



The Link Between Decreased Productivity and Vacation Deprivation in the Workplace

*A Business Case for Employer-Endorsed Vacation
Policies and Resources*

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Introduction

‘No Vacation Nation’ is a term coined by economist John Schmitt with the Center for Economic and Policy Research to describe the tendency of US employees to overwork and forego paid time off. Although US employees work more hours per person and take off fewer days than their international counterparts, US industries are less productive and less efficient by comparison. In fact, the absence of adequate time off is one reason workers are reporting more work mistakes and coworker resentment. With America’s economy on life support and US commerce following suit, it is critical that businesses refocus their resources to relieve employee burnout and endorse benefit programs that facilitate stress reduction and promote work-life balance.

As the work day continues to extend due to overtime and technology, US workers spend less time with their families and have less time to pursue outside interests and engage in consistent exercise programs. These facts present a host of negative consequences not only for US employees, but for their employers, as well. Increasingly, however, businesses in the US fail to recognize how overwork negatively affects company morale, corporate culture, collaborative efforts and ultimately, profitability. It has been proven that overwork deteriorates companies from the inside out and causes them to operate at a fraction of their potential.

According to the Bureau of Labor Statistics, the average American today works a full month (160 hours) more annually than in 1976. It is not surprising therefore that the Pew Research Center reports that more free time is the number one priority for most middle class Americans. In the present economy, where fewer companies are hiring, US employees are biding their time until better work situations are more feasible. To this end, a study conducted by Mercer asserted that one in three US workers is seriously considering leaving his or her job or has unfavorable opinions of employers due to overwork and stagnant pay. Lest corporate leaders be tempted to reposition businesses primarily from an operational standpoint, they must now consider that the evidence of the poisonous effects of overwork is becoming more and more difficult to ignore.

As of March 2011, the Bureau of Labor Statistics reported that 91 percent of full-time workers in private industry receive paid vacation from their employers. In fact, paid leave is the most widely available benefit offered by employers. Yet, employers and work-life experts report that workers are often reluctant to take time off from work. In fact, US employees forfeited 57% of unused vacation time in 2010. The epidemic of overwork, then, is not primarily an issue of access. The question then follows: if US employees desire to take paid time off and have the access to do so, what hinders them from taking it?



Forced Ambition

Even if an employer doesn't make overtime a requirement, employees still report that they feel pressured to work longer hours. With CEOs working an average of 60+ hours weekly, overwork is a syndrome that trickles down from the top of the chain of command. Time off is harder to justify when the boss him- or herself doesn't take it.

One could argue that the US is intrinsically success-driven and the employee that works longer hours and forfeits vacation time is on the mission to climb the corporate ladder. After all, overachievers permeate aspects of this society already: The National Center for Education Statistics declares that the number of Americans holding bachelors degrees or higher is steadily increasing annually and more Americans owned homes in 2010 than in 1995 despite the housing bust and recession. In essence, Americans are successful in increasing their quality of life as a whole and it appears that overachievement is the necessary ingredient in attaining the American Dream.

Loyalty Or Fear?

US employees are motivated by the fear of being laid off and management retaliation when deciding to work longer hours.

Does company loyalty drive US employees to chronically overwork? Studies show that loyalty to employers carries with it the employee expectation that long work hours—not productivity or performance—serves as an insurance policy against job loss. Being laid off when employees are burning the candle at both ends is viewed as betrayal (to the terminated employees and those left behind) that decreases morale. To this end, statistics suggest that US employees are motivated by the fear of being laid off and management retaliation when deciding to work longer hours. With many companies considering further headcount cuts, many workers are hesitant to leave the office for long periods of time to avoid the perception of being slothful—and, therefore, expendable. What ensues is a less confident workforce that sets to prove its value through overwork and sacrificing time off.



One expert argues that the concept of overwork is a deeply engrained American ideology: “That’s part of the American workplace culture, devotion as demonstrated through longer days and longer years,” states Lonnie Golden, associate professor of economics at Penn State University in Abington, PA. “When times are good they think it lends itself to promotion, when times are bad they think it gives them security,” she says. Statistically, however, companies largely make layoff decisions based on operational shifts or revenue factors. Therefore, the concept that layoffs can be thwarted by an increased work ethic is unfounded.

Overwork and Productivity

The culture of overwork furthers the perception that longer hours and less down time equals greater productivity. Studies indicate, however, that this belief cannot be farther from the truth. As evidence, US productivity rates have been steadily improving in recent years; however, several economists assert that overwork and vacation deprivation



haven’t lead to productivity gains across the board. “It really boils down to how you’re measuring productivity,” Penn State’s Golden remarks. “If you look over the course of the year or in productivity per hour, Europeans are right there with Americans, if not ahead.” It is essential, therefore, that US businesses work proactively to dispel the myth that overwork equals productivity and encourage their workers to toil more efficiently.

In last year’s bestselling book, *Rework*, Jason Fried and David Heinemeier Hansson complain about employees who “try to fix problems by throwing sheer hours at them...” “[Workaholics] aren’t heroes,” they write. “They don’t save the day, they just use it up. The real hero is already home because she figured out a faster way to get things done.” There are also findings that employees that boast extreme overtime fabricate the amount of overtime to the chagrin of their superiors. To be sure, research by sociologist John Robinson of the University of Maryland shows that the average worker who claims to work 70 or 80 hours or more per week actually worked less than 60.



Flexible Vacation Policies



Mark Frame, an associate professor of psychology at Middle Tennessee State University says, “I’d say flexible vacation policies can afford employees a level of control over their own work styles and work pacing.” Frame, who specializes in workplace psychology, asserts that employees [of companies with progressive vacation policies] have a greater commitment to working towards personal and organizational goals and that flexible vacation policies help employees regulate their own progress. Robert Hohman, CEO and co-founder of Glassdoor, an

online job search and company review business, adds, “Companies that have a strong work-life balance are optimized for long-term success. Those companies tend to keep employees longer, and those employees tend to be happier. And I would argue, in turn, those employees tend to be more productive over the long term.”

Even a closer look at companies utilizing flexible vacation policies shows an increase in productivity since enacting the policy. Best Buy, for example, which instituted a flexible vacation policy in 2005, reported an increase in company-wide productivity of at least 30%. The University of Minnesota Flexible Work and Well Being Center, which studied Best Buy’s new policy, reported that Best Buy improved its employee health practices (more sleep, exercise, and energy), demonstrated a greater retention rate and its employees reported increased job satisfaction. Morningstar, an investment research firm, instituted a similar policy and sees it as a beneficial way to bring out accountability in its team members. IBM and Netflix are other notable companies that have enacted flexible vacation policies.

Legislation

The danger of employee burnout run so deep that it sparked a congressional consideration when Rep. Grayson of Florida proposed the Paid Vacation Act of 2009 (HR 2564). The bill aimed to amend the Fair Labor Standards Act to include a 1 week paid annual leave to employees of companies employing fifty or more employees.



HR 2564 stated further that the US is the only industrialized nation without a minimum annual leave law (See Figure 1). “One of the fastest growing economies in the world, China,” the bill asserted, “requires 3 weeks off for employees.” The bill then goes on to note the liabilities associated with not requiring paid time off on the federal level: rising health care costs, increased health risks and a decrease in productivity and family bonding. The bill stipulated that the days be taken in succession without roll-over eligibility. Although the bill itself was never adopted into law, it illustrates an increasing scrutiny of the issue from a health and economic perspective on the part of government officials.

Figure 1. A comparison of used vacation time by country:

<i>Country</i>	<i>Percentage of used vacation time</i>
US	57%
France	89%
Argentina	80%
Hungary	78%
Britain	77%
Spain	77%
Saudi Arabia:	76%
Germany	75%
Belgium	74%
Turkey	74%
Indonesia	70%
Mexico	67%
Russia	67%
Italy	66%
Poland	66%
China	65%
Sweden	63%
Brazil	59%
India	59%
Canada	58%

Overwork and Advocacy

Take Back Your Time, Inc., a US/Canadian non-partisan initiative that challenges the ‘epidemic of overwork’ and a condition that it calls ‘time poverty’ recalls studies that support its agenda to amend the Family and Medical Leave Act of 1993, require 3 weeks of paid annual vacation and limits on compulsory overtime in the workplace, among other items. This and other grassroots organizations regularly present data to show the negative consequences vacation deprivation has on commerce, health and the quality of life in America.



Accessibility = No Vacation

Studies show that employees frequently report that their employers expect them to be accessible. Most working adults (66%), in fact, say they usually connect with work at least occasionally when they are away from the office. “Vacation should be really defined as a time when we can really turn off those tech work savers and just relax and have fun,” says Robert R. Butterworth, psychologist with International Trauma Associates in Los Angeles, who counsels stress-related disorder patients. When employees continue to work when they are scheduled for time off, they are not able to completely unplug from their daily routine and they don’t receive the benefits of a vacation.

Company-supplied laptops, smart phones and other portable office equipment obscure the lines between work and home. These lines, however, should be redrawn to allow employees down time from the pressures of work. Psychiatrist Edward Hallowell, instructor at Harvard Medical School states, “Making yourself available 24/7 does not create peak performance.”

The ‘Faux-cation’: The Case For Vacations

Increasingly, the ‘faux-cation’ or the 3-day weekend is becoming the new vacation among US employees because employees see traditional vacations as less attainable. Nearly half of 730 executives recently surveyed, for instance, said they would not use all of the vacation time they were entitled to [in 2010], according to Cleveland-based search and recruitment firm Management Recruiters International, known as MRI. Of those executives, 58% said their workloads were responsible for the decision. Additionally, according to findings by a Rasmussen Report of working adults, 23% of US employees reported feeling stressed that their work had piled up while on leave.

Unfortunately, the increasing workloads has made some employees see a vacation as just a quick break before the inevitable daily grind starts up again. “It’s not really vacation,” says Professor Lonnie Golden, “I call it postponement. You’re working like a dog before it, then when you come home, [work] is all stocked up.” Joe Robinson, founder of a grassroots campaign against overwork adds, “There’s nothing wrong with having a strong work ethic, but it’s an overwork ethic that’s taken hold in the past 10 years or so.”



Thirty-four percent of 632 men and women surveyed by health insurer Oxford Health Plans said they have no down time at work. Another 32% work and eat lunch simultaneously, while 32 percent never leave the building once they arrive at work. Further, nineteen percent of the workers report that their job made them feel older than they are and 17 percent say work causes them to lose sleep at home. It is not surprising that the health toll on employees increases as overwork continues over time.

The Captive Business

There are severe health implications that directly result in employee absenteeism when overwork is involved. For example, the Centers for Disease Control (CDC) cites studies that have reported that mandatory overtime is associated with decreased alertness, increased fatigue, lower cognitive function, increased injuries, and periods of extreme tension and anxiety. Further, employees that work longer and are vacation deprived are more likely to experience increased levels of stress, which can then cause chronic illnesses, including depression, as stress accounts for 60-90 % of all illnesses.

The CDC also reports that occurrences of disability because of occupational stress are significantly longer than disability periods for other occupational injuries and illnesses. According to the CDC, studies suggest that stress is the primary cause of turnover in organizations. It goes without noting that disability lends itself to frequent and extended absenteeism, which has a profound effect on corporations.

One such effect is the danger of the captive business. A business is considered to be held captive when there is only one employee who knows how to do a particular job function. In an emergency situation, such as disability or absenteeism, there is no alternative available to help work teams get through the gap. Such a situation exacerbates already overworked employees presently suffering from increased workloads due to layoffs or stagnant company growth. Additionally, the integrity of the work will become even more compromised as overworked employees push to meet deadline and productivity standards.



The Benefits of Vacation

58% of workers reported that taking vacation time from the office helped them feel more refreshed.

According to a Rasmussen Report conducted to show the effects of vacation on US employees, 58% of workers reported that taking vacation time from the office helped them feel more refreshed when returning back to the office. The business case for vacation includes the following:

1. Lower employee stress levels
2. Greater creativity
3. Employee retention
4. Work-life balance
5. Employee approval
6. Increased productivity

Implementing a Performance-Driven Work Culture

- Corporations need to redefine how productivity is measured. Below are key areas to guide benchmarks. Companies should:
 - Reward performance rather than overwork. If companies publically champion vacation time to their employees and ensure middle and lower management are on board, employees will likely feel encouraged to take time off.
 - Cross-train employees. With companies nationwide reducing headcount, employees are increasingly pulling workloads usually reserved for 1.5 to 2 people. Cross-training will help employees take vacation time without the stress of returning to heavy workloads.
 - Talk to employees. One way to miss the mark is to take a wild shot in the dark. Companies need to make sure that what they offer is really beneficial to employees. Assuming that top executives know what concerns the front line is faulty. Polling employees will get them involved in creating the kind of corporate culture that they'd enjoy working in.



- Consult with a work-life expert to review current policies and benefits. There may be feasible opportunities to create a viable work-life balance program that will benefit both employees and the company as a whole.
- Endorse employee benefit programs that encourage employees to take vacations. Company endorsements show employees that the company is concerned about their well-being and is positioned for long-term success. If companies help their employees locate useful tools and resources, they are more likely to invest in a well-deserved vacation.

Vacation Employee Benefit Program

The Company Cruises Employee Benefit Program offered by Anthony Ojogwu & Associates is a premier service that helps employers direct their employees to exclusive travel offers free of charge. As a member, companies receive a branded website that will allow employees to make travel arrangements and accommodations. Partners will also receive special promotional tools to help them communicate the program to staff. If you find that your company is ready to increase its profit picture by bringing the best out of your employees, the Company Cruise Employee Benefit program is the solution you are looking for.

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