

No-smokers hiring policy may be more trouble than it's worth

Smokescreen

BY DAN OVSEY

There has been much debate in recent weeks over the legalities and ethics surrounding the choice of some employers to implement a "no smokers" hiring policy as a means of promoting a healthy work environment and possibly lower group insurance premiums.

Last month, Ottawa-based web-hosting company Momentous Corp. was profiled by several Canadian media outlets for its outspoken "smokers need not apply" policy, bringing to the fore the reality that Canadian employers are beginning to adopt hiring practices increasingly popular south of the border.

Forbes.com reports numerous health care facilities, as well as Union Pacific Railroad and Alaska Airlines have implemented such policies in the name of helping tobacco consumers kick the habit.

While the debate has lingered over whether or not it is ethical to exclude individuals who smoke, little attention has been paid to the business advantages of such policies — or lack thereof.

Employers may see themselves as simply offering tough love to staff afflicted with nicotine addiction, but their insistence on doing so may be putting their business at a disadvantage.

First, there are obvious legal ramifications for enacting policies that are inherently exclusionary. Inna Koldorf, lawyer with CCPartners LLP, says smokers who have been turned away from prospect-

ive work have cause to file a human rights complaint. The human rights code sees nicotine addiction as a disability, and employers cannot discriminate against individuals with disabilities. While the onus is on the complainant to prove he or she is actually an addict (and not a recreational smoker), employers must still go through the legal process to exonerate themselves — a process that could cost between \$15,000 and \$30,000 (and much more if the tribunal finds in favour of the complainant).

"As an employer you're taking a chance if you decide not to hire someone who's a smoker because, at the end of the day, you don't know what the tribunal is going to find, and whether you're going to have the costs associated with being found responsible under the code," says Ms. Koldorf.

Of course, employers who have been found in violation of the human rights code will have blemishes on their corporate reputation and will be viewed with some level of suspicion by current and prospective employees — not a great way to combat a talent shortage.

Proponents of "no smokers" policies note smokers have lower productivity levels because of the time they spend smoking and therefore represent an unnecessary expense to the organizations for which they work. While that may be true, vilifying a particular group of people is unlikely to have a positive impact on staff morale, which will also reduce productivity.

Furthermore, the group-insurance advantages of turning away smokers are

dubious. Gary Walters, a senior actuary with 25 years of experience in group insurance, notes group insurance premiums as a whole represent a small percentage of total business costs. "We're talking about a percentage of a percentage and it surprises me that purely for that you're

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passing up somebody who's more qualified or experienced or skilled."

For their part, group insurers have been attempting to encourage employers to combat rising group premiums by providing incentives to engage in health and wellness activities. Dave Jones, vice-president of group, life and disability at Sun Life Financial, says recent research the company conducted in conjunction with the Richard Ivey School of Business shows organizations that offer health and wellness programs achieve revenues 11% higher than those that don't and 28% better returns for shareholders.

"They get at that by reducing things like absenteeism," says Mr. Jones. "Typically over the course of the year you can drop absenteeism significantly — between 1.5 and 1.7 days per worker per year. That has real returns to employers. It's hard dollars."

Some employers have been offering financial incentives

to staff that choose to engage in health and wellness initiatives, such as on-site health clinics, fitness or eating challenges, and even sleeping challenges. Admittedly, the efficacy of using financial incentives to encourage smokers to kick the habit is still up for debate. Forbes notes a group of proponents for the "no smokers" hiring policy in the U.S. has produced data showing that of those who quit smoking in response to financial incentives, 91% resumed the habit after 18 months.

Most employers who offer financial incentives to staff to participate in health and wellness initiatives do so for the reasons cited by Mr. Jones — reduced absenteeism, increased productivity and a more energetic and motivated workforce — but not necessarily to reduce group premiums.

Data from a research study conducted this year by human capital consultancy Aon Hewitt show 75% of employers who implement health and wellness programs were doing so with the expectation the programs would foster a healthy workplace culture. Conversely, only 43% expected the programs to reduce costs.

"I think employers are recognizing that doing this stuff to reduce costs is not going down the right path," says Mike Kennedy, national leader of health strategies and solutions for Aon Hewitt. "They seem to be more interested to have these programs in place to have that outcome, but more importantly to promote a healthy workplace culture."

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