

# Hidden cost of alcohol to workplaces estimated at \$1.65 billion

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Employees turning up to work hungover, or not turning up at all, cost New Zealand \$1.65 billion per year, a University of Otago study has found.

Lead author Dr. Trudy Sullivan, of the Department of Preventive and Social Medicine, says the nation's longstanding issues with alcohol have been well-documented, but little attention has been paid to its impact on [workplace productivity](#).

To address this, researchers surveyed 800 employees and 227 employers from a range of industries.

They looked at the cost of lost productivity through days off [work](#) (absenteeism) and lost hours of productive time while at work (presenteeism), as well as hours spent by employers dealing with alcohol-related issues.

The results, just published in *Drug and Alcohol Review*, revealed the estimated annual average cost of lost productivity per employee is \$1097.71 (\$209.62 in absenteeism and \$888.09 in presenteeism), equal to about five full working days per year.

Added to this is the \$134.62 per employer for dealing with the consequences of an employee's drinking behaviour including time spent on health, disciplinary and legal matters.

Nationally, the figure comes to more than \$1.65 billion per year.



Dr Trudy Sullivan. Credit: University of Otago

The significant predictors of reduced workplace performance due to [alcohol consumption](#) were being younger than 25 years, male, having a stressful job, and drinking more than the recommended guidelines.

Dr. Sullivan says the [costs](#) associated with presenteeism are more than four times greater than those associated with absenteeism as alcohol-affected employees turning up to work are much less effective at carrying out their duties.

It is also a hidden cost to employers as the impact is harder to see.

"You notice if people don't turn up to work, but it's much harder to spot when people aren't working to their full ability because they are hungover, for example," she says.

Presenteeism, while more difficult to capture, encompasses many factors—reduced output and quality of work, job errors, injury, the [negative effect](#) on co-workers, inefficient use of resources, and damaged property.

Co-author Dr. Fiona Edgar, of the Department of Management, believes a multifaceted approach needs to be taken to reduce the costs of lost productivity.

"It's not about targeting individuals—research in this area suggests change needs to occur both at the workplace and societal levels. People spend so much of their time at work that makes it a good place to introduce programmes aimed, for example, at promoting a healthy lifestyle.

"We see initiatives which are aimed at tackling some of the main drivers, such as stress as a good starting point," she says.

**More information:** Trudy Sullivan et al. The hidden costs of employee drinking: A quantitative analysis, *Drug and Alcohol Review* (2019). [DOI: 10.1111/dar.12935](#)

Provided by University of Otago

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