

What is absenteeism and what causes absence management essay



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An employees deliberate or habitual absence from work. In today's working organisations everybody misses a day of work now and then. But when an employee misses too many days of work it can be a big problem for the organisation and this can cause serious problems when all other employees have to cover for the missing worker or in worse cases the work simply doesn't get done.

Absenteeism occurs when the employees of a company do not turn up to work due to scheduled time off, illness, injury, or any other reason. Recent studies have revealed that Absenteeism sometimes put the figure much higher.

“ One recent Gallup poll did not put a price tag on the sniffles and swollen eyes, but claimed that more than 3 million workdays per year are lost when working people stay home because their allergies are acting up. The Massachusetts Institute of Technology released a study in 1994 claiming that clinical depression alone resulted in more than 213 million lost workdays, costing \$24 billion. Furthermore, a 1995 study discovered a correlation between absenteeism and employee turnover. Companies with high rates of absenteeism were found to be more likely to have their employees leave for jobs with other firms. In light of such findings, employers have recognized that a generous absence policy can be profitable and contribute to employee satisfaction and stability.”[1]

If we look back the history, there is only a small written history of absenteeism in business literature, probably because until the 20th century businesses had a simple rule, “ No work: no pay.” Then labour unions forced

the companies into contracts to allow employees to take time off from work for illness or vacations and the practice of offering paid "sick days" became widespread. These practices still vary among companies and union contracts and normally there is an average of four to ten sick days per year is standard. Companies have realized that human absence management policies are cost effective; even many companies were unwilling to offer paid leave to their employees. In fact, there is an estimate in the current studies regarding absenteeism that those companies who have effective employee absence strategies can reduce their overall payroll costs by at least 10 percent.

HOW MUCH ABSENTEEISM COST THE BUSINESS:

Most recent studies on absenteeism have claimed that missing employees cost companies millions of pounds in lost revenue each year. There have been several surveys to find out how much exactly does absenteeism cost the organisations, some of them are as under:

According to a new survey by Mercer, "The Total Financial Impact of Employee Absences," the total cost of absence can equal as much as 36% of payroll (compared to 15.4% for health care coverage). Of that figure, 9% accounts for unplanned absences. Planned absences, like vacations and holidays, average 26.6%. For a midsize business, this unplanned absence can account for as much as \$4.5 million per year and unplanned absences like casual sick days result in the highest per-day productivity loss, 21% versus just 15% for planned absences like vacation days. On an average, employees have 5.3 unplanned absence days per year.[2]

The other most recent survey on the common causes of absenteeism by BBC has revealed that within the UK 93% of workers cite colds and flu as their common reason for being away from their work.

“ IHC estimates that 13. 4 million working days a year are lost to stress, anxiety and depression, and 12. 3 million to back and upper limb problems. And the overall cost to UK industry? A whopping £11. 5bn in 2002 was paid out in wages to absent employees and on additional overtime and temporary staff cover, according to the CBI. One such firm that has decided to tackle the problem of workplace absence is investment management company INVESCO. Based in the City of London and Henley-on-Thames and employing 1, 000 permanent staff, it realised that absenteeism, whether to visit a doctor, physiotherapist or councillor, was costing it an estimated £38, 000 a year after carrying out a study into the problem in late 2002”.[3]

“ Absence from work costs British industry £10. 2bn a year, mainly through minor illnesses, stress and family responsibilities, according to a new report. A survey of more than 530 firms for the Confederation of British Industry estimated that 200m days were lost through sickness absence last year, an average of 8. 5 days per worker”.[4]

The Massachusetts Institute of Technology (MIT) is a private research university located in Cambridge, Massachusetts, United States, MIT has released a study in 1994 that, “ Clinical depression alone resulted in more than 213 million lost workdays, costing \$24 billion”.[5]

According to an annual survey report of CIPD in 2009, it is stated that the annual cost of absence, is highest in the public sector, averaging £784 per <https://assignbuster.com/what-is-absenteeism-and-what-causes-absence-management-essay/>

employee per year. Manufacturing and production employers recorded the next highest cost at £754 per employee per year. Absence costs among non-profit organisations also fell slightly to £698 from £741 per employee per year. Private services organisations recorded the lowest annual absence costs, averaging £666. However, the findings showed that only 41% of employers monitor the cost of employee absence, a figure which has remained stubbornly low over the last few years. Annual Absence & Labour Turnover Survey 2008 by the CBI and insurer AXA revealed that of the 172 million sick days lost to absence in 2007, more than one in ten (12%) are thought to be non-genuine. These 21 million “ sick employees” cost the economy £1. 6bn and two thirds of employers think that people use them to extend their weekends.[6]

Another company Hewitt Associates which is based in Lincolnshire, Illinois is a global human resources (HR) outsourcing and consulting firm which delivers a wide range of integrated services to help companies manage their total HR and employee costs and improve their workforces has confirmed that:

“ Sickness costs UK companies more than £1, 000 per employee every year. In addition, absenteeism is costing employers at least £662 per employee, although this rises by as much as 60% once indirect costs, such as lost productivity, overtime and recruitment, are included. The first Hewitt Healthcare Fundamentals Survey, found that many companies are under-estimating their rate of absenteeism – and its financial impact – as less than two thirds of companies indicated that they properly record employee absenteeism. The survey showed that the biggest causes of absenteeism are <https://assignbuster.com/what-is-absenteeism-and-what-causes-absence-management-essay/>

flu, muscular injuries such as back pain and repetitive strain injury, and stress and depression. Some 56% of respondents said that stress is an issue for their organisation – yet only a third provides stress management coaching for their managers. The report makes it clear that stress is predicted to be the main cause of employee ill-health in the next three years. If the UK economy worsens, stress levels can undoubtedly be expected to rise further, making this the biggest threat to employee health in the UK. Poor health and work absenteeism has long been recognised as a problem for UK employers. According to a recent review by Dame Carol Black, the National Director for Health and Work at the NHS Institute for Innovation and Improvement, the total cost of sickness and absenteeism to the UK economy is over £60 billion”.[7]

Forum of Private Business (FPB) an online forum has recently conducted a survey on how much absenteeism is costing the business in the United Kingdom. This forum warned that the cost of a single day of workers absenteeism within UK because of the freezing winter conditions could be at least £230 million. FPB also stated that:

“ Employee absenteeism represents a huge cost for many small businesses. According to the FPB’s recent ‘ cost of compliance’ survey, small business employers in the UK spend a total of £391 million per year on absence control and management – more than on any other aspect of employment law”.[8]

WHAT CAUSES ABSENCE?

The most common main causes of sickness absence for both manual and non-manual employees have been identified as:

Manual

Non-Manual

Minor illness

(cold, flu, stomach upsets & headaches)

Minor illness

(cold, flu, stomach upsets & headaches)

Back pain

Stress

Musculo-skeletal injuries

Musculo-skeletal injuries

Home/family responsibilities

Back pain

Stress

Home/family responsibilities

Recurring medical conditions

Recurring medical conditions

Injuries/accidents not related to work

Other absences not related to ill-health

The latest studies and surveys have revealed that an increase in stress related absence is continuing in number of employers these days.

INTERNATIONAL COMPARISONS

International comparison of absence rates is equally useful and informative.

The title 'sick man of Europe' was once given to Britain because of apparently poor industrial relations record. This title can be given to any other country now as absence rates in the UK are among the lowest of any EU member country. Table 1 illustrates this point:

Country

Short-term Absenteeism rate

Long-term Absenteeism rate

Denmark

UK

Austria

Sweden

Ireland

Norway

Netherlands

France

Germany

Belgium

Italy

Portugal

3. 5

3. 6

4. 1

4. 4

4. 5

5. 0

5. 5

5. 6

5. 6

5. 8

6. 9

8. 0

9. 1

5. 5

—

12. 7

3. 0

10. 4

13. 3

11. 1

6. 5

6. 6

5. 5

11. 2

Source: Adapted from CBI, Focus on Absence, 1989[9]

THEORIES RELEVANT TO ABSENTEEISM

MOTIVATION THEORY

The word “ motivation” is used to describe certain sorts of behaviour. The purpose of motivation theories is to predict behaviours. “ Motivation is not the behaviour itself, and it is not performance. Motivation concerns action

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and the internal and external forces which influence a person's choice of action (Mitchell 1987)".[10]

HERZBERG'S TWO FACTOR THEORY

Herzberg used the critical incidental method and his original study was chosen because of the growing importance in the business world and his study was consisted of interviews with 203 accountants and engineers from different industries in the Pittsburgh area of America. The responses to these interviews were generally consistent and revealed that there were two different sets of factors affecting motivation and work. This led to the Two Factor Theory of motivation and job satisfaction.

Herzberg concluded that the factors as company policy, supervision, interpersonal relations, working conditions, and salary are not motivators but are hygiene factors. According to Herzberg's theory, the absence of hygiene factors can create job satisfaction and on the other hand their presence does not motivate or create satisfaction. In contrast, he determined from data that the motivators were elements that enriched a person's job he found five factors in particular that were strong determiners of job satisfaction:

Achievement

Recognition

The work itself

Responsibility

Advancement

According to Herzberg theory these motivators who also can be known as satisfiers were associated with long-term positive effects in job performance while the hygiene factors (dissatisfiers) consistently produced only short-term changes in job attitudes and performance, which quickly fell back to its previous level. In summary, satisfiers describe a person's relationship with that she or he does, many related to the tasks being performed. On the other hand dissatisfiers have to do with a person's relationship to the context or environment in which she or he performs the job. The satisfiers or motivators relate to what a person does while the dissatisfiers relate to the situation in which the person does what he or she does.

Herzberg argued that extra compensation only work in the short term and other hygiene factors only avoid dissatisfaction and that satisfaction comes from intrinsic motivators. Herzberg developed the job enhancement process and brought out the following features in his theory:

“ Direct feedback - non-evaluative feedback on work performance which goes straight to the employee, not through a superior.

New learning - employees given opportunities to learn new and meaningful skills

Scheduling - employees are permitted to organise their own work patterns within reasonable limits

Unique expertise - using one's special skills and knowledge

Control over resources - having an individual budget for which one is responsible

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Direct communications authority - being able to communicate as necessary to get the job done

Personal accountability - the employee is directly accountable for the work".

[11]

ATTRIBUTION THEORY

Attribution theory suggests that we observe a person's behaviour and then try to establish whether internal or external forces caused it. If it is judged to be internal, it is seen as being under the person's control; if it is judged to be external, it is seen as a result of the situation. Attribution is said to be subjected to a number of considerations, because we judge actions in a context. For example, we judge how distinctive behaviour is and whether behaviour is unusual for a particular person.

Attribution theory is very much relevant to absenteeism as for example the employee is absent from work and the circumstances are that his or her attendance record is exemplary, then the behaviour could be considered unusual and an external cause (that is, that the behaviour is outside the control of the individual) will be attributed. If the absenteeism fits in with the general pattern of behaviour, then an internal attribution will be attached (that is, it will be seen as being under the person's control).

DOUGLAS MCGREGOR THEORY X & THEORY Y

According to Douglas McGregor there are two distinct views of human beings, the first one is basically negative, labelled as Theory X, and the other basically positive, labelled as Theory Y. McGregor concluded, after viewing

the way in which managers dealt with employees, that a manager's view of the nature of human beings is based on a certain grouping of assumptions and that he or she tends to mold his or her behaviour toward employees according to these assumptions:

According to McGregor's Theory X, there are four assumptions held by managers which are:

" Employees inherently dislike work and whenever possible, will attempt to avoid it.

Since employees dislike work, they must be coerced, controlled, or threatened with punishment to achieve goals.

Employees will avoid responsibilities and seek formal direction whenever possible.

Most workers place security above all other factors associated with work and will display little ambition".[12]

In contrast to these negative views about the nature of human beings, McGregor listed the four positive assumptions that he called Theory Y:

" Employees can view work as being as natural as rest or play.

People will exercise self-direction and self-control if they are committed to the objectives.

The average person can learn to accept, even seek, responsibilities.

The ability to make innovative decisions is widely dispersed throughout the population and is not necessarily the sole province of those in management positions".[13]

HOW TO MEASURE ABSENTEEISM

To measure worker absenteeism the most obvious way is to record how many days have employees not come in to work. The companies should have some sort of clock-in or accountability set-up making this step relatively simple. Once the numbers are available, surely it would be interesting to know how many of those workers were genuinely ill.

Measuring absenteeism can serve as many as four purposes for organisations, which includes the following:

Administering payroll and benefits programs

Planning human resource requirements for production scheduling

identifying absenteeism problems

measuring and controlling personnel costs (Gandz and Mikalachki, 1979)

Actual assessment and analyzing is a key aspect of managing absence effectively. Organisations must assess if they have complications with absenteeism, its extent and find out the best way to tackle it. In the latest Chartered Institute of Personnel and Development (CIPD) absence survey, less than half of employers monitor the cost of absence, and just under half of organisations have set a target for reducing absence and only 38% of organisations benchmark themselves against other employers.

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To analyse particular arrangement of absenteeism and underlying the basis, employers should acquire and use data, for example, the management approach of an appropriate manager or an increase in workloads. This can also provide the evidence of how absenteeism impacts on the bottom line and why it value investing in an effective absenteeism management programme.

HOW TO MEASURE TIME LOST?

To evaluate absenteeism there are a number of different measures that can be used, each of which can gives information about the different aspects of absenteeism. Some of the factors are described as under:

‘ LOST TIME’ RATE

Lost time rate measure articulate the percentage of the total time available which has been lost due to absence:

Total absence (hours or days) in the period x 100

Possible total (hours or days) in the period

For instance, if the total absence of the employees in the period is 155 person-hours and the total time available is 1, 950 person-hours, the lost time rate will be:

$$155 \times 100 = 7.95\%$$

1, 950

This can also be calculated separately for the individual departments of different groups of employees to uncover particular absence problems within an organisation.

FREQUENCY RATE

The frequency rate method shows an average number of absences per employee, which is expressed as a percentage. This does not give any indication of the length or duration of each absence period, nor any indication of employees who take more than one spell of absence and it is calculated as under:

No of spells of absence in the period x 100

No of employees

For example, if an organisation employed on average 110 workers in one month, and during this time there were a total of 24 spells of absence, the frequency rate will be:

$$24 \times 100 = 21.82\%$$

110

To find out the individual frequency rate, we have to count the number of workers who take at least one interval of absence in the period, rather than to total number of intervals of absence.

BRADFORD FACTOR

This method expresses the persistent short-term absence for individuals, by measuring the number of spells of absence, and is therefore a useful measure of the disruption caused by this type of absence. It is calculated using the formula:

$$S \times S \times D$$

S = number of spells of absence in 52 weeks taken by an individual

D = number of days of absence in 52 weeks taken by that individual

For example:

10 one-day absences: $10 \times 10 \times 10 = 1,000$

1 ten-day absence: $1 \times 1 \times 10 = 10$

5 two-day absences: $5 \times 5 \times 10 = 250$

2 five-day absences: $2 \times 2 \times 10 = 40$

The trigger points will differ between organisations. The underlying causes will need to be identified for all unauthorised absence.

ABSENCE POLICIES

The companies should have clear policies in place which support their business objectives and culture and this is the first step to managing absenteeism efficiently. Under the current legislation employers are required to provide their staff with knowledge on ' any terms and conditions relating

to inadequacy for work due to the sickness or injury, including any arrangement for sick pay'.

Effective absenteeism policies must spell out clearly employee's rights and responsibilities when taking time off from work due to sickness or any other reason. The Chartered Institute of Personnel and Development (CIPD) is Europe's largest HR development professional body which support and develop the management and development of people within organization, has explained that the following few facts are most considerable and the policies should:

“ Provide details of contractual sick pay terms and its relationship with statutory sick pay

Outline the process employees must follow if taking time off sick - covering when and whom employees should notify if they are not able to attend work

Include when (after how many days) employees need a self-certificate form

Contain details of when they require a fit note from their doctor

Explain that adjustments may be appropriate to assist the employee in returning to work as soon as is practicable

Mention that the organisation reserves the right to require employees to attend an examination by a company doctor and (with the worker's consent) to request a report from the employee's doctor

Include provisions for return-to-work interviews as these have been identified as the most effective intervention to manage short-term absence".[14]

HOW TO MANAGE ABSENTEEISM

Before we discuss how to manage absenteeism we look the types of absenteeism. There are many other reasons why people take time off from work. These can be categorised as under:

Non permitted absence or continuous lateness

Long-term sickness absence

Short-term sickness absence (uncertificated, self-certificated, or covered by a doctor's ' fit note' which replaced the ' sick note' from April 2010)

Other authorised absences: for example, annual leave; maternity, paternity, adoption, or parental leave; time off for public or trade union duties, or to care for dependents; compassionate leave; educational leave.

Other than these above categories of absenteeism there are two main types of absenteeism, know as short term absenteeism and long term absenteeism. We discuss in detail how to manage these two main types of absenteeism:

MANAGING SHORT-TERM ABSENCE

Short term absence also known as absence interventions. The most effective interventions in managing short term absence include the followings:

A proactive absence management policy

Return-to-work interviews

Disciplinary procedures for unacceptable absence levels

Involving trained line managers in absence management

Providing sickness absence information to line managers

Restricting sick pay

Involving occupational health professionals

The most common method which is currently being adopted by many organisations is return-to-work interviews which can help identify short-term absence problems at an early stage. These return-to-work interviews provide an opportunity to managers to start a dialogue with staff over underlying issues, which might be causing the absence.

Tim Holden, the Managing Director of FLUID, draws on more than 10 years experience as an award-winning recruiter and trainer. FLUID works with organisations to enhance their attractiveness to both current and future employees. Holden suggests that:

“ The use of disciplinary procedures for unacceptable absence may be used to make it clear to employees that unjustified absence will not be tolerated and that absence policies will be enforced”.[15]

According to CIPD’s recent survey it has been revealed that, “ only 12% of organisations use attendance incentives or bonuses as a tool of absence management according to our latest absence survey”.

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LINE MANAGER'S ROLE

To control and reduce the causes of absenteeism, line managers have a substantial role to play, either directly or indirectly. How managers behave is very important because it has a significant effect on employee health and comfort. Many recent researches show that line managers are the type of employees most likely to be reported as bullies within organisations.

Management style within an organisation is also one of the top causes of stress at work.

In any organisations the managers need good communications skills to encourage employees so that they can feel free to discuss any problems they may have at an early stage so that they can be given support or advice by the managers before matters escalate. According to all the recent studies and surveys it is stated that despite of all the importance of line manager/supervisor involvement, there are only 50% organisations are training their line managers to get the skills needed to do this effectively. The organisations should train their line managers to get the following skills to handle the absenteeism properly and they should have a good knowledge of:

Their company's absence policies and procedures

What is their role in the absence management programme

How to act upon any advice given by the doctor to the employee.

All the related legal and disciplinary aspects of absence including potential disability discrimination issues

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How to maintain absence record-keeping and understanding facts and figures on absence

The role of occupational health services

The proactive measures to support staff health and wellbeing

Operation (where applicable) of trigger points

Development of return-to-work interview skills

Development of counselling skills.

MANAGING LONG-TERM ABSENCE

The current studies and researches on long term absence have shown that absence of eight days or more justify about one third of total time lost through absence and absence of four weeks or more accounts for more than 15%. Consequently it is very vital that organisations have an approved strategy in place to help their employees to get back to work after a continuous period of sickness or injury-related absence. The knowledge of potential disability discrimination claims is also critical these days.

THE ROLE OF LINE MANAGERS

The role and responsibilities of the line manager in the management of absence should be clearly defined. However, these days the role of line managers is paramount. It is the line manager's responsibility to manager his or her departmental, or unit. Therefore it is his/her responsibility to see that these resources are used as effectively as possible. This means that levels of attendance should be good and absence kept to a minimum. The

line managers should follow the company's approach to management style, organisation and allocation of work, as this will be a vital part of any strategy to control absence. In addition it is his/her responsibility to follow the company absence policies and procedures to staff.

In addition, the line manager will be one of the main influences on an individual's view of the company attitude to absence. It is therefore important that the actions, and words of line manager support the company's position. Taking a difference stance on the management of absence, whether more strictly or leniently, will cause problems for the individual manager and for the organisation. Line managers must be able to rely on the support of senior management for decision they take in line with the company's policy, their responsibilities are as under:

To effectively organize and allocate work;

To use an appropriate management style;

To ensure that all staff are adequately trained for their role;

To communicate the absence policy and procedures to all subordinates;

To apply policy and procedures in a consistent and fair manner;

To deal with requests for prior approved absence;

To keep accurate and up-to-date records of absences;

To investigate reasons for unexplained absences;

To carry out return to work interviews;

To instigate disciplinary procedures, when required;

To provide adequate feedback to senior management;

To ensure adequate personal development and training to be able to meet these responsibilities effectively.

As we already discussed the role of line manager in managing the short-term absence, now we discuss the role of the line manager in managing long-term absence which is also crucial for managing long-term absence and other interventions are also important, which include:

The occupational health involvement and proactive measures to support staff health and wellbeing

The line management involvement as part of the absence management programme

Restricting sick pay

Changes to work patterns or environment

Return-to-work interviews

Rehabilitation programme

There are also four typical components in the recovery and return-to-work process, which are discussed as under:

Keeping in contact with sick employees

The line manager should ensure that a regular contact is maintained using both sensitive and non-intrusive approach with the employee and this should be agreed with the member of staff and manager and, also where appropriate, with the union or employee representative.

Planning and undertaking workplace controls or adjustments

There can be some obstacles which may cause delay, interruption or difficulties to an employee's return to work. A risk assessment can analyse measures or adjustm