

A WIN-WIN PROPOSITION:

The Business Case for Actively Recruiting and Retaining People with Episodic Disabilities



THIS BUSINESS CASE EXAMINES HOW A STRATEGIC DECISION TO ACTIVELY RECRUIT AND RETAIN PEOPLE WITH EPISODIC DISABILITIES ADDRESSES URGENT BUSINESS NEEDS.

A Win-Win Proposition: The Business Case for Actively Recruiting and Retaining People with Episodic Disabilities | © Canadian Working Group on HIV and Rehabilitation. All rights reserved.

TABLE OF CONTENTS

Executive summary	3
Benefits of actively recruiting and retaining people with episodic disabilities	3
Risks and mitigation strategies	3
Cost-benefit formula	3
Recommendation: make the decision, and take action.	3
I. Introduction	4
2. Business needs and opportunities	4
A. Addressing the growing shortage of skilled workers	4
B. Reducing turnover costs	5
C. Enhancing the corporate brand	6
D. Indirect benefits	6
3. Addressing concerns and risks	7
A. Common concerns versus reality	7
B. Evaluating risk	7
C. Mitigating the risks	8
4. Cost-benefit analysis	9
A. Assumptions	9
B. Data limitations	9
C. Method	9
D. Cost-benefit formula	10
E Cost-benefit scenarios	11
5. Conclusion and recommendations	16
Appendix A: Legislative penalties and case summaries	17
Appendix B: References	19

EXECUTIVE SUMMARY

Most people with episodic disabilities are eager and able to continue working, but many cannot do so without reasonable accommodation from their employers. At the same time, employers face the negative impacts of losing experienced workers and the high cost of replacing them.

This business case looks at the situation from the employer's point of view. It examines how a strategic decision to actively recruit and retain people with episodic disabilities addresses urgent business needs. Since that decision will also help address the underemployment of a significant segment of the population, it's a win-win proposition.

BENEFITS OF ACTIVELY RECRUITING AND RETAINING PEOPLE WITH EPISODIC DISABILITIES

It is a strategy to address the growing shortage of skilled workers. Canadian businesses are experiencing a shortage of skilled workers. Actively recruiting people with episodic disabilities, or maximizing their current contribution, is a strategy companies can implement independently and immediately to fill the gap. With a little bit of factual knowledge and the willingness to make some minimal operational changes, businesses can access large and growing source of workforce potential. It is a competitive strategy.

It is a strategy to reduce turnover costs. Turnover costs far outweigh the cost of accommodating people with episodic disabilities. And since employees with disabilities tend to have higher retention rates, the financial benefits increase over time. It is a cost-effective strategy.

It is a strategy to enhance the corporate brand. Corporate social responsibility is increasingly important to investors, consumers, and employees. Actively recruiting and retaining people with episodic disabilities is a way to enhance the corporate brand, add shareholder value, and build a position as an employer of choice. It is a customer-focused strategy.

RISKS AND MITIGATION STRATEGIES

Employers who are new to hiring people with episodic disabilities most often cite two risks: the perceived potential for decreased productivity and the perceived high cost of implementing accommodation measures. Employers with more experience know that these concerns are unfounded. In fact, they often report that employees with disabilities outperform their counterparts, and a Statistics Canada survey showed that 90% of people with disabilities do as well or better at their jobs compared with other employees. Research also shows that 20% of accommodations for people with episodic disabilities cost nothing and 50% cost less than \$500.

These are perceived risks, but there are substantial actual financial risks, as well as reputational and organizational risks, for

companies that do not actively recruit and retain people with episodic disabilities. Higher turnover cost is a clear financial risk. For example, the projected turnover costs saved by hiring a person with an episodic disability (versus a person without a disability) would be over \$70,000 for an accountant position at a salary of \$90,000 per year. The accommodation cost for the new hire would be only \$3,500 (see 4.F.(i) for details).

Another financial risk is the potential for penalties if a company fails to provide reasonable accommodation. The low end of some recent penalties is \$7,500, but with new legislation in some provinces, penalties or awards in damages could reach hundreds of thousands. At the same time, the company would face the risk of damage to its reputation and miss the opportunity to enhance its corporate brand. The organizational risks are that the company would lose skilled employees and create an adverse impact on employee morale.

Potential employee hostility around "special treatment" and misconceptions about increased workload are organizational risks. A further organizational risk is that a company's efforts to actively recruit and retain people with episodic disabilities will be unsuccessful. Organizations can mitigate these risks through a strategy of increasing knowledge by sharing information or implementing training; making some minimal operational changes like offering flexible work options, relocating work stations, allowing for soft music or noise cancelling headphones; and centralizing accommodation costs to relieve hiring managers of the budgeting for unexpected costs related to accommodations.

COST-BENEFIT FORMULA

The cost-benefit analysis in this business case is based on a simple formula: $A + B - C + D = \text{Return}$, where:

A = Turnover costs saved;

B = Avoidance of legislative penalties
(for failing to accommodate an employee);

C = Accommodation costs;

D = Indirect benefits.

Typical scenarios show that the benefits win over the costs on monetary return alone ($A + B - C$). However, organizations should consider the many indirect benefits (D), such as attracting or maximizing the contribution of talent and enhancing the corporate brand.

Recommendation: make the decision, and take action.

The strategic decision to actively recruit and retain people with episodic disabilities is an economic opportunity and an economic benefit for business. Companies are not only competing for business, they are competing to find and keep the people who can drive superior business results. The right people are out there, ready to contribute to the maximum of their abilities. Making it easier for them to do so is a win-win proposition.

I. INTRODUCTION

Episodic disabilities are lifelong conditions like multiple sclerosis, arthritis, diabetes, HIV, hepatitis C, chronic fatigue syndrome, migraines, chronic pain, and some forms of cancer and mental illness. People with episodic disabilities have periods of good health and periods of illness or disability that vary in severity, length, and predictability. With advances in medical treatments, people with episodic disabilities can lead productive and active lives, but treatment does not entirely eliminate their periods of illness.

Most people with episodic disabilities are eager and able to continue working. But for many, the unpredictability and varying severity of episodes of illness make it difficult to stay in the workforce without reasonable accommodation from their employers. At the same time, employers experience the business setback of losing experienced workers and incur the high cost of replacing them from a dwindling pool of talent.

This business case looks at the situation from the employer's point of view. It examines how a strategic decision to actively recruit and retain people with episodic disabilities addresses urgent business needs. Since that decision will also help address the underemployment of a significant segment of the population, it's a win-win proposition.

2. BUSINESS NEEDS AND OPPORTUNITIES

A. ADDRESSING THE GROWING SHORTAGE OF SKILLED WORKERS

The Canadian Chamber of Commerce has warned that the labour shortage is threatening Canada's ability to keep up in a global knowledge-based economy. The Chamber called on business and government to work together to find ways to attract potential workers from underused pools of talent (CBC News 2012).

For businesses, meeting the challenge of recruiting skilled employees is critical. But a 2012 survey of Canadian corporate executives revealed that many Canadian businesses are not finding all of the skilled workers they need:

“Two-thirds of executives say they are having difficulty finding qualified employees, and one-third say the labour shortage is so severe it is preventing their company from growing as quickly as it could.”

Richard Blackwell, *The Globe and Mail*
(Blackwell 2012)



2. BUSINESS NEEDS AND OPPORTUNITIES (CONT...)

The labour shortage will only become more acute as our population ages. As a report from Deloitte pointed out, “to find people needed to fill these positions, businesses and governments must look for talent in every corner in the community and be more open about whom they will hire” (Deloitte & Touche LLP 2010).

A number of solutions have been proposed to respond to the crisis, including increasing investment in education and revising immigration policy to help make up the shortfall in skilled workers. These may be good strategies in the long term, but actively recruiting people with episodic disabilities is a strategy that businesses can implement independently and immediately to fill the gap. The available talent pool is large—and growing (Canadian Working Group on HIV and Rehabilitation September 2011):

- Over 4 million Canadians are living with arthritis;
- 20% of Canadians will experience an episode of mental illness in their lifetime;
- Between 55,000 and 75,000 Canadians are living with multiple sclerosis;
- 65,000 Canadians are living with HIV.

“Whatever number you use, the percentage of people with disabilities is large and growing each year – especially as Canadians get older. Disability can happen at any age and at any stage of life.”

Deloitte (Deloitte & Touche LLP 2010)

In all, people with disabilities make up 14.3% of the Canadian population. It stands to reason that they offer a considerable source of skills and talents. With a little bit of factual knowledge and the willingness to make some minimal operational changes, businesses can access this underused workforce potential.

B. REDUCING TURNOVER COSTS

Turnover is expensive, and there are both direct and indirect costs. According to an Alberta government study, “research demonstrates that the total cost of replacing an employee, counting direct and indirect costs, is within the range of 70 to 200 per cent of their salary.” Direct costs were said to include “termination and severance pay, vacancy and recruitment costs such as temporary help, recruitment fees and job advertisements, time spent in the selection and hiring process, and orientation and training resources” (Alberta Human Resources and Employment 2003). The study found that the indirect costs associated with employee turnover include:

- Lost worker productivity prior to departure;
- Lost productivity of co-workers or subordinates;
- Lost productivity of supervisor during the vacancy;
- Orientation and training for the new hire;

- Lost productivity of the new hire during the initial transition;
- Increased operating errors during the vacancy and transition; and
- Dissatisfied or lost customers during the vacancy and transition.

Employers most frequently cite increased staff retention as the most noticeable benefit of hiring people with disabilities. A Deloitte report found that staff retention was 72% higher among people with disabilities (Deloitte & Touche LLP 2010). In a 2010 survey of 110 senior human resources executives of Ontario-based businesses, 46% of respondents indicated that a factor motivating them to hire people with disabilities was that they are “more loyal” (Contant March 2010).

The evidence also shows that employers increasingly want to provide accommodations to retain valuable and qualified employees. A U.S. study reported that 82% of employer respondents fell into this category (Loy 2013). According to another U.S. study of employers, companies that accommodated people with disabilities reported that this strategy had allowed them “to retain (87.1% [of respondents]), hire (16.7%), or promote (11.5%) a qualified or valued employee” (Schartz, Hendricks and Blank 2006).

Mark Wafer, a Canadian entrepreneur who owns six Tim Hortons franchises in the Greater Toronto Area, believes that hiring persons with disabilities gives him a competitive advantage.

“I’ve hired people with disabilities for jobs ranging from customer service all the way up to management. They’re in meaningful positions... What happens over a period of time is you start to notice that people with disabilities tend to stay with you for much longer, because it takes them so long to get the job in the first place. That’s a tangible benefit, because turnover is expensive. The other upside is because you’ve created an inclusive workforce the other employees want to stay, too. They want to be part of something special.”

Mark Wafer, Entrepreneur (Excellence Canada n.d.)

The turnover rate in his stores is 35%, compared with 70 to 80% in other Tim Hortons franchises in southern Ontario (Excellence Canada n.d.).

2. BUSINESS NEEDS AND OPPORTUNITIES (CONT...)

C. ENHANCING THE CORPORATE BRAND

As Peter Drucker wrote nearly 30 years ago, businesses should “turn a social problem into economic opportunity and economic benefit” (Drucker 1986). The underemployment of such a large segment of the population is indeed a social problem. And consistent with Drucker’s prescription, actively recruiting and retaining people with episodic disabilities is an economic opportunity and an economic benefit.

Today, few CEOs would deny the crucial role of corporate social responsibility (CSR) in building brand trust. Most large companies have a department dedicated to CSR activities. Annual reports generally include CSR reports, reflecting shareholders’ interest in investing in socially responsible companies. Consumers and investors expect to see their own values reflected in the businesses they patronize or invest in. And companies need to strive to ensure that their employees reflect their target markets in order to better serve and understand their customers (Deloitte & Touche LLP 2010).

“According to a recent University of Massachusetts survey, 92% of the American public view companies that hire people with disabilities more favorably than those that do not; 87% of the public also agree that they would prefer to give their business to companies that hire people with disabilities.”

“When you hire people with disabilities, you can increase employee loyalty and productivity while attracting and retaining the best talent.”

Ask Earn (askearn.org n.d.)

The strategic decision to focus on people with episodic disabilities is a way to enhance a company’s CSR profile and add shareholder value, but it is also a way to build a position as an employer of choice. This is important in the competition for the shrinking supply of talent. With approximately 4.4 million persons with disabilities in Canada (as of 2006) (Employment and Social Development Canada n.d.), it makes sense for a company to focus on leveraging the strengths, creativity and contributions that people with all abilities bring to the workforce. By doing so, a company enhances its image as a modern, forward-thinking business that embraces diversity and inclusion.

“Numerous studies suggest that diverse, heterogeneous teams promote creativity, innovation and better decision-making. People with disabilities can add to the diversity of thought that brings a fresh perspective and innovation to the workplace.”

Deloitte (Deloitte & Touche LLP 2010)

These are business benefits that are difficult to quantify but nonetheless important to a company’s competitive advantage.

D. INDIRECT BENEFITS

In Canada, research is lacking on the indirect benefits of actively hiring and retaining people with disabilities of any kind, or episodic disabilities in particular. In the U.S. in 2013, as part of a 2004 ongoing study, the Job Accommodation Network (a service of the U.S. Department of Labor’s Office of Disability Employment Policy) has surveyed and interviewed a broad spectrum of employers totalling nearly 2,000 about their experiences with hiring people with disabilities. In addition to revealing the surprisingly low cost of workplace accommodations, the findings showed that hiring people with disabilities positively impacted the workplace in several indirect ways (Loy 2013). The table below shows the percentage of the employers surveyed who said they had experienced a variety of specific indirect benefits (adapted from Loy 2013):

Indirect benefits of hiring people with disabilities	Experienced by Employers (%)
Improved interactions with co-workers	64%
Increased overall company morale	60%
Increased overall company productivity	56%
Improved interactions with customers	44%
Increased workplace safety	44%
Increased overall company attendance	38%
Increased profitability	30%
Increased customer base	17%

In considering a strategic decision to actively recruit and retain people with episodic disabilities, employers will need to evaluate the potential indirect benefits most relevant to the organization.

3. ADDRESSING CONCERNS & RISKS

A. COMMON CONCERNS

Research shows that employers' concerns about recruiting and retaining people with episodic disabilities fall into two main categories (Canadian Working Group on HIV and Rehabilitation September 2011):

- (i) The perceived high cost of workplace accommodation; and
- (ii) The perceived potential for decreased productivity.

(I) ACCOMMODATION COSTS

The costs of implementing accommodation measures for people with disabilities of any kind are surprising low. They become insignificant when compared with turnover costs and the business cost of failing to find the right talent, with the right skills, at the right time in order to meet business demands.

“According to the Yukon Council on Disability and our roundtable participants, when accommodations are necessary for people with disabilities in the workforce, 20% cost nothing and 50% cost less than \$500.”

Deloitte (Deloitte & Touche LLP 2010)

The costs of accommodations for people with an episodic disability are likely even lower than the figures in the above quote from the Deloitte report. This is because the costs probably would not include significant expenses for tangible supports such as specialized technology or new workstations. In fact, the most frequently requested accommodations are flex time, work restructuring, working from home, and a place to rest in the workplace. All of these are inexpensive to implement—and can also be offered for the benefit of all employees.

(II) PRODUCTIVITY

Employers with little experience in hiring people with disabilities often express concern that supervisors will need to spend additional time, or that they will have to make productivity concessions, or once they hire a person with a disability they will have to deal with low or substandard productivity indefinitely.

Employers with more experience know that these concerns are unfounded. In fact, they often report that their employees with disabilities outperform their counterparts. Studies have found that these employers have come to believe that people with disabilities “try harder” and are “more reliable on the job” (Contant March 2010).

A Statistics Canada survey showed that 90% of people with disabilities did as well or better at their jobs compared with other employees, 86% rated average or better in attendance, and the retention rate was 72% higher (Deloitte & Touche LLP 2010).

“Persons with disabilities offer an established track record of being reliable, productive and innovative workers.”

Alberta Human Resources and Employment, 2003

Employers who fear that people with disabilities will not be up to the demands of the job should note that in some cases, an individual might have developed a performance advantage precisely because of their disability. For example, people with episodic disabilities are often very good at managing multiple priorities. Their experience with managing their appointments, supports, and rehabilitation services means that they are usually very well organized.

Some employers have been aware of this advantage for years. Walgreens, a large pharmaceutical retailer in the United States, promotes a very strong disability inclusion policy as part of its corporate culture. A study in late 2009 noted that 40% of employees at a Walgreens distribution centre in Anderson, South Carolina had disclosed having a disability. The study found that “the efficiency rate at the Anderson distribution center [was] 120% of the rate of other Walgreen distribution centers” (Nicholas, et al. 2011).

B. EVALUATING RISK

In considering the strategic decision to actively recruit and retain people with episodic disabilities, companies should evaluate risk in terms of the effect of not doing so and the effect of actively doing so.

(I) RISKS ASSOCIATED WITH NOT ACTIVELY RECRUITING AND RETAINING PEOPLE WITH EPISODIC DISABILITIES:

Financial risk: loss of skilled employees and incurring turnover costs

Most episodic disabilities affect people at their prime working age, when their employers have already invested significantly in their training and development. On top of high turnover costs, employers risk losing knowledgeable employees and the investment in their training.

Financial risk: legislative and regulatory penalties

Various provincial legislative and regulatory frameworks are in place to promote accessibility and prohibit discriminatory acts involving persons with disabilities. Companies that fail to act within those frameworks risk incurring fines, penalties and awards in damages. If they fail to comply with the provisions of any Human Rights Code, they can incur penalties of up to \$25,000 for each breach. And in Ontario, for example, the Ontario Human Rights Tribunal may also award damages. (For details and illustrative case summaries, please see Appendix A.)

Reputational risk: public perception of corporate culture

Penalties or litigation involving non-compliance with legislative and regulatory frameworks is an obvious reputational risk. An equally serious risk to the company's image is the potentially negative perception of customers and investors who are increasingly scrutinizing corporate behaviour and culture.

3. ADDRESSING CONCERNS & RISKS (CONT...)

(II) RISKS ASSOCIATED WITH ACTIVELY RECRUITING AND RETAINING PEOPLE WITH EPISODIC DISABILITIES:

Organizational risk: workplace hostility

In a survey conducted by the Canadian Working Group on HIV and Rehabilitation, participants reported a perception that co-workers will resent accommodations for people with episodic disabilities, such as flexible work hours. A further potential risk is that hiring managers and other employees will assume that they will have to do more work to pick up the slack for employees with episodic disabilities during their periods of illness (Canadian Working Group on HIV and Rehabilitation September 2011).

Organizational risk: lack of success in actively recruiting and retaining people with episodic disabilities

There is a risk that companies making the strategic decision to actively recruit and retain employees with episodic disabilities will not succeed in their efforts. Potential applicants are aware of the risk of co-worker perceptions and may hesitate to reveal that they need accommodation or may refrain from applying for jobs. Another risk to the success of efforts to actively recruit people with episodic disabilities is the hiring process itself. Often, middle managers must make hiring decisions while ensuring that they remain within strict departmental budgets. If an applicant needs accommodation, managers may see only the gross cost without considering the longer-term net benefits.

C. MITIGATING THE RISKS

There are a number of ways to mitigate the risks described above, including through knowledge increase, minor operational changes, and a fairly simple budgeting decision. The specific elements will vary. The following are some typical elements that appear in the accommodation strategies used in the cost-benefit scenarios in section 4.F. This is not an exhaustive list; accommodation measures should be tailored to the individual's specific needs. For more information, please see <http://www.hivandrehab.ca/EN/resources/employers.php> for a list of resources.

(I) INCREASE KNOWLEDGE:

- Provide information and training for employees and managers about the nature of episodic disabilities, as well as the reality of the productivity of employees with episodic disabilities when reasonable accommodation is available.
- Highlight the company's accommodation policy, both internally and in recruitment advertising.
- Gather and have available information on common types of accommodation equipment and technologies such as ergonomic workstations, ergonomic keyboards, full spectrum lighting, and voice recognition software.

(II) MAKE SOME MINIMAL OPERATIONAL CHANGES, AS NEEDED:

- Offer flexible working options to all employees, such as flex-time, job sharing, or working at home. Allow employees to shift work hours for medical appointments.
- Allow flexibility at the start or end of the workday to accommodate the effects of medication.
- Set a schedule that fits employees' needs and provides the opportunity to change positions and take breaks when needed.
- Relocate work stations to minimize walking distance to the elevator, printer, washrooms or other location the employee must visit frequently, or to be closer to natural light.
- Allow employees to listen to soothing music at work at pre-agreed volume levels or to wear noise-cancelling headphones.
- Restructure tasks so that less time-critical functions can be completed during periods of illness. Allow longer breaks, and reduce the workload during days of illness.
- Develop a business continuity plan to deal with any unplanned absences.

(III) CENTRALIZE ACCOMMODATION COSTS:

- Centralize the accommodation budget to relieve hiring managers of budgeting for workplace accommodations and reinforce the hiring and retention policy as a corporate strategy.
- Create or designate a quiet room or a quiet area, private and darkened, equipped with a couch or recliner, conducive to quiet rest or sleep. Even a curtained-off area can make a difference.
- Make a virtual private network (VPN) available for employees working at home.
- Ensure that there is a refrigerator available for employees' medications, if needed.

For a comprehensive resource on potential accommodation measures for different needs, see: Searchable Online Accommodation Resource (SOAR) at <http://askjan.org/soar/index.htm>.

4. COST-BENEFIT ANALYSIS

A. ASSUMPTIONS

For the reasons noted in 3.A., this analysis assumes that, as is the case with people with other types of disabilities, employing people with episodic disabilities does not necessarily represent a productivity loss. If provided with the right accommodations (see 3.C.), productivity should remain stable even when these employees are dealing with symptoms.

Measuring productivity across industry sectors and jobs is problematic in any event. In a limited number of cases, such as on an assembly line, output is easily measurable. The degree of productivity of a manager or administrative assistant, whose range of duties is large and varies from week to week, is largely subjective. However, employers are likely to have productivity metrics in place for the purpose of performance reviews and can use those in their own cost-benefit analyses.

Thus, the cost of hiring someone with an episodic disability is assumed to be the cost of accommodation, without attempting to quantify the effect of absences or factors such as fatigue. With the right accommodations, the effect will be diminished or eliminated. This assumption is held constant in this analysis in order to illustrate the monetary return when potential productivity decreases are mitigated through an accommodation strategy.

B. DATA LIMITATIONS

Two important statistics, currently unavailable, would assist employers in refining the cost-benefit analysis of the decision to actively recruit and retain people with episodic disabilities:

- The average number and duration of episodes of illness. This would provide the means to better estimate, on average, how many episodes a person with an episodic disability is likely to have and how long an episode is likely to last. Of course, on an individual basis, the frequency, length and severity of an episode will differ greatly. But an average number and duration could provide the general basis for designing better accommodation strategies and more accurately costing them out.
- The average tenure of employment of a worker with an episodic disability. This information would permit a more accurate estimate of the turnover costs saved by actively retaining workers with episodic disabilities. For example, if someone with an episodic disability is likely to stay four times longer than other employees, then the potential savings are much larger than those estimated here. The gap between the financial return and the cost of investment in accommodations to prevent any drop in productivity would be wider.

A relatively minor limitation on the data available for this analysis is that accommodation cost factors vary with industry, organization, job type, disability type and the workplace culture. As well, the time horizon for measuring costs could significantly alter the outcome of a given scenario. Since accommodation costs are likely to be low, a longer time horizon would correspondingly increase the financial benefits.

Finally, there is no comprehensive analysis available to illustrate the benefits accruing to employers specifically from hiring and retaining people with disabilities—not even one that focuses only on non-episodic disabilities. However, the numerous benefits described above are based on wide-ranging experiential evidence and survey results.

C. METHOD

As a starting point for employers, and bearing in mind the data limitations noted above, this business case uses a reasonable model for evaluating the costs and benefits of actively recruiting and retaining people with episodic disabilities. The researchers who created the model identified three quantifiable factors: (i) turnover costs saved; (ii) accommodation costs; and (iii) avoiding the cost of legislative penalties.



4. COST-BENEFIT ANALYSIS (CONT...)

(I) TURNOVER COSTS SAVED

As mentioned, there have been no significant studies of the direct benefits to employers in hiring and retaining people with episodic disabilities. However, the studies examined for this business case consistently found considerable costs savings through retention compared with replacement, as well as a lower turnover rate attributed to people with disabilities. It is reasonable to think that this would hold true for people with episodic disabilities. The scenarios in this analysis (see 4.F.) use a turnover calculator provided by the human resources firm Drake International to approximate turnover costs for each position (Drake International n.d.).

(II) ACCOMMODATION COSTS

Figures for accommodation costs were calculated using data obtained from telephone interviews conducted by the Job Accommodation Network.

(III) AVOIDING THE COST OF LEGISLATIVE PENALTIES

The cost saving from penalty avoidance was calculated at \$7,500, based on the low end of the Ontario Human Rights Commission and Tribunal decisions described in Appendix A. In Ontario, penalties and awards in damages associated with the requirement to comply with the Employment Standard of the Accessibility for Ontarians with Disabilities Act (AODA) this year (2014) were not factored into this model. Other provinces have passed or are considering similar legislation. By adding non-compliance with the provisions of the AODA, the penalties and damages could add up to hundreds of thousands of dollars, and the amount would grow daily.

The researchers did not assign a dollar value to indirect benefits. Credible research supports the indirect benefits described in section 2, but organizations will need to evaluate this element based on their business objectives.

D. COST-BENEFIT FORMULA

Using existing studies and research, the researchers assigned a dollar value to each of the three quantifiable factors described above (turnover costs saved, accommodation costs, penalties avoided). They applied a formula to four scenarios, at different salary levels and workplace accommodation needs, to show the net result in each case. It is a simple formula that employers can apply to situations specific to their organizations:

A – B + C = Monetary Return + D = Net Return.

A. Turnover Costs Saved	
B. Accommodation Costs	
C. Legislative Penalty Avoided	+
Monetary Return	
D. Indirect Benefits	+ Intangible
Net Return	

4. COST-BENEFIT ANALYSIS (CONT...)

E. COST-BENEFIT SCENARIOS

(I) SCENARIO 1: MULTIPLE SCLEROSIS,
PROFESSIONAL ROLE (TAX ACCOUNTANT);
NEW HIRE

The company would like to hire a tax accountant with multiple sclerosis, but is worried about potential productivity losses due to her bouts of fatigue, sometimes prolonged. The salary is \$90,000. Based on the role, the company assumes three months for a new employee to reach 100% productivity. The company assumes a 12-year tenure for the candidate with MS and an average tenure (for a worker without a disability) of four years, which means two fewer hiring cycles. Using Drake International's turnover calculator, the cost of each turnover would be \$35,346, or \$70,692 in total.

The company considers options to mitigate the risk of productivity loss (see section 3. C.) and develops the following accommodation strategy:

The company applies a cost-benefit formula:

A. Turnover Costs Saved	\$70,000 (rounded)
B. Accommodation Costs	– \$3,500
C. Legislative Penalty Avoided	+ \$7,500
Monetary Return	= \$74,000
D. Indirect Benefits	+ Intangible
Net Return	= \$74,000+

Accommodation Strategy	Product or Service	Cost
1 Designate a quiet room or area for her use when needed.	Lighting Couch/ recliner	\$1,000 \$2,000
2 Relocate her desk to minimize walking distance to the elevator, printer, washrooms or other location that she must visit frequently.		No direct cost
3 Allow telecommuting during weeks of increased fatigue.	VPN software and installation	\$500
4 Restructure the job so that portions of her duties focus on knowledge management, which is generally less time-critical.		No direct cost
5 Shift her workload toward non-time-critical tasks during weeks of increased fatigue.		No direct cost
6 Develop a business continuity plan to deal with any unplanned absences.		No direct cost
Total		\$3,500

4. COST-BENEFIT ANALYSIS (CONT...)

(II) SCENARIO 2: ARTHRITIS, ADMINISTRATIVE ASSISTANT, EXISTING EMPLOYEE

The company would like to retain an administrative assistant who has arthritis in her hands. The company is worried about productivity losses due to the pain she experiences on a day-to-day basis. Her salary is \$30,000. Based on the role, the company assumes two weeks for a replacement to reach 100% productivity. The company assumes a five-year tenure for the employee with arthritis and an average tenure (for a new worker without a disability) of two years, which means 1.5 fewer hiring cycles. Using Drake International's turnover calculator, the cost of each turnover would be \$5,200, or \$7,800 in total.

The company considers options to mitigate the risk of productivity loss (see section 3.C.) and develops the following accommodation strategy:

The company applies a cost-benefit formula:

A. Turnover Costs Saved	\$70,000 (rounded)
B. Accommodation Costs	– \$3,500
C. Legislative Penalty Avoided	+ \$7,500
Monetary Return	= \$74,000
D. Indirect Benefits	+ Intangible
Net Return	= \$74,000+

Accommodation Strategy	Product or Service	Cost
1 Install ergonomic workstation.	Generic	\$2,500
2 Install ergonomic keyboard.	Comfort Keyboard Original	\$400
3 Install voice recognition software.	Naturally Speaking Training	\$200 \$300
4 Provide a flexible work schedule (depending on whether she has more pain in the morning, or afternoon periods).		No direct cost
5 Allow longer breaks.		No direct cost
6 Reduce workload during days of increased pain.		No direct cost
7 Allow her to work from home when possible and set a schedule that fits her needs and provides the opportunity to change positions and take breaks when needed.		No direct cost
8 Develop a business continuity plan to deal with any unplanned absences.		No direct cost
Total		\$3,400

4. COST-BENEFIT ANALYSIS (CONT...)

(III) SCENARIO 3: HIV, MANAGERIAL ROLE; NEW HIRE

The company would like to hire a manager living with HIV, but is worried about potential productivity losses due to his symptoms, which vary in intensity on a day-to-day basis. The salary is \$110,000. Based on the role, the company assumes three months for a new employee to reach 100% productivity. The company assumes a 15-year tenure for the candidate living with HIV and an average tenure (of a worker without a disability) of five years, which means two fewer hiring cycles. Using Drake International's turnover calculator, the cost of each turnover would be \$39,486, or \$78,972 total.

The company considers options to mitigate the risk of productivity loss (see section 3.C.) and develops the following accommodation strategy:

The company applies a cost-benefit formula:

A. Turnover Costs Saved	\$79,000 (rounded)
B. Accommodation Costs	– \$6,600
C. Legislative Penalty Avoided	+ \$7,500
Monetary Return	= \$79,900
D. Indirect Benefits	+ Intangible
Net Return	= \$79,900+

Accommodation Strategy		Product or Service	Cost
1	Designate a quiet room or area for his use when needed.	Lighting Recliner or Cot	\$1,000 \$2,000
2	Shorten the work day and extend the work week.		No direct cost
3	Grant flexible arrival and departure times.		No direct cost
4	Allow him to work from home when possible.	VPN software and installation	\$500
5	Purchase a high-resolution monitor to help with temporary vision impairments.		\$500
6	Install screen-reading software.	JAWS Professional	\$1,100
7	Purchase task lighting.		\$500
8	Purchase an ergonomic chair with extra padding.		\$1,500
9	Ensure access to refrigerator to store medications during the day		No direct cost
10	Develop a business continuity plan to deal with any unplanned absences.		No direct cost
Total			\$6,600

4. COST-BENEFIT ANALYSIS (CONT...)

(IV) SCENARIO 4: MENTAL HEALTH, SECURITY OFFICER AT CONCIERGE DESK; EXISTING EMPLOYEE

The company would like to retain a security officer who works at the concierge desk. The individual has developed major depression, and the company is worried about potential productivity losses due to his symptoms. His salary is \$38,000. Based on the role, the company assumes two weeks for a replacement to reach 100% productivity. The company assumes an eight-year tenure for the employee with major depression and an average tenure (for a worker without a disability) of two years, which means three fewer hiring cycles. Using Drake International's turnover calculator, the cost of each turnover would be \$3,088, or \$9,264 total.

The company considers options to mitigate the risk of productivity loss (see section 3.C.) and develops the following accommodation strategy:

The company applies a cost-benefit formula:

A. Turnover Costs Saved	\$9,200 (rounded)
B. Accommodation Costs	– \$300
C. Legislative Penalty Avoided	+ \$7,500
Monetary Return	= \$8,900
D. Indirect Benefits	+ Intangible
Net Return	=\$8,900+

Accommodation Strategy (B)		Product or Service	Cost
1	Designate a quiet room or area for his use when needed.		No direct cost
2	Introduce a modified break schedule.		No direct cost
3	Allow him to play soothing music from a radio at a pre-agreed volume during his shift, while he is sitting at the concierge desk.		No direct cost
4	Increase natural lighting (or provide full spectrum lighting).	Two full-spectrum lamps	\$300
5	Allow him to shift work hours for medical appointments, such as those with a therapist or psychiatrist.		No direct cost
6	Allow flexibility at the start or end of any shift to accommodate the effects of medication.		No direct cost
7	Develop a business continuity plan to deal with any unplanned absences.		No direct cost
Total			\$300

4. COST-BENEFIT ANALYSIS (CONT...)

SUMMARY OF COST-BENEFIT SCENARIOS

If an organization centralizes accommodations costs, as suggested in section 3.C., some of the costs in these scenarios could be much lower. For example, if a company already has a darkened room or refrigerator, there would be no new costs to provide that accommodation for each individual who needs those facilities. The estimates here are conservative, and the actual financial benefits may well be greater still. And again, these scenarios do not take into account the potential indirect benefits, as discussed in section 2, such as access to a pool of skilled workers, enhancing the corporate brand, and other benefits. These indirect benefits are likely to contribute to overall business results in the form of customer satisfaction or loyalty due to improved customer service.

Scenario	Tenure: Person with Episodic Disability	Tenure: Average	Turnover Costs Saved	Accommodation Costs	Monetary Return before Penalty Avoidance Factor	Penalty Avoidance Factor	Monetary Return with Penalty Factor
Multiple Sclerosis Tax Accountant	12 yrs	4 yrs	\$70,000	\$3,500	\$66,500	\$7,500	\$74,000 + indirect benefits
Arthritis Admin. Assistant	5 yrs	2 yrs	\$7,800	\$3,400	\$4,400	\$7,500	\$11,900 + indirect benefits
HIV Manager	15 yrs	5 yrs	\$79,000	\$6,600	\$72,900	\$7,500	\$79,900 + indirect benefits
Major Depression Security Officer	8 yrs	2 yrs	\$9,200	\$300	\$8,900	\$7,500	\$16,400 + indirect benefits

5. CONCLUSION & RECOMMENDATIONS

The strategic decision to actively hire and retain people with episodic disabilities presents clear advantages for Canadian businesses. The benefits far outweigh the costs, and the risks of not acting outweigh the perceived risks of actively implementing the strategy. Organizations can readily mitigate even those perceived risks through knowledge increase and minor operational changes. Implementation need not be complicated. The following are a series of recommended steps to help organizations make the most of this economic opportunity:

1. Make and communicate the strategic decision to actively recruit and retain people with episodic disabilities. Use this business case to show that it is a win-win proposition.
2. Ensure buy-in at the executive level by making the expected business benefits clear. Ensure organization-wide buy-in with good information and training. Designate a high-level champion.
3. Set goals and objectives in line with business needs and decide how to measure results, both quantifiable (retention and hiring figures, return on retention investment) and indirect benefits (employee reaction, public perception). Revise recruitment strategies, policies, and targets in line with goals and objectives.
4. Revitalize the accommodation policy and plan the roll-out. Allocate (or review and update) an adequate accommodation budget. Communicate the policy to employees, managers, and the public.
5. Throughout the process, get expert advice. There is (often free or low-cost) advice available from experts and advocacy groups on the nature of episodic disabilities, accommodation measures and technologies, accommodation needs assessments, policy formulation, employee and manager training, communication, and much more (see Canadian Working Group on HIV and Rehabilitation at <http://www.hivandrehab.ca/EN/resources/employers.php> for a list of resources, as well as SOAR at <http://askjan.org/soar/index.htm> for a comprehensive resource on potential accommodation measures for different needs. Talk to your employees. All large businesses and many smaller ones already include some employees with episodic disabilities. Get their advice, too.

Finally, do not delay. In an increasingly competitive business environment, companies are not only competing for business, they are competing to find and keep the people who can drive superior business results. The right people are out there, waiting to be welcomed. Become their employer of choice. And if they are already on your payroll, make it easy for them to stay and to give you their best.

APPENDIX A: LEGISLATIVE PENALTIES & CASE SUMMARIES

Various provincial legislative and regulatory frameworks are in place to promote accessibility and prohibit discriminatory acts involving persons with disabilities. Failure to act within such frameworks could result in considerable fines, penalties and damages being awarded against employers. Here, we discuss only the monetary deterrents associated with the Ontario Human Rights Code (the “Code”)¹ and the Accessibility for Ontarians with Disabilities Act (the “AODA”).² Although this legislation is relevant only to Ontario, other provinces in Canada, such as Manitoba and Quebec, are considering passing similar legislation.

HUMAN RIGHTS CODE

The Code prohibits discrimination and harassment in employment on the basis of, among other things, disability.³ This applies to all aspects of the employment relationship including recruitment, interviewing, hiring, and the actual working relationship.

Failure to comply with the Code can result in significant awards against an employer, including:

1. Penalties: The Ontario Human Rights Tribunal, which is charged with enforcement of the Code, can assign penalties for breach of the Code up to \$25,000 for each breach;⁴
2. Damage awards: An individual who claims to have been discriminated against on the basis of disability can file a complaint with the Tribunal and if successful can be awarded damages for compensation for loss arising out of the infringement, including compensation for injury to dignity, feelings and self-respect.⁵

Damages can include general damages (the loss of the right to be free from discrimination, including the insult to dignity, feelings and self-respect) and special damages (actual costs or financial losses flowing from the discrimination). Special damages can be quite significant and may include lost income or wages; lost benefits (i.e., long term disability, health and drug benefits, etc.); lost bonuses or commission; the difference in income between the job where the discrimination occurred and any new job the employee obtains; loss of statutory employment-related benefits (such as maternity benefits under the Employment Insurance Act); and out of pocket expenses (such as job search costs or relocation expenses). Damage awards may also be subject to pre-judgment and post-judgment interest.

The following two tribunal decisions illustrate the types of awards the Tribunal may make.

¹ Human Rights Code. R.S.O. 1990, c. H.19.

² Accessibility for Ontarians with Disabilities Act, 2005, S.O. 2005, c.11.

³ The Code, note 13 at section 5.

⁴ The Code, note 13 at section 46.2.

⁵ The Code, note 13 at section 45.2.

DAVID MAZZEI V. TORONTO DISTRICT SCHOOL BOARD, 2011 HRTO 400

In *David Mazzei v. Toronto District School Board*, a prospective employee (“DM”) had been diagnosed with a learning disability and an attention deficit disorder. He applied for a caretaker position with the Toronto District School Board (TDSB) and was required to attend literacy and numeracy screening tests. DM requested accommodation in the testing process. The TDSB refused. When DM pressed the matter further and offered to provide medical documentation, the TDSB indicated that his documentation would be sent to the appropriate person for review and consideration. DM did not follow up because he did not believe the TDSB would treat him fairly. Instead, he filed a complaint with the Tribunal.

In February 2011, the Tribunal ruled that the TDSB had discriminated against DM on the basis of disability by failing to accommodate him in the application process. The Tribunal held that DM was entitled to \$7,500 as compensation for injury to his dignity, feelings and self-respect. Had DM followed through with the TDSB and provided medical documentation, the Tribunal indicated that he may have been entitled to compensation for loss of opportunity to compete for the job, loss of potential earnings and related damages had the TDSB persisted in refusing to accommodate his disability in the application process. This case demonstrates the need for employers to be mindful of human rights issues in the application process and ensure that they are accommodating such needs appropriately.

ADGA GROUP CONSULTANTS INC. V. LANE, 2008 CANLII 39605 (ON SCDC)

In this 2008 case, the employee (Lane) was diagnosed with “Bipolar 1 Disorder,” which is characterized by a fluctuation in moods, varying between highs (mania) and lows (depression) with periods of stability.

Lane applied for a job as a software program tester with the appellant ADGA Group Consultants Inc. (“ADGA”). Lane was hired and began work on October 20, 2001. A few days later, he began to exhibit manic behaviour. On October 30, 2001 he was terminated from the position, only 10 days after he started.

ADGA’s position was that Lane was terminated because he had misrepresented his ability to perform the essential duties of the position for which he was hired. ADGA claimed its decision was based on its direct experience of Lane’s behaviour in October 2001, and his demonstrated and admitted inability to perform the essential duties of his position.

Lane filed a human rights complaint alleging that ADGA discriminated against him on the basis of a disability, namely bipolar disorder, by terminating his employment.

APPENDIX A: LEGISLATIVE PENALTIES & CASE SUMMARIES (CONT...)

In October 2007, the Tribunal held that ADGA had indeed discriminated against Lane and had failed to establish that it could not accommodate Lane's disability without undue hardship. This finding was based on ADGA's dismissal of Lane without meeting the procedural obligations of assessment under s.17(2) of the Code and without meeting the specific obligation not to dismiss someone without establishing that it could not accommodate the disability without undue hardship.

The Tribunal awarded general, mental anguish and special damages to Lane totalling \$79,278.75, plus pre- and post-judgment interest. The Tribunal also issued directives requiring ADGA to establish an anti-discrimination policy, to train all of its employees on the obligations of employers under the Code, to post a copy of the policy in all workplaces where the appellant operates, and to provide a copy of the policy when responding to requests for proposals.

ADGA appealed the decision to the Ontario Divisional Court. The order was upheld and the appeal dismissed, with the exception of some modification to the directives ordered by the Tribunal.

This case demonstrates the significant monetary awards for which employer can be liable if they make presumptions about persons with disabilities (including episodic disabilities such as Bipolar Disorder) and fail to accommodate them.

There are many other Tribunal decisions that demonstrate the potentially huge costs that can be associated with discriminating against employees with disabilities and failing to provide reasonable accommodation, both during the employment relationship and before that relationship even commences. In recent decisions the Tribunal has ordered hundreds of thousands of dollars in lost pay, injuries to feelings, dignity and self-respect, as well as penalties awarded as a punitive measure.

AODA

The Accessibility for Ontarians with Disabilities Act (AODA) was developed by the Ontario Government with the objective of creating a fully accessible Ontario by 2025. It includes requirements designed to facilitate accessibility in five key areas, including, employment. The Integrated Accessibility Standards that came into force in June 2011 set out the requirements for employers with regard to accessibility (the "Employment Standard").

The Employment Standard covers all aspects of the employment relationship, from recruiting, interviewing and hiring job candidates through to the process of accommodating existing employees with disabilities and making sure that employees with disabilities have an equal opportunity to participate in career

development opportunities. Compliance with most of the provisions of the Employment Standard will begin to be required between 2014 and 2017, depending on the size and sector of the organization.

An employer's compliance with the AODA is monitored in three ways:

- Self-reporting: Employers have an obligation to file reports regarding their compliance with the requirements of the AODA;
- Audit: Inspections and risk assessments are to be performed by Accessibility Directorate of Ontario; and
- Tracking of complaints.

Failure to comply may result in, among other things, orders and administrative penalties and prosecutions for the offence of non-compliance with the AODA. Administrative penalties can be up to \$15,000, generally based on the severity of the impact of the contravention and the company's compliance history (i.e., number of contraventions). For failure to comply with an order issued by the License Appeal Tribunal or failure to pay administrative fines, an organization could be charged with an offence under the AODA. Such offences carry daily fines of up to \$100,000 per corporation and \$50,000 per director.

APPENDIX B: REFERENCES

Alberta Human Resources and Employment.

Human Resource Strategies for Employers: Finders & keepers -- recruitment and retention strategies. Edmonton: Government of Alberta, 2003. <http://alis.alberta.ca/pdf/cshop/FindersKeepers.pdf>.

Ask Earn.Org.

"Do the right thing ... do the smart thing ... do the profitable thing." Office of Disability Employment Policy, n.d. http://ask-earn.org/BusinessCase/soc_resp_level2.asp.

Blackwell, Richard.

"Business leaders cite skilled-labour shortage as priority." September 6, 2012. <http://www.theglobeandmail.com/report-on-business/careers/management/c-suite-surveys/business-leaders-cite-skilled-labour-shortage-as-priority/article2358388/>.

Canadian Working Group on HIV and Rehabilitation.

Evolving the workplace: Identifying opportunities to support people with episodic disabilities in employment. Toronto: Canadian Working Group on HIV and Rehabilitation, September 2011. http://www.hivandrehab.ca/EN/episodic_disabilities/documents/CWGHR_EvolvingtheWorkplace_Short.pdf.

CBC News.

"Labour shortage 'desperate,' Chamber says." CBC News -- Business, February 8, 2012. <http://www.cbc.ca/news/business/labour-shortage-desperate-chamber-says-1.1156551>.

Contant, Jason.

"One-third of companies shy away from hiring disabled." OHS Magazine, March 2010. <http://www.ohscanada.com/news/one-third-of-companies-shy-away-from-hiring-disabled/1000360968/?er=NA>.

Deloitte & Touche LLP.

The road to inclusion: Integrating people with disabilities into the workplace. Toronto: Deloitte, 2010. http://www.deloitte.com/assets/Dcom-Canada/Local%20Assets/Documents/About%20us/Diversity/ca_en_dialogue_on_diversity_v2_080710.pdf.

Drake International.

"Turnover Calculator." Drake International, n.d. <http://au.drakeintl.com/hr-tools/cost-of-turnover-calculator.aspx>.

Drucker, Peter F.

The Frontiers of Management: Where Tomorrow's Decisions Are Being Shaped Today. New York: Penguin Putnam Inc., 1986.

Employment and Social Development Canada.

Canadians in context: people with disabilities. Ottawa: Government of Canada, n.d. <http://www4.hrsdc.gc.ca/.3ndic.1t.4r@eng.jsp?iid=40>.

Excellence Canada.

Accessibility for people with disabilities legislation. Toronto: Excellence Canada, n.d. <http://excellence.ca/en/knowledge-centre/news/accessibility-for-people-with-disabilities>.

Loy, Beth.

Workplace accommodations: Low cost, high impact. Job Accommodation Network (JAN), updated 2013. <https://askjan.org/media/lowcosthighimpact.html>.

Nicholas, Robert, Ronnie Kauder, Kathy Krepicio, and Daniel Baker.

Ready and able: Addressing labor market needs and building productive careers for people with disabilities through collaborative approaches. National Technical Assistance and Research Center to Promote Leadership for Increasing Employment and Economic Independence of Adults with Disabilities, 2011. <http://www.dol.gov/odep/categories/workforce/readyable/readyable.pdf>.

Schartz, Helen A., D. J. Hendricks, and Peter Blank.

Workplace Accommodations: Evidence-Based Outcomes. Syracuse: IOS Press, 2006.



Canadian Working Group on HIV and Rehabilitation
Groupe de travail canadien sur le VIH et la réhabilitation

Produced in partnership with:



® Registered trademark of the Bank of Nova Scotia.