



Substance Abuse and Productivity

Does substance abuse adversely impact productivity?

Many studies have been conducted to evaluate the effects of drug and alcohol abuse on workers' productivity. Alcohol, especially episodic heavy drinking, has been found to increase absenteeism—along with the risk of arriving late at work and leaving early, contributing to a loss of productivity.

A 2006 Swedish study¹ found that a 1-liter increase in total alcohol consumption resulted in a 13% increase in workplace absences among men. In Norway, a similar study² conducted in 2009 also found that a 1-liter increase in alcohol consumption was associated with a 13% increase in employee absences. A large study of 13,582 Australian workers found clear evidence for the negative impact of drinking patterns on absenteeism and productivity.³

The cost of lost productivity is typically associated with reduced work output, errors on the job, and failure to meet company production standards. In the U.S., the Research Triangle Institute estimated that alcohol abuse costs employers \$65 billion annually in lost productivity alone. That's almost double the \$33 billion cost of decreased productivity caused by abuse of all other drugs. And beyond a reduction in the *amount* of work being performed, research shows that there are also substantial reductions in the *quality* of work being done. Reduced quality hurts consumers and American competitiveness in a global market.

Overall, the costs of lost productivity are the dominant element in studies of the social costs arising from the harm done by alcohol, being about half of the total social cost. The National Institute on Drug Abuse (NIDA) estimates that drug abuse and addiction from the use of alcohol, tobacco, and illegal drugs

cost the U.S. over \$700 billion each year.

Substance abuse and addiction affect more than 20 million Americans—almost 8% of the population. When family members of substance abusers are included, the total is almost one-third of the U.S. population. With almost 70% of drug users being employed, the cost of lost productivity to businesses is enormous.

Cost and Consequences of Substance Abuse

Substance abuse by employees has also been shown to demonstrate variable risks in numerous other studies. Substance abuse not only negatively impacts productivity. Alcohol and drug abuse by workers can also be an expensive problem for companies due to injuries, fatalities, theft, low employee morale, and an increase in healthcare costs, legal liabilities, and workers' compensation costs. The consequences of substance abuse in the workplace include all the risks and associated costs of adverse events, along with the loss of productivity.

Productivity is negatively impacted in numerous ways: from poor decision making and loss of efficiency, to difficulty performing tasks and a preoccupation with obtaining drugs—resulting in a loss of attention and concentration at work. Employee alcohol and drug abuse outside of working hours can also increase risk to workplace safety and productivity, due to lingering impairment and/or hangovers.

Some of the ways that substance abuse compromises an employee's basic abilities and hurts productivity is through the effects of:

- Aggressiveness
- Depression
- Indecisiveness
- Lethargy
- Loss of memory

- Impaired judgment
- Impaired learning and retention
- Impaired vision and depth perception
- Hallucinations
- Withdrawal symptoms
- Violent mood swings
- Paranoia, schizophrenia, and other psychotic behavior

Even coworkers and employees who are family members of drug addicts and alcoholics can suffer from productivity problems related to a lack of focus, absenteeism, increased stress-related illness, and increased use of health insurance. In one U.S. study, one-fifth of workers and managers across a wide range of industries and company sizes reported that a coworker's on- or off-the-job drug use jeopardized their own productivity.

An Australian study⁴ also estimated the social costs of alcohol born by people other than the drinker. The study reviewed the magnitude and range of harm from alcohol to others, and found its impact on productivity to be significant. The total cost of harm from people other than the drinker was \$14.2 billion. Of this, \$9.3 billion resulted from lost productivity costs due to lost and wasted time because of the activities of a heavy drinker.

Increased Substance Abuse and an Employer's Response

A report by the Centers for Disease Control (CDC) found that the cost of heavy drinking has been growing over the past few years. There was a 2.7% increase between 2006 and 2010, which outpaced inflation for that same period. In 2013, an estimated 24.6 million Americans aged 12 or older—9.4% of the population—had used an illicit drug in the past month. This number is up from 8.3% in 2002.

The increasing abuse of drugs and alcohol costs American businesses billions of dollars annually in lost productivity. Companies must take a proactive approach to minimize the cost of substance abuse in the workplace.

Often, the most effective way to address alcohol and drug problems in the workplace is through a referral to the company Employee Assistance Program (EAP). EAPs deal with substance abuse and addiction, and provide short-term counseling, assessment, and referral of employees with alcohol and drug abuse problems, emotional and mental health problems, marital and family problems, financial problems, dependent care concerns, and other personal problems that can affect the employee's productivity. On average, treating addiction costs \$1,583 per patient, with a corresponding \$11,487 return in benefits to society, a 7-to-1 return on investment.

Companies with successful EAPs and drug free workplace programs have reported improvements in productivity—along with decreases in absenteeism, accidents, downtime, turnover, and theft.

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