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EXECUTIVE SUMMARY

It is a well-known fact that the output of Canadian workers lags behind that of workers in other leading Western economies. Watson Wyatt Worldwide also identified this gap when it compared the Canadian annual worker output with that of France, Germany, Italy, the U.K. and the United States. Additionally, the soaring Canadian dollar, labour shortages and the ageing baby boomer generation are continuing to have a negative impact on workplace productivity.

While Canadian executives have been vocal about increasing workplace competitiveness through investments in training, technology upgrades and modernization and leadership development, they have not done a particularly good job of tackling mental health issues. Part of the problem is that mental health issues are not properly understood and that the stigma attached to mental illness makes employees reluctant to discuss the subject.

To get Canada's productivity in line with other leading Western economies, increasing productivity must be a priority for the country's chief executives. The obvious answer is to start making key capital investments to overcome the productivity gap. Canada needs, however, to make sure that these investments will make measurable contributions to increasing competitiveness and, more importantly, create solutions for the management of mental health issues, such as stress and depression, in the workplace.

Canada needs to start looking for solutions that will eliminate any obstacles on the road to increased productivity. The key is to find a sustained long-term solution to the problem of improving and maintaining both employee productivity and health; these two issues cannot be treated separately. The question is: Do companies want to concentrate only on today's financial bottom-line, or do they want to focus on creating a work-life balance that will reduce anxiety and depression among employees, lower absenteeism and disability leaves, lower benefit costs and increase productivity and overall prosperity?

The answer is in the hands of corporate Canada.

STUDY INTRODUCTION

THE PURPOSE OF THE STUDY

This study was designed to identify the importance of workforce "productivity" and "health" to Canada's top CEOs. In addition, the study hoped to gain some basis of comparison between the attitudes of CEOs and working Canadians with respect to productivity and health.

METHODOLOGY

The study involved two separate surveys:

- 1. A telephone interview with 114 of Canada's top CEOs, selected from the leading revenue-earning corporations in the country. Given the finite population of this community, these survey findings can be considered accurate to within +/- 9 points of what it would be had this entire population been surveyed. The margin of error will be larger within sub-groupings of this population.
- 2. A telephone survey of 622 working Canadians (those who are employed in a company or who are self-employed). The results of these survey findings can be considered accurate to within +/- 4 points of where it would be had this entire population been surveyed. The margin of error will be larger within sub-groupings of this population.

REPORTING CONVENTIONS

In several instances, this report refers to overall "CEO to Worker Gap Scores". This term describes the overall difference in opinions between Canada's CEO community and working Canadians.

When analyzing responses to four-point scales, the "top two responses" and "bottom two responses" are often grouped together. For example, "somewhat agree" and "strongly agree" responses are combined into a "total agree" percentage.



ABOUT THE ORGANIZATIONS INVOLVED

FGIworld

FGIworld develops and delivers employee assistance, workplace health and wellness, absence management and prevention and cross-cultural solutions for employers in North America and around the world. It is an acknowledged leader in these disciplines, which it delivers through a network of counsellors, psychologists, social workers, cross-cultural experts and trainers in 100 countries.

FGIworld has helped more than 2,200 organizations effectively manage the mental, social and physical health of their employees and families to reduce the huge productivity costs of absence and underperformance on the job.

<u>Ipsos-Reid</u>

Ipsos-Reid is Canada's market intelligence leader and the country's foremost provider of public opinion research. With operations in eight cities, Ipsos-Reid employs more than 300 research professionals and support staff in Canada.

SUMMARY OF STUDY

This study underscores the productivity gap that currently exists in Canadian companies, with half of both CEOs (53%) and working Canadians (52%) agreeing that their organizations are not as productive as they should be.

Additionally, when asked about their most important business issues, maximizing workplace productivity was one of the top two priorities for CEOs, the other being customer service.

So what are the major causes of Canada's unrealized workforce productivity? Both CEOs (66%) and working Canadians (71%), point to "stress, burn-out or other physical and mental health problems" as the top issues that negatively affect productivity. A large proportion in both groups also point to poor "management practices" (42% among CEOs, 59% among workers), and "lack of effective training programs" (39% among CEOs, 48% among workers).

Furthermore, eight in ten CEOs (78%) say they are either very concerned (27%) or somewhat concerned (50%) about the impact of poor health on their workforce. Three in four (75%) CEOs agree that today's employees face a greater health risk from mental health conditions, such as stress or burn-out, than they did five years ago.

Most CEOs feel their workforce is somewhat handicapped by the current health-care system: Six in ten (59%) agree that a lack of health-care professionals in their community is having a negative effect on both their workers and on their workforce productivity.

Looking ten years into the future, CEOs see a range of potentially serious problems developing for their workforce. First among these is the pervasive belief among CEOs (71%) that the costs of health care and disability benefits for workers will exceed what their employee programs provide.

As for what things CEOs think will best help them address workforce productivity: Seven in ten (68%) say "leadership development training and initiatives," followed by "absence prevention programs" (44%), "company-sponsored employee assistance and mental health programs" (32%) and "return to work from disability programs" (28%).

When both CEOs and working Canadians were asked to select from a list of workplace factors which ones they believed were having a positive impact on productivity in their organizations, a majority of CEOs and working Canadians pointed to:

- Effective training programs (77% vs. 73%)
- Management practices (69% vs. 64%)
- Appropriate employee assistance programs to help manage worker stress, burn-out or other physical and mental health issues (60% vs. 60%)
- The design of worker pay structure and incentives (57% vs. 58%)

In the end, most CEOs (61%) say their organization has taken steps to address the specific demographic needs of their workforce and how their health issues might affect productivity.



DETAILED FINDINGS

CEOs And Working Canadians Assess Productivity In Today's Workforce

HALF OF CEOS AND WORKERS AGREE THEIR ORGANIZATION HAS A PRODUCTIVITY PROBLEM – WORKERS MORE LIKELY TO STRONGLY FEEL THIS WAY...

Half of both CEOs (53%) and working Canadians (52%) agree that their organization has a productivity problem – it is not as productive as it should be, while just under half in both of these two groups disagree (46% among CEOs, 45% among working Canadians).

Even though their overall levels of agreement are evenly matched, there are some differences between these two groups when it comes to their intensity of agreement: Working Canadians are much more likely than CEOs to both "strongly agree" (22% vs. 17%) and to "strongly disagree" (25% vs. 13%) that their organization has a productivity problem.

Table 1. CEOs vs. Workers Comparison About Their Organization's Productivity Level % Of Respondents

	CEOs	Workers	CEO to Worker Gap
Total Agree	53	52	+1
Total Disagree	46	45	+1
Strongly agree	17	22	-5
Somewhat agree	36	30	+6
Somewhat disagree	33	20	+13
Strongly disagree	13	25	-12
Base	N=114 CEOs	N=622 Workers	

Question: "Please tell me whether you strongly agree, somewhat agree, somewhat disagree, or strongly disagree with the following statement: Our organization has a productivity problem, we are not as productive as we should be."

As Such, "Maximizing The Productivity Of Your Workforce" Is A Top Priority For CEOs...

As part of the survey, CEOs were asked to rate a number of different issues that their company may be facing as to whether or not they are a priority for their company. From the survey results, the issues can be organized into a series of "priority tiers" – with the 1st Tier being the issues that are of top priority to CEOs, followed by those in the 2nd Tier and those in the 3rd Tier.

CEOs are definitely concerned about their workforce productivity – evidenced by the fact that "maximizing the productivity of their workforce" (96%, 76% major priority) is rated, along with "customer service and loyalty" (94%, 83% major priority), in the 1st Tier of their company priorities. Nearly all CEOs rate these two issues as a priority for their firm, with approximately eight in ten rating each of these as a "major priority."

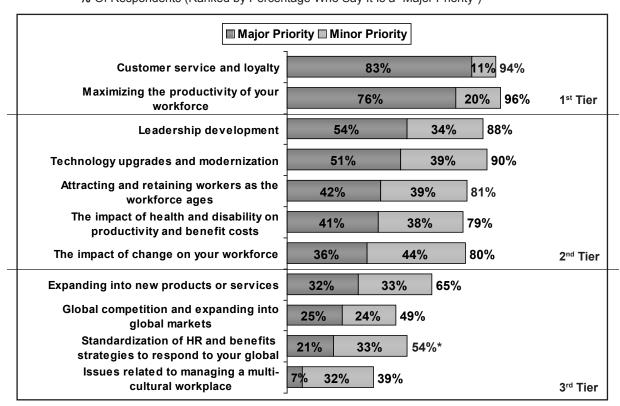


The 2nd Tier of CEO priorities are leadership development, technology upgrades and modernization, attracting and retaining workers as the workforce ages, the impact of health and disability on productivity and benefit costs, the impact of change on the workforce and expanding into new products or services. Substantial portions of the CEOs rate each of the issues in this Tier as a "major priority" for their company.

The 3rd Tier of priorities on the radar screen for Canada's CEOs are global competition and expansion into global markets, standardization of HR and benefits strategies to respond to their global workforce¹ and issues related to managing a multicultural workplace.

Figure 1. Priorities for CEOs

% Of Respondents (Ranked by Percentage Who Say It Is a "Major Priority")



Question: "I am going to read a list of issues that many companies are facing. Please tell me how much of a priority is each issue for your company right now?"

Base: 114 CEOs

*Of those with a workforce outside of Canada (Base=42)

ONE IN SEVEN CEOS (15%) AGREE THAT CULTURAL DIVERSITY IS NEGATIVELY IMPACTING PRODUCTIVITY...

One in seven CEOs (15%) agree with the statement that "the growing cultural diversity of our workforce is creating some tension in the workforce and is having a negative impact on our ability to manage our workers and their productivity."

¹Results for this are from CEOs who have a workforce that extends outside of Canada.



CEOs And Working Canadians Both List "Stress, Burn-Out, Or Other Physical And Mental Health Issues" As The <u>Top Factor</u> That Negatively Impacts Workforce Productivity...

As part of the survey, CEOs and working Canadians were read a list of workforce issues and asked whether each had a negative impact on their productivity or on the productivity of their organization.

The largest proportion of both CEOs (66%) and working Canadians (71%) list stress, burn-out or other physical and mental health issues among their workforce as factors that are having a negative impact on their productivity or the productivity of their organization.

However, strong differences in opinions between working Canadians and CEOs are evident when it comes to other factors that may negatively impact productivity. When looking at the "CEO to Worker Gap Scores" we can see that working Canadians are much more likely than CEOs to believe that the following factors are negatively impacting productivity:

- Management practices (-17);
- The design of worker pay structure and incentives (-10);
- The lack of technology (-10); and
- Lack of effective training programs (-9).

Table 2. Factors Negatively Impacting the Productivity of the Workforce% Of Respondents That Say Factor Is Negatively Impacting The Productivity Of Their Workforce

	CEOs	Workers	CEO to Worker Gap
Stress, burn-out, or other physical and mental health issues among your workforce	66	71	-5
Management practices	42	59	-17
Lack of effective training programs	39	48	-9
The impact of technology such as email	28	25	+3
The design of worker pay structure and incentives	27	37	-10
Lack of effective return to work practices for employees who have required extended time away from work	25	31	-6
The lack of technology	19	29	-10
A diverse and multicultural workforce	12	14	-2
Base	N=114 CEOs	N=622 Workers	

Question: "In your opinion, which of the following factors are having a <u>negative</u> impact on your productivity or the productivity of your organization?"



EIGHT IN TEN CEOS EXPRESS CONCERN ABOUT THE IMPACT OF POOR HEALTH ON THEIR WORKFORCE PRODUCTIVITY...

Eight in ten CEOs (78%) express concern about the impact of poor health among their workforce on their productivity – with 27% saying that they are "very concerned" about this issue. Twenty-two percent of CEOs say they are not at all concerned about this issue.

Somewhat 51%

78% of CEOs are Concerned

Very 27%

Figure 2. Concern About The Impact Of Poor Health On Productivity % Of CEOs

Question: "Are you concerned about the impact of poor health among your workforce on their productivity?" Base: 114 CEOs

THREE IN FOUR CEOS (75%) AGREE EMPLOYEES TODAY FACE A GREATER HEALTH RISK FROM MENTAL HEALTH CONDITIONS (Ex. Stress, Burn-out) THAN THEY DID FIVE YEARS AGO...

Three in four (75%) CEOs agree that employees today face a greater health risk from mental health conditions, like stress or burn-out, than they did five years ago (27% strongly, 48% somewhat). One-quarter (24%) disagree with this notion.

And, Most CEOs (59%) FEEL THEIR WORKFORCE IS SOMEWHAT HANDICAPPED BY CURRENT LEVEL OF PUBLIC HEALTH-CARE DELIVERY...

Six in ten CEOs (59%) agree with the statement "a lack of health-care professionals such as doctors and specialists to provide services to my employees in their community is having a negative impact on them and their productivity" (17% strongly agree). Four in ten (39%) disagree with this statement (9% strongly disagree).

LOOKING AHEAD OVER NEXT TEN YEARS, 71% OF CEOS BELIEVE THE COSTS OF HEALTH CARE AND DISABILITY WILL BE MORE OF PROBLEM THAN TODAY – AND, HALF POINT TO MENTAL HEALTH AND CHRONIC DISEASE AS A GROWING PROBLEM...

Looking ahead, a majority of CEOs believe that there are a range of demographic-related issues that will be more of a problem ten years from now than they are today, such as:

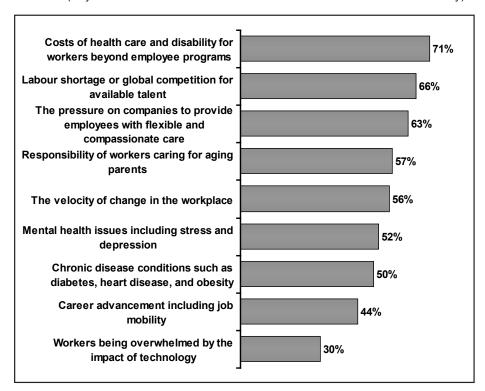
- The cost of health care and disability for workers beyond employee programs (71%)
- Labour shortage or global competition for available talent (66%)
- The pressure on companies to provide employees with flexible and compassionate care (63%)
- Responsibility for workers caring for ageing parents (57%)
- The velocity of change in the workplace (56%)

Further, substantial proportions of CEOs point to issues like mental health (52%) and chronic disease (50%) as being conditions that will be more of a workforce problem ten years from now than they are today. And 44% look at career advancement, including job mobility, in this way.

Only 30% of CEOs believe that workers being overwhelmed by the impact of technology will be more of a problem ten years from now for their workforce. The majority (70%), in fact, believe this will either not change from today (48%) or will be less of a problem (22%).

Figure 3. Conditions Facing Workforce That Will Be More Of A Problem Ten Years From Now Than They Are Today

Of CEOs (Say Condition Will Be More Of Problem Ten Years From Now Than Today)



Question: "For each one please tell me if these conditions or things will likely be more of a problem than they are today, less of a problem, or no change from today, in the affect they have on the productivity of your workforce?"

Base=114 CEOs

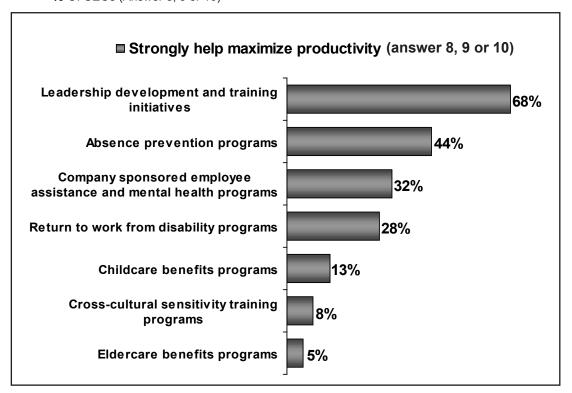


CEOs And Working Canadians Assess Ways To Improve Workforce Productivity And Health

CEOs Point To Range Of Programs To Help Improve Productivity...

Leadership development and training initiatives are the employee assistance, training or health benefit program that CEOs most strongly feel help maximize workforce productivity, as two-thirds (68%) rate this as an 8,9 or 10 on a 0 to 10 "productivity improvement scale" – more than 20 points higher than the next most strongly rated service, "absence prevention programs" (44%). Following these programs are company-sponsored employee assistance and mental health programs (32%), and return to work from disability programs (28%).

Figure 4. Perceived Impact of EAP Programs on Workforce Productivity % Of CEOs (Answer 8, 9 or 10)



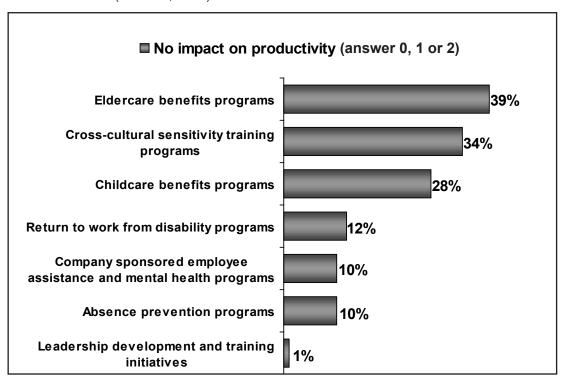
Question: "Now, I am going to read you a list of items that companies sometimes offer in their Employee Assistance, Training, and Health Benefits programs that help contribute to the productivity of their organizations' workforce by bringing things together, or by addressing specific issues in the workplace. Please rate each of the items on a scale from 0 to 10, where 0 means that it would have no impact on the productivity of your organizations' workforce, and 10 means that it would strongly help maximize the productivity of your workforce"

But Many Don't See Eldercare Benefits (39%), Cross-Cultural Sensitivity (34%), or Childcare Benefits (28%) Programs as Having an Impact on Productivity

Other programs were somewhat less important to CEOs, as they felt they would have little to no impact on the productivity of their workforce – rating these items as a 0,1 or 2 on the productivity improvement scale. Such programs include:

- Eldercare benefits programs (39%);
- Cross-cultural sensitivity training programs (34%); and
- Childcare benefits programs (28%).

Figure 5. Perceived Impact Of EAP Programs On Workforce Productivity
% Of CEOs (Answer 0, 1 or 2)



Question: "Now, I am going to read you a list of items that companies sometimes offer in their Employee Assistance, Training and Health Benefits programs that help contribute to the productivity of their organizations' workforce by bringing things together, or by addressing specific issues in the workplace. Please rate each of the items on a scale from 0 to 10, where 0 means that it would have no impact on the productivity of your organizations' workforce, and 10 means that it would strongly help maximize the productivity of your workforce."



MAJORITIES OF CEOS AND WORKING CANADIANS POINT TO MANY FACTORS AS BEING POSITIVE FOR THEIR WORKFORCE'S PRODUCTIVITY - INCLUDING PROGRAMS THAT HELP MANAGE PHYSICAL AND MENTAL HEALTH ISSUES...

When both CEOs and working Canadians are asked to identify from a list of workplace factors which ones they believe are positively impacting productivity in their organization, a majority of both CEOs and working Canadians point to:

- Effective training programs (77% vs. 73%);
- Management practices (69% vs. 64%);
- Appropriate employee assistance programs to help manage worker stress, burn-out, or other physical and mental health issues (60% vs. 60%); and
- The design of worker pay structure and incentives (57% vs. 58%).

However, CEOs are less likely than working Canadians to believe that the following factors have a positive impact on workplace productivity:

- The impact of technology such as email (50% vs. 58%)
- An abundance of technology (46% vs. 60%)
- Effective return to work practices (43% vs. 57%)
- A diverse and multicultural workforce (34% vs. 68%)

Table 3. Factors Positively Impacting The Productivity Of The Workforce
% Of Respondents That Say Factor Is Positively Impacting The Productivity Of Their Workforce

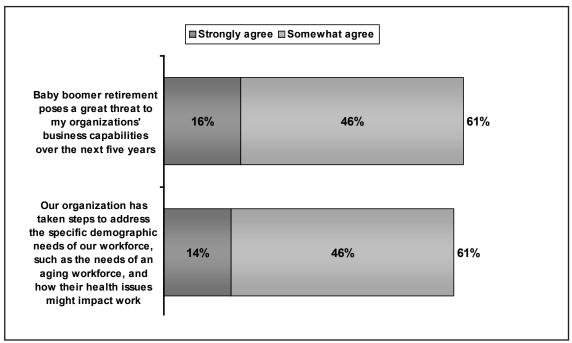
	CEOs	Workers	CEO To Worker Gap
Effective training programs	77	73	+5
Management practices	69	64	+5
Appropriate employee assistance programs to help manage worker stress, burn-out, or other physical and mental health issues	60	60	0
The design of worker pay structure and incentives	57	58	-1
The impact of technology such as email	50	58	-8
An abundance of technology	46	60	-14
Effective return to work practices for employees who have required extended time away from work	43	57	-14
A diverse and multicultural workforce	34	68	-34
Base	N=114 CEOs	N=622 Workers	

Question: "In your opinion, which of the following factors are having a positive impact on your productivity or the productivity of your organization."

CEOs Recognize Threats Posed To Their Company From Baby Boomer Retirement – And They Are Taking Steps To Address These Threats...

The majority of CEOs (61%) recognize that baby boomer retirement poses a great threat to their organization's business capabilities over the next five years (with 16% who strongly feel this way). Furthermore, most (61%) say that their company is taking steps to address the specific needs of an ageing workforce and how their health issues might impact work (14% strongly believe this).

Figure 6. Adapting To A Changing Workforce % Of CEOs



Question: "Please tell me whether you strongly agree, somewhat agree, somewhat disagree, or strongly disagree with each of the following statements."

Base=114 CEOs

NINE IN TEN CEOS BELIEVE ORGANIZATIONS THAT HAVE A REPUTATION FOR SUPPORTING THEIR EMPLOYEES' HEALTH WILL ATTRACT THE MOST TALENTED RECRUITS...

Nine in ten (92%) CEOs agree with the statement "organizations that have a reputation for respecting and supporting their employees' health, wellness and development will likely attract the most talented recruits" (64% strongly agree), while 5% disagree with this statement.



COMMENTARY ON STUDY FINDINGS

This study shows that corporate Canada recognizes the fact that there is a workforce productivity problem in the country and that addressing this problem is a major priority.

CEOs understand that there is a positive and direct relationship between workforce health, efficiency and profitability, but they appear to lack direction when it comes to how to manage workforce health as it relates to productivity.

Adding to this is an increasingly expensive health-care infrastructure. The system is dramatically different from just five years ago, and costs are likely to continue climbing sharply. Canadian CEOs will have to increasingly rely on human resource solutions to manage the costs of health care and disability for workers. Doing so will enable Canadian companies to remain globally competitive and address the labour shortages that will result from the ageing baby boomer generation leaving the workforce.

CEOs seem to be aware that in today's global economy, corporate Canada is not only competing for market-share, it is also competing for workforce talent. To manage these issues, Canadian companies need to ensure they build continuity into their operations, that they hire and retain the best talent, that they communicate well across cultures and that they continuously reduce the productivity gap between themselves and competing economies.

How is this to be achieved? Firstly, Canada needs to look beyond leadership development, training, technology upgrades, career advancements and so forth and provide improved programs to help employees manage stress, burn-out and other physical and mental health issues. The need to invest in employee health and wellness and therefore increase productivity is tempered by the need to contain rising health benefit costs. Corporate Canada must seek ways to invest health-care dollars more wisely and more systematically. This begins with a organizational review of how and where their current corporate health dollars are being spent and by whom. CEOs must get involved to streamline and centralize internal health and wellness.

Secondly, Canada is a land of immigrants and past studies have shown that the country is becoming more diverse by the day. As a result, cross-cultural issues will be more prevalent and solutions to manage these issues will contribute to improved workplace productivity. The ability of communicate effectively across cultures and adjust to different business practises around the globe will be an increasingly important business skill.

What do Canadian companies need to focus on? They need to:

- improve their commitment and accountability to managing employee health on an ongoing basis
- invest in health and wellness initiatives to overcome Canada's productivity gap
- invest in health and wellness initiatives to prevent critical illnesses in the future and thereby reduce or stem health benefit costs
- ensure that health-care investments will make measurable contributions to increasing competitiveness and creating solutions for the management of mental health issues, such as stress and depression
- make cross-cultural communication and understanding a priority to enable effective participation in the global marketplace, to eliminate barriers to trade and to fully utilize a growing multicultural workforce.

By investing in health, corporate Canada invests in productivity.





FGIworld 10 Commerce Valley Drive East Suite 200 Thornhill, ON Canada L3T 7N7

P: 905-886-2157 F: 905-886-4337 E: info@fgiworld.com FGIworld 100 North 6th Street Suite 300A Minneapolis, MN USA 55403

> P: 612-338-3690 F: 612-338-3037 E: info@fgiworld.com