

## TOP TIPS

# HOW TO REDUCE ABSENTEEISM IN YOUR ORGANISATION



*Absenteeism is one of the most persistent obstacles to productivity, profitability and competitiveness. This paper uncovers the many associated costs of absenteeism including overtime, dissatisfied customers and the morale of workers expected to cover for absent employees. We offer advice and tips about how to reduce the rate of absenteeism in your organisation.*

# ***Top Tips***

## **How to reduce Absenteeism in your organisation**



### **Introduction**

Absenteeism is not something that is confined to a few sectors of the economy. It is one of the most persistent obstacles to productivity, profitability and competitiveness. It causes overtime, late deliveries, dissatisfied customers and a decline in employee morale amongst workers who are expected to cover for an absent employee. The indirect costs often exceed the direct cost of absenteeism. Scheduling based on time and a specific number of employees, in turn, becomes a guessing game.

### **Current Absenteeism Rates in the UK, Ireland & Canada**

In the United Kingdom absenteeism is costing businesses billions each year. Employees in the UK take an average 10 days' unscheduled absence from their jobs, according to a study by PricewaterhouseCoopers. With the average UK salary around £25,000, absenteeism is

costing British business approximately £32 billion per annum, far more than previous studies have suggested.

This figure is also likely to be conservative, as it reflects direct cost of absence and does not take into account potential replacement costs and lost productivity.

In Ireland Absenteeism is costing businesses €1.5 billion per year, according to a report drawn up by Ireland's employers' body IBEC. A total of 11 million days are lost as a result of absence each year and the cost of absenteeism runs to about €818 per employee.

Canada does not fare any better with absenteeism on the rise in recent years. According to Statistics Canada, in an average week in 2000, 6.3% of all full-time employees holding one job were absent from work for all or part of the week for personal reasons.

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This figure has risen to 8.0% (879,000). Extrapolated over the full year, work time lost for personal reasons increased from the equivalent of 8.0 days per worker in 2000 to 9.1 days in 2010.



### How much absence is genuine?

Yet how much absence is actually genuine sickness? A survey carried out by Softworks proved that on average, employers believe that only 65.8 per cent of employee illness is genuine. So what happens to the other third of all cases of 'sickness' absence?

Employers are increasingly monitoring costs and are looking further than the fees for temporary recruitment, the costs of overtime and the loss of productivity. The impact on team morale, loss of skills, management time and customer retention are also being taken into account.

Dealing with illicit sickness absence can be the single most complicated recurring issue for employers. "Sickness absence is very hard to deal with because it's so hard to prove." "If

someone is off work for a day they don't need a doctor's note," was a common response in Softworks poll.

Absences do occur for legitimate reasons, such as serious illness, deaths, or family emergencies. They also occur for minor aches and pains, sleepless nights, sunny days, hangovers and momentary desire, when the alarm goes off at 7am, to be somewhere else other than work.

According to the results of the Softworks' poll, some employers believe that their employees have come to treat faking illness as an acceptable part of working practice. "Employees will take it as a right, just like holidays, and will make sure they use up their allocation," they said.

### What can we do to help stem the tide of absenteeism?

Just as an employer analyses labour turnover, an organisation should look at sick leave trends. Is leave usage higher in one department or under a particular supervisor? Are workplace practices or policies affecting absences? Do children's illnesses in turn lead to your staff taking time off? Many companies are still using the restriction of sick pay and disciplinary procedures to tackle non-genuine illness, but increasingly the carrot is replacing

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the stick. Implicit in this approach is the address of the wider causes of absence.

Research shows that improvements in employee attendance can be achieved by making absence management an integral part of their overall company policy - by creating an Attendance Culture. Anecdotal, it seems that the shift has been away from a punitive approach of 'absence control', in favour of enlightened 'attendance management' strategies which aim to provide a working environment which maximises and motivates attendance.

Organisations with the lowest absence rates are those where senior managers take responsibility for managing absence. Return-to-work interviews were the most effective absence management tool, followed by disciplinary measures.

Following our survey and 21 years' experience working with leading companies from around the globe, here are our top tips on how to reduce absenteeism in your organisation.

### **Tip 1 - Monitoring employee sickness absence records for frequency and patterns**

One quarter of all organisations do not even bother to keep absence statistics and as many as three quarters do not have any idea of the cost of absence to their organisation. The

fundamental building block of any effective absence control programme is the availability of complete, accurate and timely information. Good records are vital to grasp the extent of the problem. Ninety eight per cent of respondents to the Softworks' poll cited tightened attendance review as the most effective means in reducing employee sickness absence.



### **Tip 2 - Use of the Bradford Factor**

A number of respondents to the Softworks' poll have said: "The Bradford Factor" points system has been very significant in reducing sickness absence. This formula measures the number of incidences of absence and the duration of each absence to compute an absence score, in points, for each employee. This reflects whether the overall absenteeism rate is caused by a few employees suffering from long-term ill health, or a substantial number of employees being frequently absent for relatively short spells. For many organisations the cost and disruption of persistent, short spells of absence are greater

than for occasional, longer periods of absence. One respondent to the survey cited their current absence rate at 2.5 per cent, which is significantly lower than the national average, and said, "We currently use the Bradford Points system to monitor absence. Our trigger point is 125 points in a rolling 12 month period." The Bradford Factor calculation is worked out for each individual employee, and can be reasonably complicated to work out. This problem can be surmounted however, with the use of a good time & attendance system, which can automatically calculate the Bradford Factor points score.

### **Tip 3 - Interviewing employees upon return to work to reinforce a good attendance record**

This absence management tool is gathering strength as more employers view it as the most effective way of managing short-term absences. But a badly conducted return-to-work interview is worse than none at all. It should be used as a forum for discussing possible preventative solutions, for instance if the employee suffers from back pain, working conditions could be adapted. The return-to-work interview can be used to clarify the impact of individual absence on colleagues, thereby underscoring the value of that employee. This can combat the sickness culture of many organisations, where staff

perceive a sickness quota and take leave accordingly.

### **Tip 4 - Strike a better work-life balance**

A crisis at home that could be resolved in the morning is better dealt with if the employee can address the issue honestly with their manager. Otherwise, they may resort to taking two or three days off, feigning sickness, in order to resolve the problem without being penalised. Employees need leeway and employers must ensure that working time arrangements are as flexible as the needs of the business allow. Such flexibility seems key in dealing with employee's family responsibilities.

Flexitime and annualised hours are two ways in which organisations can help to facilitate work-life balance for their employees, while ensuring no counterproductive drop in productivity and output. Employees are likely to be more motivated if they feel confident in being able to fit their working lives around their external commitments, particularly if they have family commitments, and complicated childcare arrangements to juggle. If they have the flexibility to deal with issues when they arise, employees will probably put much more effort into the time they are at work.

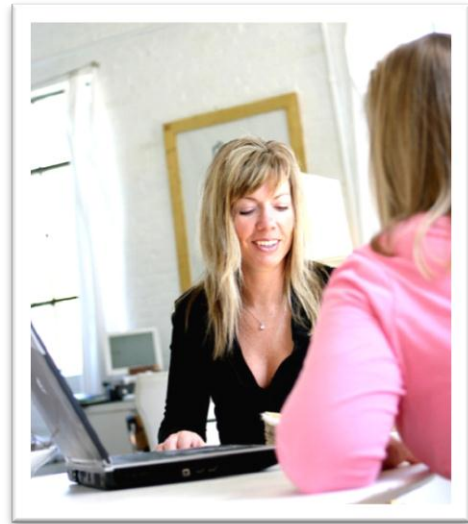
### **Tip 5 – Consider a new automated Time & Attendance System**

Modern Time & attendance systems can help organisations manage absenteeism by providing them with the evidence needed to manage any issues. By the very virtue of what they do, time & attendance systems will store all details of hours worked, of all employees, and therefore all details of when they were not there, when they were late, left early or worked overtime. The reporting facilities enable organisations to produce reports, which can analyse absenteeism, by rating, frequency, reason, percentage, cost and the Bradford Factor, and can also create this information in graphical format if required, thereby giving the company the tools to manage any problems. Time & attendance systems can enable organisations to manage flexitime and annualised hours easily, without any of the administrative nightmares that they would seem to entail. They can become part of enlightened 'attendance management strategies' rather than the punitive 'Big Brother' approach of yesteryear, giving employees the respect and responsibility over their jobs and attendance, that they deserve. The reporting facilities within time & attendance systems should enable organisations to effectively analyse absence records for frequency and patterns. A good system will allow reporting on frequency,

ranking, percentage, costs, and graphical analysis, which would normally take a significant amount of time to put together manually.

### **Tip 6 – People Involvement**

In managing the problem of employee absenteeism, the most important requirement is the involvement of managers with employees. The reasons why certain employees are frequently absent, or work excessive amounts of overtime can only be comprehended 'people involvement'. So



while a good time & attendance system is essential to provide this hard information, the only way to use it effectively, and counteract any problems is through good people management skills. This, in combination with the management information provided by an automated time & attendance system, is the way to generate the cost savings and control



that all companies need in the current economic climate.

### How Softworks can help?

Softworks is committed to developing one of the most powerful and easy to use time and attendance management solutions on the market today. The Windows or web-based Softworks suite of products generates information necessary to effectively monitor and manage an organisation's human capital. The Softworks system focuses on problem areas and/or employees and allows organisations to take proactive measures to improve attendance and to identify illicit absence. The system alerts supervisors to any problems and can highlight staff that show superior work habits. The Softworks management reporting suite includes graphics and full year attendance records as well as reason analysis for absence and overtime.

Softworks suite of products can automatically alert supervisors via email or on-screen exception reports of any potential problem employees or departments, before the issue escalates. Softworks time & attendance products were designed as a solution to an organisation's attendance management requirements, allowing a

thorough assessment of employee hours, measuring severity; frequency, concentration, and patterns. A study conducted by William Mercer points out that monitoring can reveal absence patterns that require specific treatment. 'If this is an employee's sixth Monday off in three months, a manager has a right to ask questions'.

### Summary

The management of non-genuine sickness absence is about managing people. It is about their relationship to their jobs, their ambitions, their capacity to give their best, and their need for more than monetary affirmation. This is a challenge for employers in addressing the problems highlighted. Early recognition, effective assessment and rapid intervention are key to managing short-term and frequent absence, and can prevent it from becoming a longer-term and more sustained problem. HR departments and managers alike need to be open to altering their approach.

There is a way to cure a good proportion of malingering. It takes work on the employer's part, but those who have put programmes in place see the results, and it is clear the rewards of attendance management are there to be reaped.

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### ABOUT SOFTWORKS

Softworks helps companies streamline processes, increase productivity and reduce costs through improved, scheduling, processing and managing of labour hours. Softworks offer reliable, proven solutions for Time & Attendance, Labour Scheduling and Project Tracking, allowing both private and public organisations to better ensure compliance, reduce errors, eliminate redundancies and improve reporting – while promoting a safe, positive working environment for all employees.

For further information about Softworks Workforce Solutions including case studies, white papers and brochures go to [www.softwork-workforce.com](http://www.softwork-workforce.com)

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