005; Kessler & Stang, 2006) and employer case studies identify a positive return on investment (Blum & Roman, 1995). The ROI attributed to most EAPs studied to date indicate a ROI of between 5-10 times return on investment (Hargrave et al, 2008; Jorgensen, 2007).

This study (i) examined the impact of EAP counselling on employee wellbeing, productivity and absenteeism and (ii) measured the ROI of EAP counselling, focussing on its impact on employee productivity.

## **STUDY**

This study analysed the impact of EAP counselling on the personal and work functioning of employees utilising EAP counselling.

EAP clients were invited to complete a confidential, online self-report questionnaire, before and after utilising the EAP.

EAP counselling clients from the EAP provider, Davidson Trahaire Corpsych (DTC), were asked to participate. DTC's EAPs cover all major industry sectors across private and public sector employers in Australia. Matched pre and post EAP data was collected from over 1,000 EAP counselling clients (N=1,015).

The questionnaire asked EAP clients to rate their current personal and work functioning and wellbeing against their own optimal functioning and wellbeing. The questionnaire design required EAP clients to rate their current functioning and wellbeing on a scale from 1 to 100, where 100 is their own optimal level on each variable. That is, the questionnaire was designed so that each EAP client acted as their own 'control'.

In terms of content areas, EAP clients were asked to rate their current functioning in regard to their (A) Personal functioning and (B) Work functioning. These two, related domains were assessed via 3 sub-variables for each, namely:

### **A. PERSONAL FUNCTIONING**

1. Emotional Wellbeing
2. Physical Wellbeing
3. Work-life Management

### **B. WORK FUNCTIONING**

1. Work Productivity
2. Morale & Motivation
3. Work Relationships

In addition EAP clients were asked to provide demographic, job level, remuneration and work attendance information. This enabled the analyses of subgroups and the calculation of EAP return on investment (EAP-ROI) data.

EAP clients were invited to complete the assessment on-line before EAP. Those clients who did so were then also asked to complete a post-EAP counselling questionnaire after the conclusion of their EAP sessions. This post EAP administration reassessed the same six variables using the same scale so that the matched, pre and post EAP responses provided a change measure.

## **1. EAP impact on personal & work functioning and wellbeing**

The self-report measures of EAP Clients personal and work functioning and wellbeing before and after EAP counselling showed statistically significant improvement on all 6 variables, see Table 1.

The impact of EAP showed broad and large changes with:

- an average of 86% improvement in regard to emotional wellbeing, followed by
- an average 50% improvement in work morale & motivation and a 45% improvement in work-life management, then
- improvement averages of 24-27% in regard to physical health, work relationships and work productivity.

The impact of EAP (above) was related to the degree of initial dysfunction with EAP clients reporting pre-EAP average Emotional Wellbeing rating 36.7/100, a Morale & Motivation rating of 46.3/100, a Work-Life management average rating of 48.4/100, a Physical Health rating of 57.7/100, a Work Relationships rating of 57.9 and a Work Productivity rating of 60.5/100. This reflects the fact that there is more room for post-EAP improvement where there is lower pre-EAP functioning or wellbeing. This may also reflect the focus of EAP on primarily assisting with problems broadly associated with Emotional Wellbeing. These pre and post EAP functioning measures also indicate a high degree of interconnectedness across all of these variables.

The statistical result at  $p < 0.01$  significance means that one can be 99% confident that the results from this sample would apply to the broader population of all of DTC's EAP clients.

**Table 1 EAP Clients average, self-ratings - pre & post EAP utilisation.**

<b>(All Clients)</b>				
<b>Personal Domain</b>				
	<b>Pre EAP</b>	<b>Post EAP</b>	<b>Mean Difference</b>	<b>Percent Improvement</b>
Emotional Wellbeing	36.7	68.5	31.7*	86.4%
Physical Health	57.7	72.0	14.3*	24.8%
Work-Life Management	48.4	70.1	21.7*	44.8%
<b>Work Domain</b>				
	<b>Pre EAP</b>	<b>Post EAP</b>	<b>Mean Difference</b>	<b>Percent Improvement</b>
Work Productivity	60.5	74.9	14.5*	24.0%
Morale & Motivation	46.3	69.2	22.9*	49.5%
Work Relationships	57.9	73.7	15.8*	27.3%

Notes: N =1015; \* Difference is statistically significant ( $p < .01$ ); Measurements were self-reported ratings on a scale from 0% to 100%.

When the EAP client respondents are divided into male and female subgroups the statistical improvements found for the whole sample continue to be observed for both the male and female EAP client subgroups.

The limitations of this research include the relatively short term follow up of EAP clients 6 weeks after using the EAP. The following figures 1 and 2 graph the improvement over this period. Further research could investigate the longer term effects to ascertain whether the improvements are maintained, decline or increase further at 3 and 6 months post EAP.

Figure 1

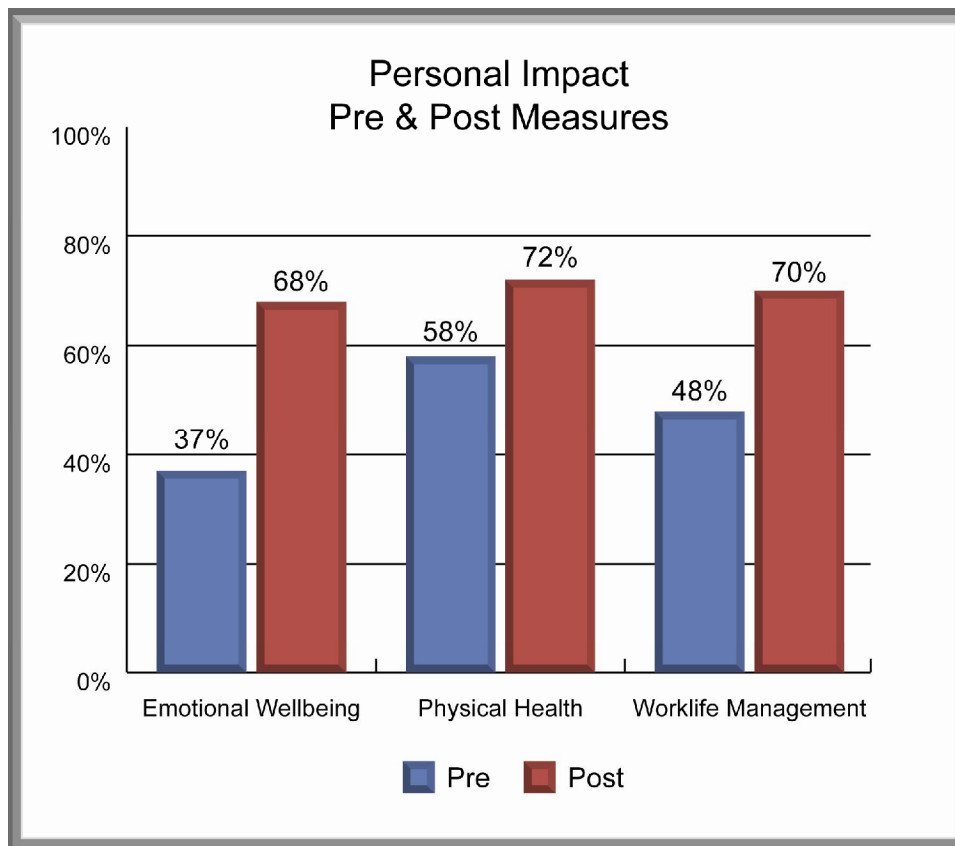
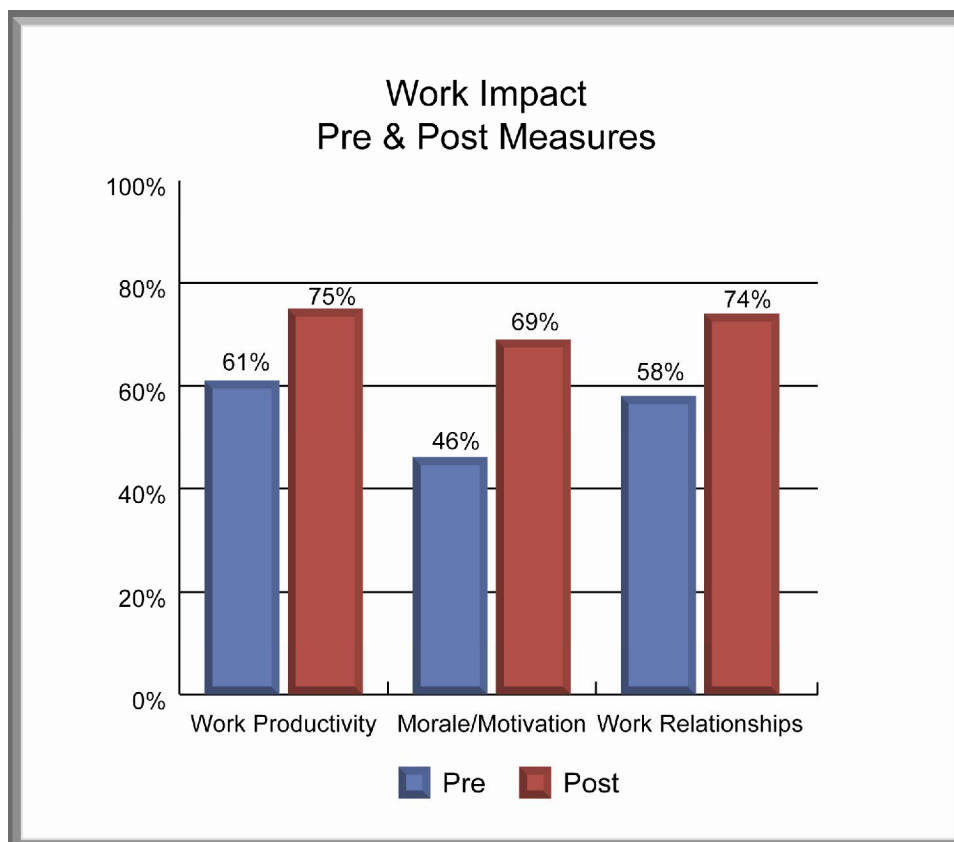


Figure 2



## 2. EAP impact on absenteeism

EAP client respondents were also asked to report of their sick/ personal leave absence from work in the 6 weeks prior to contacting the EAP and in the 6 weeks after commencing EAP counselling.

The results in Table 2 show that:

- EAP clients, on average, report 2.5 days absence in the 6 weeks before contacting the EAP and
- 1.6 days absence in the following 6 weeks,
- a 36% improvement.

Given the size of the sample in this study, this difference of 0.9 days is statistically significant ( $p < .01$ ).

**Table 2 Number of Days Absent from work due to Presenting EAP Issue (All Clients)**

Work Absence (All Clients)				
	Pre EAP	Post EAP	Mean Difference	Percent Improvement
Number of days absent in preceding six weeks	2.5	1.6	0.9*	36%

Notes: n=1015; \* Difference is statistically significant ( $p < .01$ ).

When the EAP client respondents are divided into male and female subgroups and analysed in respect of pre and post EAP absence over this period, the results show an improvement for both subgroups but this only statistically significant ( $p < 0.1$ ) for the female subgroup, see Table 3. This shows that while both genders commence EAP with a very similar, recent absence record (males 2.4 days in the prior 6 weeks vs. 2.5 days for females), the initial improvement in absence following EAP is greater (and statistically significant) for females.

**Table 3 Number of Days Absent from work due to Presenting EAP Issue (Male vs. Female Clients)**

Number of Days Absent from work due to EAP Presenting Issue (Males Compared with Females)								
	Pre EAP		Post EAP		Mean Difference		Percent Difference	
	Male	Female	Male	Female	Male	Female	Male	Female
Number of days absent in preceding 6 weeks	2.4	2.5	1.9	1.4	0.6	1.1*	25.0%	44.0%

Notes: N=1015 (Male 343, Female 672); \* Difference is statistically significant ( $p < .01$ )

In regard to absenteeism, the study shows that this EAP produces immediate improvements in employee absenteeism for both genders, although this impact is only statistically significant at  $p < 0.1$  for females. Further research could investigate the impact on absenteeism over the medium term of say 3-6 months, although the longer the time period that is considered, the more non-EAP type issues may impact on employee absenteeism.

### 3. Return on Investment

Using a standard utility analysis, an estimate of EAP Return on Investment (EAP ROI) was calculated using data derived from EAP clients.

The estimated benefit of EAP intervention was calculated using the following formula:

$$\Delta U = d_t \times SD_y$$

Where :

- $\Delta U$  = dollar value of EAP intervention
- $d_t$  = the difference in productivity due to the EAP intervention (.145)
- $SD_y$  = standard deviation of job performance in dollars (40% of annual salary), that is,  $(0.40 * \$69,671.25 = \$27868.5)$ .

$\Delta U = (45)(27868.5)$ $\Delta U = \$4040.93$
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The estimated benefit of \$4040.93 per client was derived using the following assumptions:

- Standard deviation of productivity is based on a conservative figure of 40% of average salary<sup>1</sup>.
- The difference in productivity is derived from self-reported change in work productivity of employees who used the EAP service.
- Annual salary was calculated on a weighted average of reported salary ranges as shown in Table 4.

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<sup>1</sup> Standard deviation of productivity could not be directly calculated from the current data set. Therefore a conservative figure of 40% of annual salary was used, based on research by Schmidt et al. (1979) and Smith (1989).

**Table 4      Weighted Annual Salaries in EAP client sample**

Salary Band	Salary mid-point	Number of Clients	Total of Salaries
Under \$30,000	\$15,000	43	\$645,000.00
Between \$30,000 and \$50,000	\$40,000	241	\$9,640,000.00
Between \$50,000 and \$75,000	\$62,500	374	\$23,375,000.00
Between \$75,000 and \$100,000	\$87,500	185	\$16,187,500.00
Between \$100,00 and \$150,000	\$125,000	113	\$14,125,000.00
More than \$150,000	\$175,000*	25	\$4,375,000.00
<b>Total</b>		981	\$68,347,500.00
<b>Estimated Weighted Average Salary</b>			\$69,671.25

Notes: \* As salary mid-point is not available, the indicated salary represents an addition of \$25,000. Salary bands are not equal in range. This analysis has assumed that all employees are employed full-time and that actual remuneration levels average out at the mid-point of each remuneration band.

The result is that the estimated monetary benefit of EAP counselling for the employer is an average of at least AU\$4,040.93 per EAP client. This is based on the per EAP client ROI only for the year he/she utilises EAP and assumes no longer term benefit for EAP clients beyond the first 12 months following EAP use and assumes no other cost benefits such as workers compensation or turnover reductions.

The ROI on EAP counselling (that is, not including the ROI on EAP Manager consultations or other EAP services) is therefore this figure minus the cost of EAP counselling per employee. For example, for an employer with 1000 employees, with an EAP counselling utilisation rate of 5%, obtains a workforce productivity benefit of AU\$202,204.65 (gross). If this company's EAP counselling costs AU\$30.00 per employee per annum (pepa), that is, AU\$30,000, then this company's net productivity benefit is estimated at AU\$172,204.65. This is a gross ROI of 6.74 and a net ROI of 5.74. This means that for every dollar invested in this EAP the company enjoys 6.74 times the EAP cost in productivity benefits and, after the cost of the EAP is subtracted, the company gains 5.74 times their EAP investment in improved productivity.

Any benefits related to reduced worker's compensation risk, grievances, turnover, or benefits from other EAP services such as EAP manager consultations, would significantly increase this ROI, as all the external EAP costs have been included in



this analysis, then any such additional benefits would be obtained without additional costs being added in the calculation of net benefit.

This ROI figure is based solely on productivity improvements of employees who use the EAP counselling. It does not include the cost benefit of other EAP services included in the EAP cost figure, other non-productivity benefits listed above nor the less tangible, potential EAP benefits, such as general employee engagement and morale. This analysis also did not measure any benefit on employee productivity when a family member seeks assistance from the EAP, although the cost of this was included.

It also follows from this that if an employer's pepa cost is lower than the above example, their ROI increases and vice versa and, if their EAP utilisation rate is higher than the example, then their ROI also increases and vice versa. The EAP ROI identified here can be applied to measure the cost-benefit (ROI) of the EAP counselling for any employer with this EAP provider.

## **Conclusion**

Over 1,000 EAP counselling clients from an Australian EAP provider participated in an evaluation of the impact of EAP counselling on personal & work functioning and wellbeing.

These EAP clients independently rated their personal and work functioning before and after EAP counselling. Self-reported demographic, organisational and absenteeism data was also obtained.

The results showed a statistically, significant improvement across six indicators of personal and work functioning.

Analyses of the effect on short term absenteeism showed immediate improvements in absenteeism for EAP clients overall and a statistically significant improvement for female EAP clients.

A standard utility analysis for this EAP provider indicates a net ROI of 5.74 times where the cost of the EAP is AU\$30 pepa and the EAP utilisation rate is 5% pa. A higher utilisation rate and/or a lower pepa cost would increase the estimated EAP ROI. The 'employee productivity' ROI for any employer utilising this EAP provider can be estimated using the study's results.

Given that this study found a ROI of over 5 times investment while only considering the productivity of EAP counselling participants, the study supports international

EAP research which has indicated that EAPs can have a significant positive impact on personal and work functioning which can produce an ROI of between 5 to 10 times the employers' investment.

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