AbsenceAssist 24x7

AbsenceTrack

Training & Consulting

Direct Health Solutions.

Managing Absenteeism in Australia
A practical guide

About Us

In the early 2000's Direct Health Solutions seized the opportunity to build the first company in Australia to introduce a nurse-led telehealth absence management service, and later an injury triage and treatment response program.

On average, we enable our clients to reduce absence by between 20% and 40% per annum, and significantly reduce the cost of managing absence.

Today we operate Australia's leading 24×7 Nurse Contact Centre providing over 500,000 absence reporting, medical triage and management advice calls annually.

Over 300 + Australian organisations have implemented our programs and AbsenceTrack reporting platform to simplify the management of employee absence and improve attendance.

Our team consists of Absence Consultants, psychologists, trainers, and tele-triage nurses specially trained in absence and injury management. Over the past 15 years we have worked with our clients to add innovative absence management functionality in our AbsenceTrack absence platform, which is developed and maintained in-house.

Key Service Areas

Absence Management
Optimise Attendance

Absence Assist Absence Track Training & Consulting

Injury Management
Optimise Health

Injury Assist Incident Track Specialist Services

Medical Solutions
Optimise Productivity

Medical Assessments Med Track Specialist Services

Our Software

Absence Track

Incident Track

Med Track

Track, monitor and manage all unplanned absenteeism in real-time. Reduces absence by up to 40%

Record, track and investigate incidents in real-time. Reduces injury claims by more than 50%

Book, track, store and manage all health assessments online

To find out more, or to receive a brochure, please contact us on **1300 655 123** or visit our website at **www.dhs.net.au**

Introduction

For the past 10 years Direct Health Solutions has conducted research into absenteeism levels and human resource practices across Australia. The objective of this guide is to provide a useful overview of absenteeism data trends and human resource practices available to tackle absenteeism.

Our findings show that employers can reduce absenteeism, lost productivity and significant cost when they understand the causes of absenteeism in their organisation and adopt targeted strategies to address them. The challenge is that many organisations are not tracking absence accurately and believe that requiring a medical certificate to verify absence is a sufficient measure to manage it.

Absenteeism -
Why does it matter?

Australia offers very generous workplace entitlements to access paid time off due to sick and carer's leave. Our 2017 Absence Management Survey found that a worker with a 10-day annual entitlement will take around 9 days each year. There is a general perception of an 'entitlement mentality' within organisations when it comes to absenteeism. This entitlement has led to a belief that "chucking a sickie" is the accepted practice within organisations.

Absenteeism is an extremely costly problem, averaging $3,608 per employee per annum. The cost of absenteeism is somewhere between 7% and 8% of total payroll costs when direct wages and indirect costs are factored in.

At an individual level, managing absenteeism can be difficult; at an organisational level it becomes a far more complex challenge that requires a comprehensive strategic approach. As absence can be so challenging to deal with, this can lead to management apathy with respect to addressing the problem.

Between 80% to 90% of all absenteeism reported is for sick leave. The health and wellbeing of a workforce is important to organisational productivity and employee engagement – the more effective organisations are in engaging the workforce in proactively managing their own health and attendance, the better organisational performance outcomes are likely to be.

Organisations can look to absence management as an opportunity to improve the health and wellbeing of their workforce. Effective absence management programs can foster greater engagement by employees in their own health and attendance, and identify strategies that will accelerate back to work outcomes and support employee physical and mental wellbeing.

Is reducing absence a focus for your organisation?

16%

84%
Yes

84%
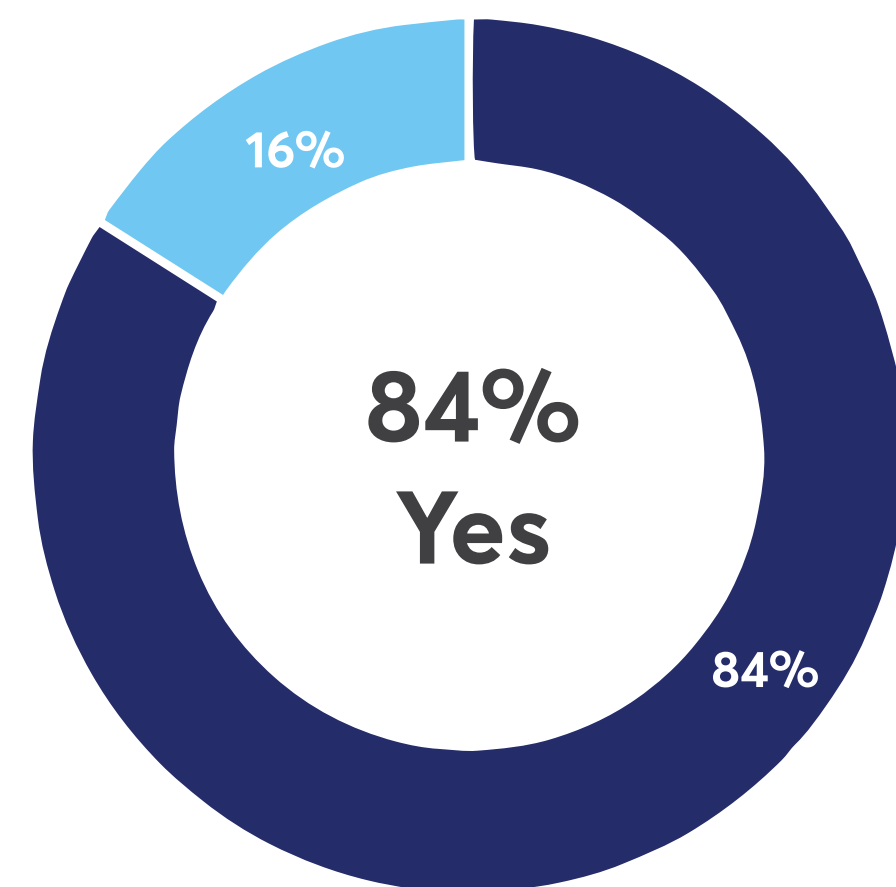
Impacts of Absenteeism

Absenteeism management represents a significant opportunity for organisations to control labour costs.

Average absence rates in Australia are around 3.5% to 4.2%, or between 7 and 9 days per employee per annum.

The graph below presents the 10 year annual trend reported in our latest survey report.

Absence Rate Per Annum

2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
3.7%	4.0%	4.3%	4.1%	3.8%	3.9%	4.1%	3.7%	4.1%	4.2%
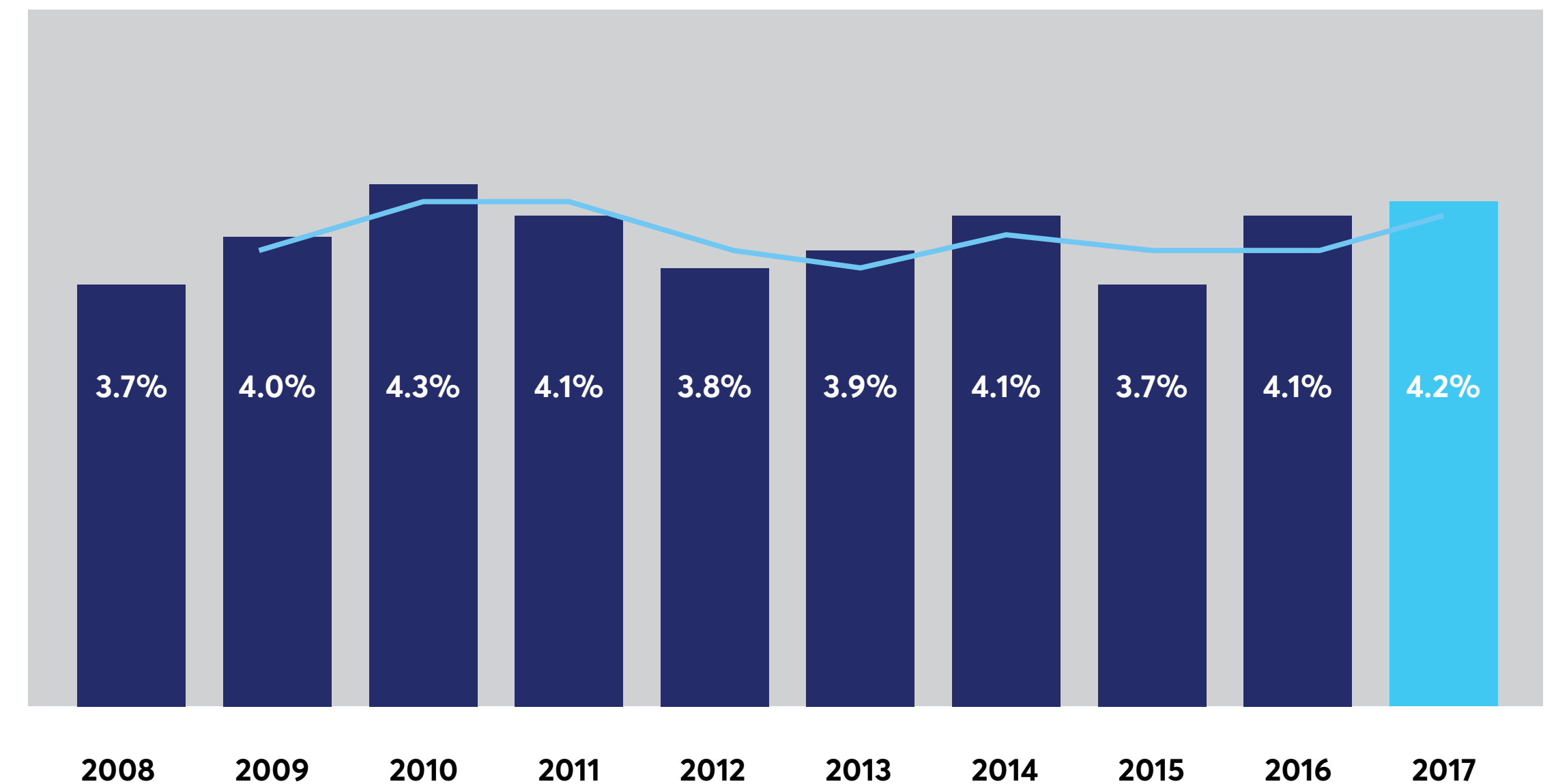
*Source, Absence Management & Wellbeing Survey

The true cost of absenteeism is somewhere between 7% and 8% of total payroll costs. Costs are comprised of both direct and indirect costs that result is hard financial impacts to an organisation's profit and loss.

Direct costs

- Salary and payroll tax costs for absent employees
- Overtime costs to cover absent employees
- Replacement labour hire at more costly rates
- Reduced workforce productivity
- Increased workers compensation premium costs

Indirect costs

- Administration of leave
- Replacement labour costs and cost of on-boarding labour
- Management costs to manage the operational impact of absence
- Service disruptions
- Increased health and safety risks
- Employee morale - psychological impact on employees having to pick up the slack

Causes of Absence

We know there are personal and organisational factors that contribute to absenteeism. According to our survey, short-term absenteeism is the most problematic absence accounting for 90% of all absence cases.

Short Term Absence Drivers
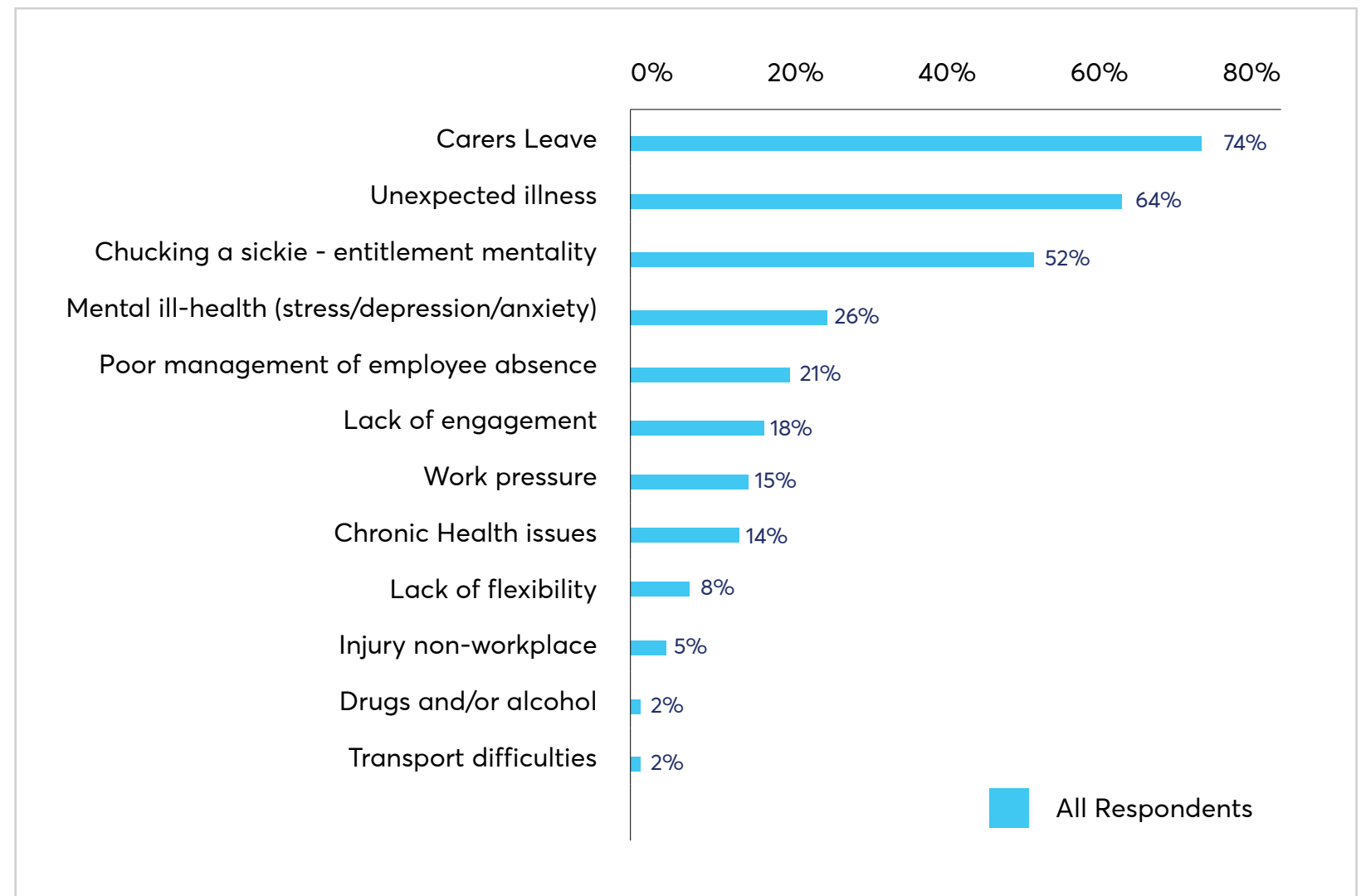- Personal Illness
- Carers leave
- Taking a sickie"

Long Term Absence Drivers
- Prolonged illness,
- Mental health problems
- Work and non-workplace injuries

Workplace factors contributing to absenteeism include:
- Increased workload
- Work relationships
- Flexibility arrangements
- Rigid workforce planning
- Poorly designed or mundane work
- Lack of management

The main drivers of short-term employee absence

Driver	Percentage
Carers Leave	74%
Unexpected illness	64%
Chucking a sickie - entitlement mentality	52%
Mental ill-health (stress/depression/anxiety)	26%
Poor management of employee absence	21%
Lack of engagement	18%
Work pressure	15%
Chronic Health issues	14%
Lack of flexibility	8%
Injury non-workplace	5%
Drugs and/or alcohol	2%
Transport difficulties	2%

All Respondents

70% of organisations agree that there is an "entitlement mentality" in their organisation, meaning there is a belief that employees routinely absent from work when there is no valid reason for it.

Most employees have an entitlement mentality in my organisation

70%
Agree

8%

22%

70%

- Agree
- Neutral
- Disagree
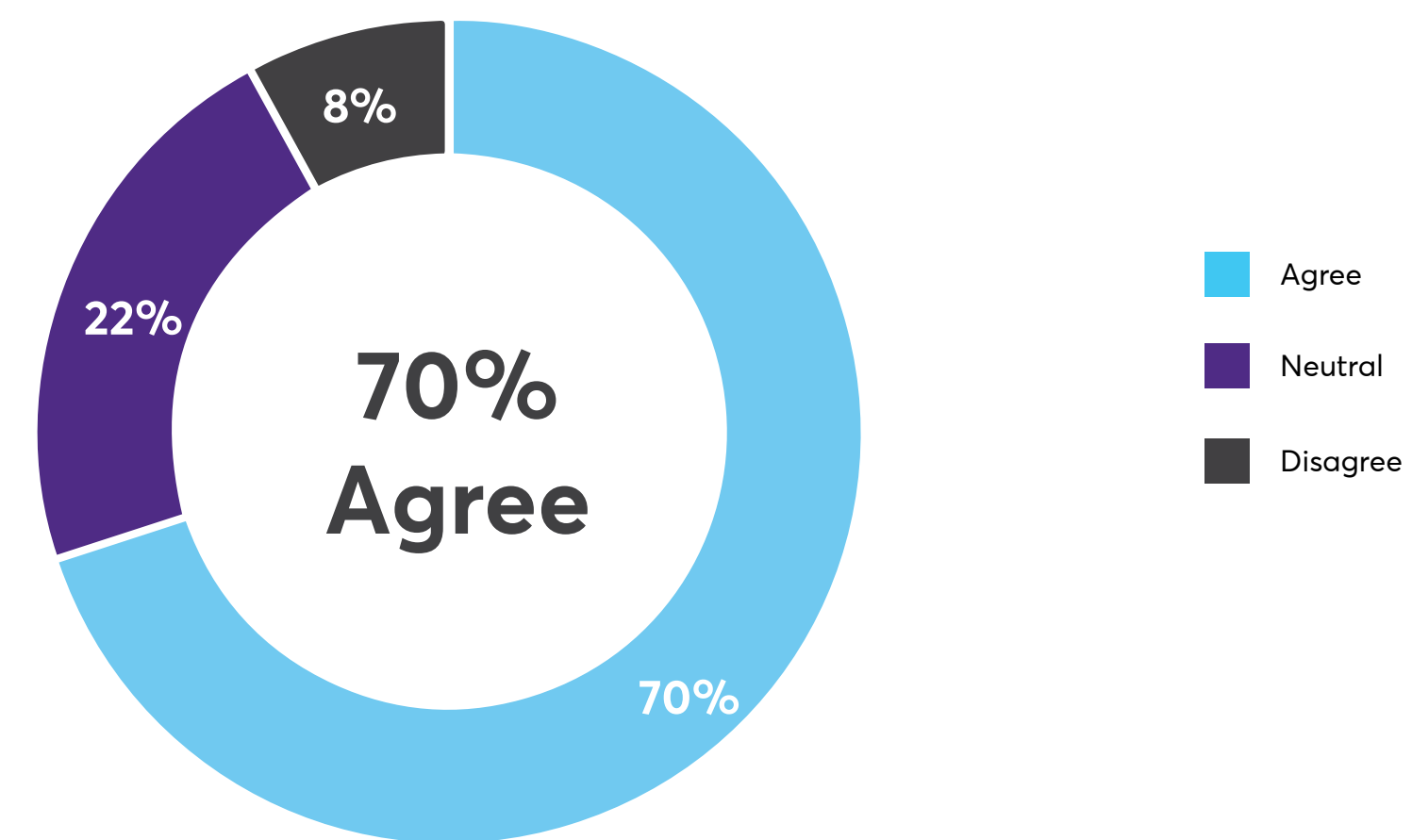
Challenges to Managing Absence

40% of organisations in our survey reported that they do not proactively track and monitor absence. Some of the organisation-wide challenges include:

- **A lack of understanding of the issue** - it's just the way it is!

- **Poor data capture** - under-reported absence masks the true extent of the issue

- **Poor absence monitoring and tracking** - limited management information to manage

- **Entitlement / 'sickie' culture** - you can't manage it

- **Privacy concerns** - you are not allowed to manage it

- **It's not clear who is responsible** - it's a human resource issue to deal with

- **Inadequate employee health support** - early intervention is limited to workplace injuries

- **Inconsistent recording processes** - it's acceptable to SMS a day off work

- **Outdated technology** - managers rely on unreliable information

- **Lack of analytics** - systems are not leveraging evidence-based practices and tracking performance

- **Low manager engagement** - It's not what a manager wants to be doing

Do you believe absence is under-reported in your organisation?
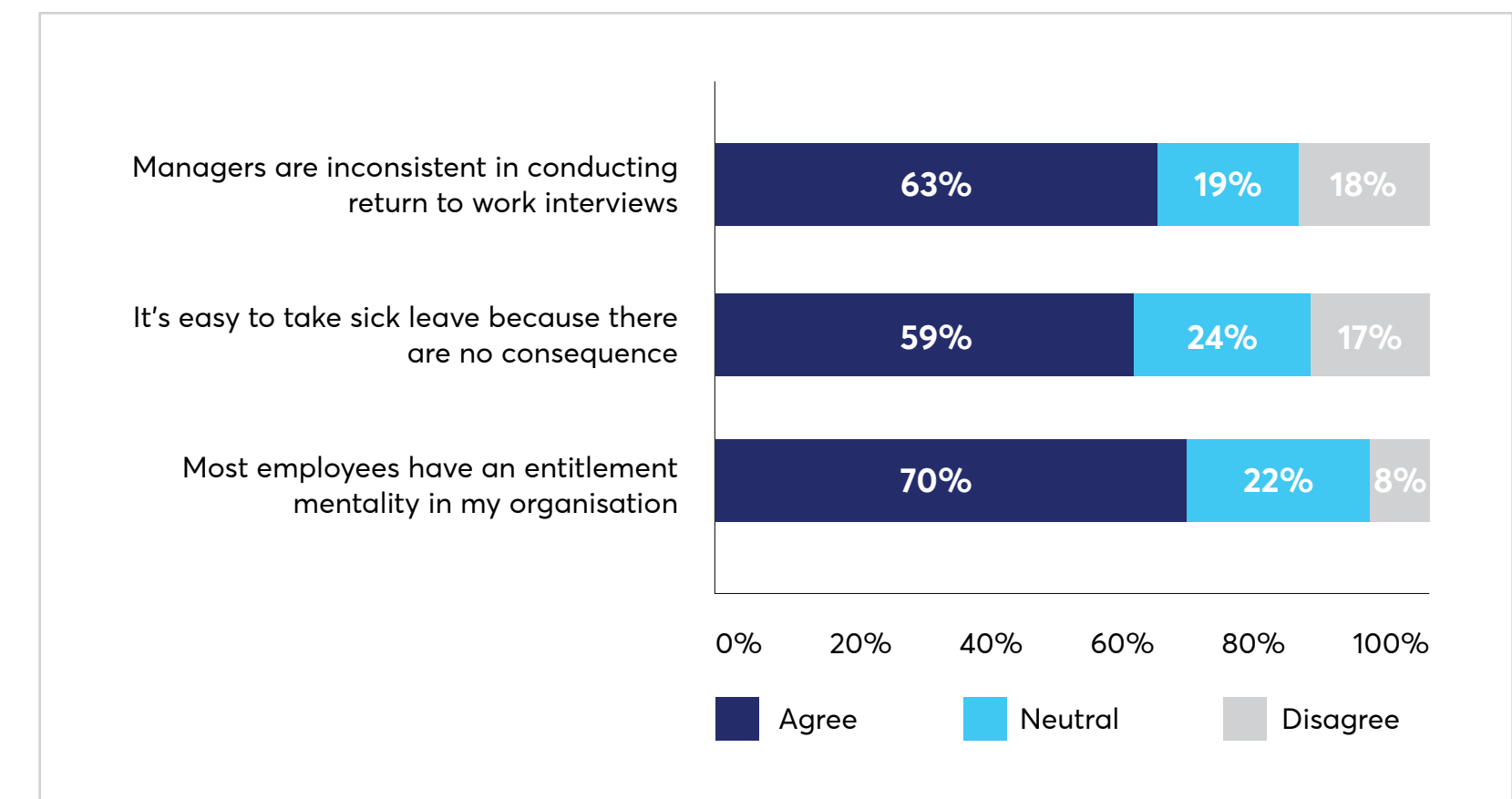
39%
Yes
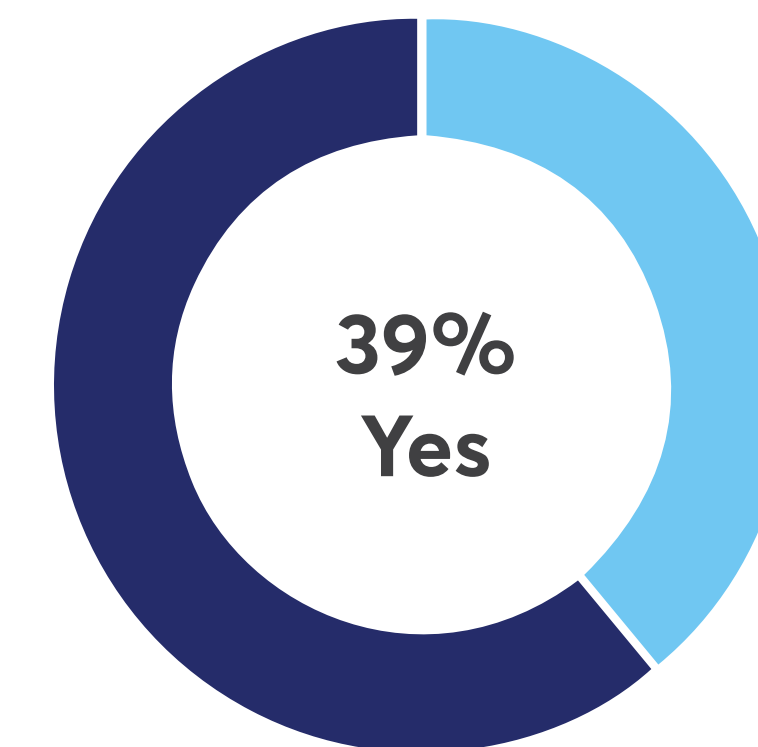
Human resources and managers commonly cite the following issues they would like to address in their organisation:

- **Inconsistent management** - gap in how managers are engaged in the process and the expectations of the business

- **Too much time wasted on administration** - compiling reports, chasing forms and certificates

- **Not enough actionable data** - unable to drill into absence data to understand the underlying reasons for absence

- **Lack of strategic management** - analysing patterns, causes, trends and, dealing with complex cases not possible

Level of agreement with the following statements

Managers are inconsistent in conducting return to work interviews: 63% Agree, 19% Neutral, 18% Disagree

It's easy to take sick leave because there are no consequence: 59% Agree, 24% Neutral, 17% Disagree

Most employees have an entitlement mentality in my organisation: 70% Agree, 22% Neutral, 8% Disagree

0% 20% 40% 60% 80% 100%

■ Agree ■ Neutral ■ Disagree

# Modernise Your Absence Management Program

Developing a Strategic Approach

It is critical that an organisation engages senior leaders in a strategic absence management approach which aligns with organisational goals and objectives. A strategic approach is import for:

- **Increase awareness** of absences costs - both direct and indirect

- **Creating a higher-level organisational purpose** focused on improving employee wellbeing, productivity and engagement measures

- **Engaging senior leadership** to sponsor the program and lead by example

Roadmap for better practice
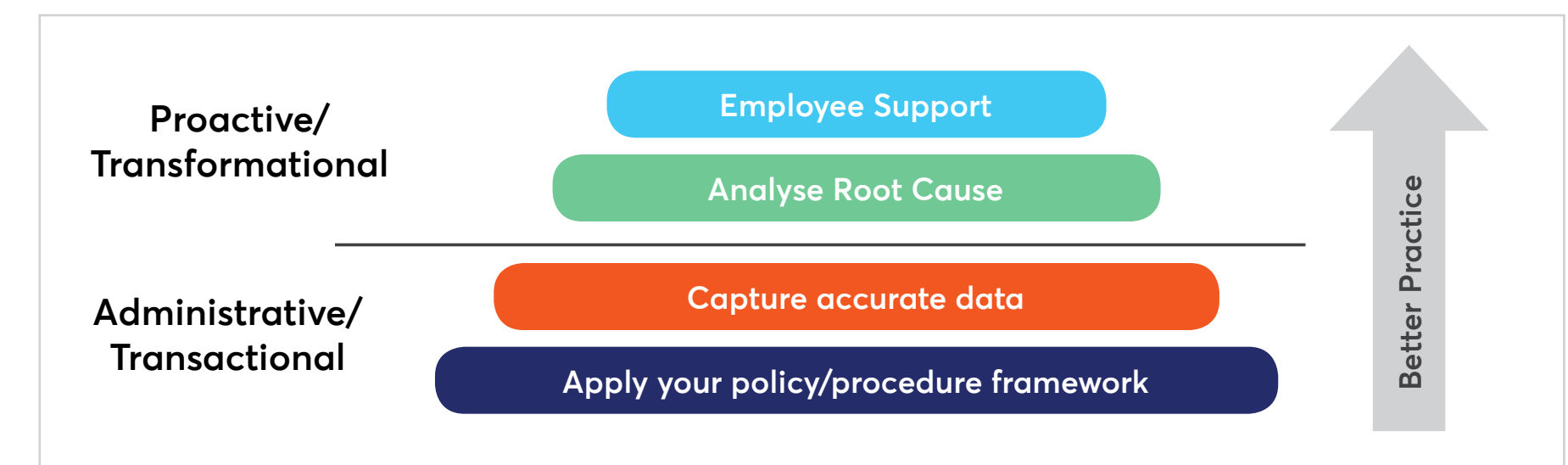
At Direct Health Solutions we help organisations to adapt innovative and proven absence management practices:

- Increasing the link between employee health and attendance

- Leveraging technology, including mobile,, and incorporating this into programs

- Outsourcing elements of a program to get best in class processes, capabilities and industry experience.

Better Practice Absence Management

Effective absence management requires a strategic lens incorporating systems and reporting, processes and management practices to positively shift an organisations absence culture. Robust policy application, real-time tracking, data analysis, employee health and wellbeing support, and proactive management are all elements that formulate a corporate-wide absence framework.

Absenteeism is complex to manage internally, and it puts excessive strain on employees, impacts co-workers, and reduces profitability. These impacts can have long-term negative effects on productivity through work stress and reduction in available money to invest in preventative programs. Whilst organisations may understand the impact of absenteeism generally, they may lack the urgency, subject matter expertise or systems to implement effective absence reduction initiatives.

Prior to implementing an absence management program organisations need to increase engagement of key stakeholders and prioritise the importance of absence management as a strategic organisational imperative. Below is a six step guide to modernise you program:

1 Implement an Absence Tracking and Reporting System

Real-time tracking of absence with a specialist absence tracking and reporting system can be one of the most effective ways to get control of absenteeism.

The impact a purpose-built absence reporting platform can not be underestimated to provide live tracking, reporting, and management work-flows.

- **Real-time absence information** – supports operations, and supports early intervention
- **Benchmark absence rates** – focuses efforts on key areas/teams
- **Individual absence records** - drill into individual absence records that provide actionable information
- **Reasons** - understand why employees are taking time off with detailed reason analysis
- **Management** - monitor manager activity, such as compliance to completing return to work interviews,
- **Prompt management discussions** – to proactively review employee absence
- **Evidence storage** - upload supporting evidence and/or attendance plans
- **Payroll integration** – live absence data feeds to reduce administration

2 Centralise Absence Reporting

The provision of a dedicated Absence Line to report an absence 24/7/365 allows employees to make one call to report an absence, speak to someone about their absence, and ensure absence information is correctly captured. Benefits of this approach include:

- Early notification alerts of absence sent in real-time
- Consistent communication of policies and procedures
- Accurate data reporting and data collection
- Human interaction is more robust than leaving a message or sending an SMS
- Immediate and confidential advice and support for employees

3   24x7 Employee Health Support

Most organisations operate around the clock. We also know that most absence is for genuine reasons and often for mild and moderate illnesses that can be effective managed over the phone by trained Tele-health Nurses. Educate and engage employees in their illness at that time to engage them in proactively managing their own health.

- Health advice and guidance for employees 24x7
- Early intervention for cases, such as mental health and minor illnesses
- Referral to EAP and other support services
- Ongoing support during absence

4   Absence Management Training

Our research proves that consistently applied management discussions following absence achieves improved attendance levels over time.

Managers are typically responsible for having return to work discussions following an absence - this may occur after every absence, or only if the employee has had a specific number of days off

Having absence discussions is challenging. Developing manager capability to understand how to handle discussions, and identifying strategies to improve attendance is critical. Training will support manager engagement and improve the outcomes of discussions.

- Understand different return to work/back to work conversation techniques
- Provide very clear guidelines about roles and responsibilities following each absence occurrence
- Develop problem solving abilities to improve future attendance
- Have the ability to track return to work discussions online
- Monitor the compliance of managers across the organisation
- Reminder alerts to managers to complete interviews in a timely manner
- Tailor discussions based on the levels of employee absence

5 Escalate Complex or Chronic Cases

Individual cases can be extremely complicated, and outside of the remit of an employee's direct supervisor. There is immense value in having a system to automatically trigger alerts to more senior leaders, or human resources or occupational health to support specific cases .

"Around 10% of employees will take over 20 working days of absence a year. T

It is best practice to:

- Define absence trigger alert points, such as days lost
- Use a Bradford Factor to quickly identify high frequency, problematic absence
- Develop guidelines for management action once defined absence levels are reached
- Establish attendance improvement plans and track employee absence during a review period
- Streamline management practice and simplify work-flows

6 Address Workplace Factors

With good data, an organisation should be able analyse reporting to understand both the work, and non-work factors contributing to illness, work stress, and the relationship between absenteeism and workplace culture. By doing so will help to:

- Leverage data, such as absenteeism, EAP, workers compensation and engagement survey results
- Review and evaluate the effectiveness of your management performance
- Implement actions that resolve primary drivers of health-related absence
- Ensure clear and well communicated messages, policies, processes for both employees and managers

Outsourcing

Outsourcing all or some of you absence management program to implement best practice processes and systems can enable organisations to achieve immediate results. Look for:

- Simple management processes and streamlined and effective administration
- Health support to employees, and managers in a timely manner
- Management information and trend reporting with application software
- Clearly defined and well communicate policies
- Training for leaders and strong stakeholder engagement
- A clear return on investment model

Increasingly organisations are looking to third parties to enhance their program, provide support for employees, and deliver software that is modern and fit for purpose. Outsourced solutions can include range of options, such as:

- Absence Reporting
- Absence Tracking Software
- Management Training
- Policy & Program Reviews
- Complex Case Management support
- Streamline work and non-work-related injury management
- Workplace health interventions

There are benefits to outsourcing, or even co-sourcing your absence program. Organisations will generally wish to maintain the management of employee absence in-house, and partner with a third party to provide critical support infrastructure such as:

- 24x7 employee care – better support for all staff
- Access to specialist absence software systems for improved reporting
- Training support and complex case management
- Strategy and program design

Case Studies

Case Study - Telecommunications

Australia's #2 Internet and Telecommunications provider employing over 4,000 employees

The Situation

- Multiple work-site locations meant duplication of internal resources to oversee absence
- Significant issue with short-term 1-2 day absenteeism
- Concerns the root cause of absence was not being addressed
- Concerns management required additional support and tools to take control

The Solution

- 24/7 absence reporting line – accurate data collection and notification
- Provision of tele-health advice to employees at time of absence
- Robust process approach with clear roles and responsibilities for managers
- Provision of AbsenceTrack software platform for managers to monitor and manage absence

45%
reduction in absenteeism

$4,000
saved per employee per annum

30% improvement in employee engagement scores

25,000
absence calls handled annually

Case Study - Food Industry

A food processing company with more than 2,000 employees Australia wide

The Situation

- High frequency absenteeism – 1-2 day "sickies"
- Employees leaving voice mails/SMS and not discussing absence at time of notification
- Basic reporting prevented understanding the drivers of absence

The Solution

- Integrated approach to centralise reporting of absence
- Provide human resources with access to real-time absence reporting
- Implement consistent return to work interview processes
- Metrics developed with AbsenceTrack for RTW interview compliance, absence rates and causation factors

27%
absence reduction

$850,000
annual savings

3 days
saved per employee
per annum

Case Study - Supply Chain Industry

One of Australia's leading transport and logistics organisations, employing over 10,000 + workers throughout Australia

The Situation

- A need for a software platform to underpin the internal absence management strategy
- High levels of short and long-term absence
- Limited management engagement resulting in over-reliance on human resources

The Solution

- Deployment of AbsenceTrack software platform
- Design of internal processes to auto-populate absence leave at each Depot
- Provision of daily/weekly and monthly real-time reporting and absence trend analysis
- Implementation of back to work discussions across the organisation
- Implementation of absence reviews based on system generated trigger points

32%
reduction in absenteeism

$1,600
saved per employee

3.5 days
saved per employee per annum