

Public/private sector sickness absence: the impossible divide

Can the gap between public and private sector sickness absence levels ever be closed?

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*'Improvement in private sector workplace absence highlights scope to reduce £4.5 billion annual cost of high public sector absence'*¹ screamed the press headlines in July last year. Now with public sector debt of £870 billion² and the prospect of the toughest public spending cuts in 20 years, the much-publicised widening gap between public and private sickness absence levels is going to need urgent closing. But is this gap impossible to bridge?

IES reviews the evidence for the gap and questions whether it is actually getting wider. We examine explanations for the differences between public and private sector performance and suggest that some simple changes in public sector policy and practice could make a very real difference – provided that the public sector follows the general public trend, selects the 'value' or 'basics' range of products and makes the best use of 'well-worn clothes'.

So what does the evidence tell us about the precise size of the current public/private sector sickness absence gap?

With a number of surveys looking at sickness absence, some with a view to making headline news or following their own agenda, we need to treat sickness absence

evidence in general with a certain amount of caution. Surveys measure different things and some – especially employer surveys – suffer from small samples or poor response rates. Furthermore, results vary. Looking at a comparison of the public and private sectors from 2008, the Chartered Institute for Personnel and Development's (CIPD) employer survey records sickness absence rates as 4.3 per cent in the public sector, compared to 2.8 per cent in private sector services; IRS employer survey results suggest the gap for the two groups is much closer at 3.8 per cent and 3.1 per cent respectively. The Labour Force Survey (LFS), which looks at a slightly different time period and cohort (individuals rather than employers), shows an even smaller gap, with sickness absence rates at 2.9 per cent in the public sector, compared to 2.4 per cent for those in the private sector as a whole. Or to put it another way, using the 'best case' figures provided by the LFS, the gap means that those working in the public sector are 22 per cent more likely to be absent than those working in the private sector.³

The simple answer is that while all the evidence shows there is a public/private sector gap, we really cannot say with any certainty exactly how big the gap between public and private sector sickness absence levels is.

¹ Chartered Institute for Personnel and Development, 20 July 2009

² Net public sector debt at end of December 2009 (Office for National Statistics)

³ Sickness absence rates July 2007-June 2008 (Nov 2008), *Economic and Labour Market Review*. Vol. 2, No. 11

That a gap exists appears indisputable. But does the evidence show it is really widening?

No-one is completely agreed on public/private sector trends and whether the gap is growing or contracting. CIPD's 2009 survey found that the gap between public and private sector sickness absence levels is widening (from 2.6 days in 2007 to 3.3 working days in 2008) due to improved absence rates in the private sector (a 0.8 per cent reduction between 2007 and 2008) and static rates in the public sector (4.3 per cent in 2007 and 2008). They note too that since 2003, public sector absence rates have fallen less than one-tenth, while those in the private sector have fallen much further (one-sixth in services and more than a quarter in manufacturing/production).⁴

Directly opposing CIPD's position, IRS says that the gap is closing. Their research since 2006 shows that absences among private sector services employers have remained at a constant level (3.1 per cent in 2006 and 2008), while the public sector absence rate has fallen (4.1 per cent in 2006, 4.0 per cent in 2007, and 3.8 per cent in 2008).

Whichever direction the gap is moving in, both CIPD and IRS statistics suggest the greatest gap is actually between different groups (subsectors) in the private sector. While this may be due to the sometimes low numbers of employers responding in each group, the IRS 2008 survey showed a gap between the public sector and private sector services of just under one percentage point, compared to variations of up to 2.3 percentage points between other private sector subgroups.

In summary, the divide between the public and private sector sickness absence rates, as portrayed, is oversimplified. While overall there always has been a gap between the sectors, favouring private sector companies, (the size of which is disputed) private sector employers are not necessarily always best in the sickness absence stakes: the public sector can and does do better in some cases.

⁴ Public sector absence rate has fallen by less than one-tenth since 2003. Private sector services have fallen from 3.4 per cent in 2003 to 2.8 per cent in 2008 – a drop of about one-sixth. Manufacturing and production has fallen from 4 per cent in 2003 to 2.9 per cent – a drop of more than one-quarter. (CIPD)

Why then do public sector sickness absence levels appear to remain stubbornly high compared to private sector counterparts?

Various explanations for high public sector sickness absence levels have been given.

Different organisational size, workforce mix and roles structure. Public sector staff work in organisations that are generally larger than in the private sector. There is a higher proportion of manual staff, stressful front-line roles, women and older workers. All these factors have been identified as being related to high levels of sickness absence.

Organisational culture. The CIPD claims that the private sector manages sickness absence better. This is especially in the use of punitive measures. Firms are more likely to:

- refer to disciplinary procedures in absence policies
- dismiss or discipline employees for unacceptable levels of absence
- pay occupational sick pay for shorter periods of time to the long-term sick
- use absence records as part of criteria in selection for redundancy.

Whether this approach is related to the relative weakness of trade unionism in the sector is not clear.

Explanations reviewed

While undoubtedly the organisational size and demographic make-up of the public sector workforce represents a challenge, individual examples of excellence in organisations with a predominance of one or more of the factors said to predict high absence, demonstrate the limitations of the demographic and organisational structure explanations (as the CBI points out). Equally, there are private sector examples of successfully overcoming apparent obstacles. For example, Rolls Royce reduced sickness absence among its 22,000 workforce from an average of 2.9 per cent to 2.4 per cent within a three year period. The CIPD's 2009 survey also found no correlation between public sector size and absence rates.

Further, age does not necessarily equate to high absenteeism. Warwick University's study of B&Q's 1989 experiment of staffing a complete store with employees over 50 found that the store came top of the league for low absenteeism. The larger proportion of women in the public sector argument rather falls down when taken

together with CIPD's findings that the public sector is more likely to provide leave for family circumstances.

Royal Mail's much-publicised success in reducing absence rates demonstrates that trade unionisation does not preclude low absence rates, and a recent study by LSE showed a logistics organisation working successfully with trade unions to reduce absence rates. Similarly, in a pilot of team-based pay at an ambulance trust, the trade unions wanted to use the scheme to drive down unwarranted absence.

If absence rates are looked at across various sectors with stressful front-line roles, wide variations occur (eg 2004/5 absence rates in the acute sector of health and social care were 2 per cent, compared to 9 per cent in ambulance and mental health sectors, and variations were wide amongst Trusts). Various case studies demonstrate that absence can be significantly reduced amongst those with stressful front-line jobs. An NHS Plus initiative improving delivery of workplace and occupational health at York Hospitals NHS Foundation Trust has reduced long-term sickness absence cases by more than 40 per cent since it was launched last year.

The public sector has good policies but initiatives are not as effective as those of the private sector

The issue is not that the public sector does not have good policies for dealing with absence. The CIPD's research shows that the public sector is more likely than their private sector counterparts to use trigger mechanisms to identify high levels/patterns of absence, provide leave for family circumstances, train line managers in managing absence, and provide access to occupational health, counselling and physiotherapy. These are all recognised as effective measures to address sickness absence.

The problem seems to be with the implementation of these policies in too many public sector organisations. The IRS 2007 and 2009 surveys show that through initiatives to reduce absence, the typical employer has been able to reduce its sickness absence rates by a quarter, but that average and median reductions in sickness absence rates were lower in the public sector (16.7 per cent and 14.3 per cent respectively). Private employers in the manufacturing and production sector were significantly more successful, reducing average rates by more than one-third.

As the earlier examples suggest, and as the CBI concluded in their 2008 report, there are individual examples of superb performance across different types of public sector organisations. In one further illustration, the Grimsby Institute of Further and Higher Education

provides a good example of public sector lead, reducing sickness absence from 10 days in 2001 to just 2.6 days in the 2007/8 academic year.

Differences in culture - explanations reviewed

So the public sector may have the right policies and, when well delivered, these can make a difference; yet we are left with the gap. Why is it that public sector implementation is less effective? Is it because the proverbial 'carrot' is used rather than the private sector 'stick' approach? There is some evidence to suggest that the punitive approach is not always successful. The LSE's study of a logistics organisation's efforts to improve sickness absence over a period of four years concluded that it appeared that the organisation's efforts to support management of absence and engage with staff had more effect than any disciplinary initiatives.

However, there may be a deeper difference in private/public sector cultures than simply represented by their absence management tactics, which we believe accounts for at least part of the reason for different sickness absence levels. Commercial organisations concerned with bottom-line profit have a culture where the importance of absence and its costs to the organisation are recognised, and they appreciate the business case for addressing it. Public sector employers in a non-profit environment have, on the other hand, been able to take a more sympathetic people-centric approach that aligns with their culture of public service. This has a long tradition of emphasis on job security, support and development for staff to reward what was conventionally seen as lower paid work, by comparison with the private sector.

Without the commercial imperative to drive costs down and productivity up, the business case for managing absence effectively is harder to sustain in practice. Whilst there may be the policy ambition to reduce absence, there is equally forceful deep-seated cultural resistance to its aggressive implementation. Seen in this context, it is unsurprising that successful absence management has been patchy.

Evidence for this argument comes from looking at the lack of sustained top management interest in the subject. Sickness absence has been a priority for Whitehall with varying degrees of urgency since the 1998 'Working Well Together' recommendations were made. Yet a Ministerial Task Force reported in November 2004 that the recommendations had: 'failed to make a lasting difference because top management focus was allowed to dissipate and because line managers were not given the

tools – real-time information, support for those who are sick, and proper training to do the job.’

Devolution of public sector functions over time has not helped. For example, replies to parliamentary questions have made it clear that government departments do not have sickness absence data on all the organisations they are responsible for, making active management of the issue a much more difficult task.

If there is a culture that resists effective action on absence, this is reflected both in the absence of senior management driving change, and in the paucity of investment in tools, training and data management. So, even if individual managers were minded to tackle their own absence levels, there is limited organisational support.

Are there any simple changes in public sector policy and practice that could make a difference?

With budgets tight and sickness absence now firmly back on the Whitehall agenda (included in the performance discussions of permanent secretaries, and with quarterly reports from Departments on their absence rates), we suggest that now is a good time for the public sector to ensure it has got the absence management basics right.

The IRS regular series of case studies on organisations that have turned around their absence management show that their achievements almost always depend on ensuring that fundamentals are in place and working properly. These are: having consistent support from senior managers, sound policies and procedures, good record-keeping systems, methods of monitoring and investigating absences, and the active involvement of line managers in making everything work effectively. Our own research backs this up, as does the LSE’s study⁵, which notes that it is often the most straightforward things that managers find helpful in tackling sickness absence so that, in the words of one manager, the organisation gets a ‘procedural grip’ on the problem.

Actions to consider are therefore:

- identify the underlying absence problems and apply a range of different types of strategies to tackle them. (Promoting better health and fitness can address

some purely medical causes, but dealing with absence cultures or renegotiating psychological contracts clearly involves a rather different kind of approach.)

- improve recording of absence and data management
- ensure both staff and managers fully understand absence management procedures and the objectives of absence management policies
- conduct systematic one-to-one interviews for all absences and managers to be responsible for the follow-up of work absences

We suggest these are the ‘value’ or ‘basic’ range of products that need focusing on first at times of budget constraint. But ‘value’ range products alone are not sufficient to tackle long-term absence – a major issue for the public sector. As the best source of this information (the CBI/AXA annual absence survey) established for the 2007 calendar year, long-term absences made up only 5 per cent of all instances of absence episodes, but accounted for 50 per cent of working time lost, compared to one-third (31 per cent) of absence in the private sector. Other research indicates that long-term absence is on the increase.

Yet the public sector already has good policies and procedures in place to tackle long-term absence – for example, by providing access to occupational health, counselling and physiotherapy. But how effectively is the whole process of managing long-term absence implemented? With the public sector’s people-centric approach, we ask whether action may be allowed to drift, with line managers reluctant to trouble the individual. The Health and Safety Executive emphasises that the key factors in managing long-term absence are:

- for line managers to keep in contact with the employee from an early stage (normally after seven days of absence) and maintain regular contact to discuss their well-being and return to work thereafter
- tackling long-term absence early (within 3 to 4 weeks) to ensure the employee doesn’t lose confidence in being able to return, and that professional advice (such as occupational health) is available where needed at this point, to help the employer make informed decisions
- agreeing a return to work plan that has a fixed time-scale with the employee, and ensuring the plan draws on professional expertise (counselling etc.) to assist.

As results from the Port of London Authority (which reduced long-term absence by 80 per cent in a four-year

⁵ Marsden D, Moriconi S (2009), ‘The Value of Rude Health’: Employees Wellbeing, Absence and Workplace Performance. CEP Discussion Paper 919

period) show, following this straightforward advice can make a real difference.

Now appears to be the time to follow the general public trend to make best use of 'well-worn clothes' and review how to make best use of well-established procedures by ensuring a prompt and co-ordinated approach from the line manager, HR and occupational health.

Conclusion

So, with public finances under pressure, will budget constraints be so severe, and general public sentiment to economise so strong, as to force a sea change in the public sectors' people-centric approach and a new, more private sector absence culture? If so, there are some relatively simple steps that can be taken to improve sickness absence in the public sector and bridge the public/private sector sickness absence gap. These rely on getting the basics right and keeping up the pressure. It means tackling long-term and short-term absence differently and finding the most appropriate forms of intervention.

Contact

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