IBEC

Employee Absenteeism

A Guide to Managing Absence

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Report Author: Anne Coughlan
Senior Research Executive
IBEC Research andInformation Service

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Introduction

Absence control can often be an important step in the process of reducing business costs. Because of competitive pressures, companies can no longer afford to carry unnecessary absence that they may have tolerated in the past. Therefore, many companies are focusing on the issue of eliminating, or at least reducing, unnecessary levels of absence.

Absence affects more than just the person who is absent. The absent employees themselves and their dependants may have a reduced income as a result of absence, besides incurring possible additional medical expenses. Employers are affected by direct costs such as sick pay, overtime and staff replacement costs, plus the indirect costs associated with the effects of absence on, for example, production and quality, management time and the potential loss of customers. The co-workers of an absent employee may have to work under increased pressure, in order to meet deadlines. From an economic point of view, there is the loss of potential out-put, plus the increased government spend on social security payments. For example, the cost to the State of disability benefit (i.e. a payment made to insured persons who are unfit for work due to illness) in 2002 was €385.4[1] million. Invalidity pension (payable instead of disability benefit if a person has been incapable of work for at least 12 months) cost the State €403.6 million in 2002.

But absence control is not just about cost. When absence is not addressed or addressed in an inconsistent manner, lower morale can result. Employees can feel they have been treated unfairly when they perceive other absent employees as 'getting away with it'. Absence can also be a symptom of a more serious underlying problem, such as bullying and/or harassment, communication breakdown, stress, etc., which could, if not investigated, lead to significant costs to the organisation, as well as causing long-term damage to the employee. Employees, them-selves, also may have personal circumstances that require them to take time off work. A recent IBEC survey[2] showed that personal problems were cited as a cause of absence in a significant number of companies, for both males and females.

A certain level of absence is to be expected, as employees may have to be absent from work as a result of illness. In the majority of cases, employees are acting responsibly by staying at home to recover, instead of coming to work and either passing on their illness to other staff, or return-ing to work too early and getting a more severe illness. Employers, however, have the right to expect responsible absence behaviour when a healthy working environment is provided. Over half of the companies in the IBEC survey thought that it would be possible to reduce their absence rates.

The notion of what constitutes absenteeism has changed through the years as employees statutory leave entitlements and authorised company-level leave have increased. In 1980[3] the Federated Union of Employers (FUE) defined absenteeism as 'all absence from work other than planned holidays'. Nowadays, apart from sickness, employees can be absent from work for any

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1 'Statistical Information on Social Welfare Services 2002' Department of Social and Family Affairs - Government Publications
2 'Workplace Absence Survey - 2004' Irish Business and Employers Confederation (IBEC)
3 Federated Union of Employers 'Absenteeism Control: A Practical Handbook for Management Action' 1980

one of a number of reasons, either under statutory leave entitlement (such as – annual leave, maternity or adoptive leave, parental leave, force majeure and carer's leave), or under arrangements agreed at an individual company level (such as compassionate or bereavement leave, study and/or exam leave, marriage leave, training, etc.).

Historically, there has also been a shift away from viewing the term absenteeism solely as a pejorative term, to also identifying and addressing the underlying causes or conditions. In the past the term has been associated mainly with the notion of 'malingering' or 'pretending' to be sick (for example Moore[4] in 1977 defined absenteeism as 'the practice of workers failing to report for work on some slight excuse or none at all').

Concern about absence can be triggered by high levels of absence, the necessity to find ways of reducing costs, in addition to needing to find an 'acceptable' level of absence. Many organisations appear to accept a certain level of absence i.e. where a proportion of their employees are away on any particular day. The recent IBEC study found that over half of the respondents did not consider they had a problem with absence. However, more than four out of ten companies in the survey considered their absence levels to be a cause for concern. As only a portion of absence days are subject to organisation control – it is important to determine what portion of employee absence is avoidable.

This report contains data from the IBEC 'Workplace Absence Survey 2004,' which was based on responses received from 557 private sector companies employing 147,000 employees.

This guide sets out to provide information and assistance in relation to absence management and is divided into a number of sections as follows:

◆ Measuring absence – how it is calculated – is there more than one method?

◆ Recording absence – why and how should this be done?

◆ Cost of absence – what should be included?

◆ Causes of absence – what are the causes – are there differences for different groups of employees?

◆ Absence management strategies – what are companies doing about short and long-term absence?

◆ Disciplinary procedures – what are the steps?

◆ Case studies – how do different companies deal with absence?

◆ Absence and the law – what do I need to know?

◆ An international perspective on absence – how are other countries faring with absence?

IBEC member companies are requested to contact the IBEC Research and Information Service or their IR/HR executive for further information on any of the issues covered in this report.

'For every 1% drop in absence rates, the company makes a saving of €250,000 on sick pay and overtime alone.'

(Electronics company, in South-East region employing 500+ staff)

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4 Moore, E. (1977) 'Industrial Relations and the Social Order', p504 in Blennerhassett, E and Gorman, P (1986) 'Absenteeism in the Public Service – Information Systems and Control Strategies' Dublin: IPA