

Employee absence and attendance

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Absence is costly

Absence from work costs the UK economy many millions of pounds each year. The CBI 2006 Absence and Labour Turnover Survey estimates this to be over £13 billion. The CBI discovered that the best performing organisations have an average of 2.6 days per employee compared to the worst performing organisations which lost an average of 11.4 days to absence. This huge difference of nearly nine days indicates that there is significant scope for organisations to improve their absence and attendance management practices.

It is vital to recognise and accept that employees do take time off from work because they are genuinely ill. A certain level of employee absence is an unavoidable feature of working life and any successful absence management policy must offer support to those who are legitimately absent. A key objective of this support is to enable a quick and safe return to work. Alongside handling genuine illness in a positive manner, co-ordinated measures are needed to discourage non-legitimate absence.

The cost of absence is not just restricted to the salary of the absent individual, it has a much wider impact on the organisation through the indirect costs of temporary cover, management time and reduced productivity. An IES study with a major retailer (*From People to Profits*)¹ has demonstrated that absence also has a clearly identifiable direct negative effect on customer satisfaction with service leading to reduced sales income.

Research by IES (*Costing Sickness Absence in the UK*)² into calculating the true cost of absence has found that between two and 16 per cent of annual salary bill may be spent by employers on absence. It is likely that as little as half of this can be attributed to the gross employment costs of those who are absent. The remainder of the costs are determined by the choices made about how absence is covered, the extent to which absence management

procedures are followed, and how proactively absence is managed.

Causes of absence

Absence is a complex issue to understand, its causes are multiple and likely to vary for individuals at different times and in different contexts. Importantly, the roots of absence are likely to vary from organisation to organisation. However, IES research shows that the causes of absence fall into four distinct clusters:

Health and lifestyle factors	Workplace factors
<ul style="list-style-type: none"> ■ genuine illness/ poor health ■ smoking ■ excessive alcohol use ■ lack of exercise ■ body weight 	<ul style="list-style-type: none"> ■ working patterns ■ health and safety concerns ■ travel times ■ excessive hours
Attitudinal and stress factors	Domestic and kinship factors
<ul style="list-style-type: none"> ■ job satisfaction ■ career satisfaction ■ intention to leave ■ organisational commitment ■ stress ■ absence 'culture' 	<ul style="list-style-type: none"> ■ gender ■ number of children under 16 ■ lack of flexible working arrangements

Management approaches are unlikely to succeed without some prior analysis of the problems underlying absence in different organisational settings, job roles and employee groups. In addition, the type of absence being targeted will have considerable implications for the absence strategy implemented.

Absence policy: good practice

The key elements of a good written absence management policy will have the following good practice features:

- an emphasis on the commitment of senior management to reducing absence and a definition of the objectives of the policy
- clarity of the roles for all the main players (line managers, HR professionals, occupational health staff and employee assistance providers), in managing absence
- clarity of the processes for managing absence, so that employees and managers understand their responsibilities
- recognition of the different causes of absence and appropriate actions
- a range of specific practices working in a co-ordinated way, to ensure that non-legitimate absences are discouraged
- support for those who are legitimately absent (particularly long-term absence, where most of the cost occurs), enabling a quicker, safer return to work – an area often overlooked in practice.

Measuring and monitoring absence

Managers need information at an individual level, but also an overview of how teams and departments compare within organisations. Such information provides an essential indicator of how problems may vary across the organisation.

Benchmarking with other organisations is popular, but care needs to be taken. Many methods of measuring absence exist. They mostly give an average rate of absence for an organisation in terms of days lost per employee per year, but variations in the way the data are

collected and the way the calculations are made can lead to grossly misleading comparisons of good or poor performance. Often looking at year-on-year data within your organisation will provide the best and most reliable indication of progress in absence management.

Successful absence management

There is some debate about whether the best means of dealing with absence is to adopt an absence-focused policy, or one that emphasises well-being. In reality, successful absence management will embrace both approaches. A policy is needed that not only emphasises preventing 'illegitimate' absence, but also gives sufficient priority to those who are 'legitimately' absent and aiding their return to work. The background to these measures is an organisational culture where the importance of absence and its cost to the organisation is recognised, and the business case for addressing it is appreciated.

Creating an absence policy does not involve a choice between preventing absence or encouraging attendance, but requires a blending of the two approaches.

¹ Barber L, Hayday S, Bevan S (1999), *From People to Profits*, IES Report 355

² Bevan S, Hayday S (2001), *Costing Sickness Absence in the UK*, IES Report 382

Contact

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About IES

IES is an independent, apolitical, international centre of research and consultancy in human resource issues.

IES aims to help bring about sustainable improvements in employment policy and human resource management. We achieve this by increasing the understanding and improving the practice of key decision makers in policy bodies and employing organisations.

We believe that HR can make a significant impact on the success of organisations of all types. In order to help bring this about, we help organisations:

- decide what they want HR to achieve
- identify what high performing HR people are like
- design and deliver bespoke development programmes for HR people
- evaluate how they are progressing against their goals