

# Frettens HR Forum 2008

## Short Term Absence



### The Problem

Persistent short-term absence is probably the most disruptive type of absence in the workplace. It can account for as much as 85% to 96% of overall workforce absence and represent anything from 60% to 80% of total workdays lost. It poses a greater disruption to the smooth running of the business than long-term absence as you cannot plan for it and often need to arrange cover etc. at short notice.

Minor illness such as colds, flu and stomach bugs are the biggest cause of short-term absence, followed by back pain for manual workers and stress for non-manual workers. Home and family responsibilities have also grown in significance as a cause of absence in recent years.

### The Cost

Poor employee attendance and timekeeping problems can cost your organisation money and it comes straight off your profits. The average cost to businesses of employee absence in 2007 is estimated at £659 per employee per year.

Estimating the costs of sickness absence is a complicated process; it involves looking not only at the direct costs of absence (such as sick pay and loss of output) but also at some of the indirect costs such as organising replacement staff, loss of morale and the cost of managing sickness absence.

Short term absences place additional stresses on work colleagues who may often be expected to bridge the gap at short notice. The staff in work often get tired of having to cover for their colleagues who are absent or late into work and having to absorb the pressure absence creates. Eventually this frustration can boil over into employee relations issues or, worse still, staff turnover, increasing your costs still further.

Even these costs pale into insignificance compared to the cost of losing a customer if they do not get their order on time and cancel or go elsewhere next time. The business implications of absence from work cannot be over-estimated.

### “Sickies”

The majority of short-term absences are genuine but employers believe that up to 16% are suspect and involve staff “pulling a sickie”. If that is correct, it means that 21 million days were lost in 2006 at a cost to the economy of £1.6bn. When asked to cite the reasons behind fake illness claims, 70% of employers felt staff are inclined to create unauthorised long weekends by taking Mondays or Fridays off sick, while 68% said there is a link between sickies and holidays and 39% said absence is linked to special events, such as major sporting tournaments.

### The Solution

Although the current average level of absence is 7 days per employee per year, there is a large difference between levels of absence within different organisations. The best performing organisations lost only 2.7 days per employee while the worst lost 12. So what are these better performing organisations doing in order to reduce their levels of sickness absence?

Some degree of short term absence is inevitable, but there is a lot that employers can do to manage it.

#### 1. Ensure absence management is a key priority within your organisation

Attendance management shouldn't be seen as just the concern of the company's HR Department. It is a fundamental management issue and one that every level of management in an organisation needs to take very seriously.

Taking responsibility for absence management at a high level within your organisation can really have a positive effect in reducing absence levels. A survey by the CBI has actually shown that absence rates are lower in organisations which involve senior management in the absence management process.

An ongoing challenge for organisations seeking to manage absence effectively is how to ensure that the issue remains a priority for senior managers and line managers under pressure to achieve a range of business objectives. Unless effective absence management becomes a key management objective and unless this is linked to how managers' performance is reviewed, it's unlikely that managing absence will be given the attention that it requires. It may therefore be worthwhile including absence levels within a manager's team as part of their performance development review.

Ensuring that line managers take primary responsibility for managing absence can be a very effective means of managing short-term absence. Organisations need to equip and support line managers better so they can manage sickness absence effectively and not make feeble excuses just because their employees have got themselves a sick note. Evidence shows that line managers are generally less successful in managing absence than HR or senior managers. Training for managers in how they should deal with absence is therefore essential.

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## 2. Put in place an absence policy

All employers should put a clear absence policy in place, setting out the procedures that employees should follow when they are absent from work due to sickness and the consequences if they fail to follow these procedures.

The absence policy should recognise that the management of short and long-term absence require different approaches and separate procedures. Short term absence is generally defined as less than 4 weeks and long-term absence is anything in excess of this.

The policy should:

1. make it clear who an employee should contact and by what time on their first day of absence;
2. detail how notification will be made e.g. by telephone. Is a text message acceptable?
3. put an obligation on the employee to provide precise details as to why they are absent – statements such as that they are “sick” or “unwell” are unacceptable;
4. require the employee to keep the company regularly informed e.g. they should phone in every day unless they have been provided with a sick note for a longer period;
5. state when employees are required to provide a medical certificate;
6. make it clear that employees must keep the company informed regarding the progress of their illness and its likely duration;
7. include a contractual right to require the employee to see an independent doctor or occupational health specialist;
8. include a warning that failure to comply with the notification requirements may result in a loss of sick pay;
9. make it clear that return to work interviews will be held (see below).

## 3. Carry out return to work interviews

Research indicates that the single most effective action that employers can take to reduce absence levels is to consistently conduct return to work interviews for all staff who have been absent, whatever the cause and however long or short the period of absence.

Return to work interviews should normally be conducted by the employee’s immediate line manager. A meeting should be held with employees on the day they return to work after every period of absence, without exception. The purpose is to welcome the individual back, check they have recovered, review their absence record and provide the opportunity to discuss any underlying problems contributing to the absence. Ideally, managers should be appropriately trained in how to conduct these interviews to help ensure high levels of fairness and consistency.

A suggested basic structure of a return to work interview is as follows:

- Line manager preparation: collect information about whether the employee complied with the sickness notification procedures; obtain details of previous absence patterns etc;
- Welcome: set an informal and non-confrontational tone to the interview. Communicate the purpose of the discussion;
- Review of the absence period: discuss the employee’s current health, whether and when medical advice was sought, brief the employee on how their work was covered during their absence (both to emphasise the consequences of their absence and to enable them to take over their work again), probe for any underlying causes of absence;
- Reminder of previous absence record: demonstrate that data is held and regularly monitored to impress upon the employee that attendance is under scrutiny, particularly where absence is causing concern;
- Action and timescales: where action is needed, it is important that there is agreement on this between line manager and employee, clarity over responsibility for these actions, agreement on when they are to be reviewed and clarity on the consequences if they do or do not result in an improvement in attendance. Such actions should be recorded.

## 4. Monitoring and trigger points

Monitoring absence enables employers to build up an understanding of the causes and characteristics of absence. Active monitoring demonstrates to employees that the issue is taken seriously and is recognised as a powerful tool in managing absence. As part of the monitoring process, sickness absence information should be provided to line managers on a regular basis so that they are aware of employees’ absence levels and can then deal with this. There are a variety of different measures available to monitor absence levels but one of the most well-known and popular is the Bradford Factor. This measures an individual’s attendance by combining absence frequency and duration:

$$\text{Bradford Factor} = S \times S \times D$$

(S = number of spells of absence and D = total number of days)

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The Bradford Factor gives particular emphasis to frequent short absences and recognises that the disruption caused by this type of absence is greater than that caused by occasional long-term absences. For example, the Bradford score for five individual days' absence is 125 (5x5x5) compared with 5 (1x1x5) for one absence of five days.

The Bradford Factor is essentially an analysis tool and should not be used as a rigid trigger point for managerial intervention. The most appropriate use for it is in combination with other measures to look at the overall absence patterns of certain employees.

Businesses should ensure that systems are in place so that the relevant manager is notified once a particular trigger point is reached. Once this occurs, the first step will normally be for the manager to review the statistical and other data relating to the absence patterns. Key questions might include:

- Is there any discernible pattern to the absence, for example recurrent absences on Mondays or Fridays?
- What proportion of the absence is certificated or uncertificated?
- What reasons have been given for previous absence? Are the causes varied or does there appear to be a linkage between the various absences?
- What information has been gathered from previous return to work interviews?
- What anecdotal or other evidence might be available about possible underlying causes of absence?

It is important that the manager doesn't jump to conclusions simply on the basis of this data, particularly given that anecdotal or similar information may be highly unreliable. However, this kind of analysis will help the manager identify potential issues to explore with the employee during an absence review meeting.

The absence review meeting should be longer and more wide-ranging than a standard return to work interview and shouldn't at this stage be presented or perceived as part of the disciplinary process. The purpose and style of such a meeting should be positive and constructive. The employee should be helped and encouraged to understand that their absence levels present a problem to the organisation, and the discussion should then explore the reasons for the absence with the aim of identifying practical steps that might be taken to reduce absence levels in future. A note should be kept of all such meetings.

If an absence review meeting does not produce the desired results, it may then be appropriate to commence disciplinary action against the employee.

## 5. Disciplinary action

Where the above measures fail to lead to a sustained improvement in an employee's attendance, employers should consider whether disciplinary action is appropriate in the circumstances. As with all disciplinary action, employers must ensure that their disciplinary procedure is followed at all times. Absence from the workplace can rarely amount to gross misconduct, therefore employees must be issued with warnings regarding their absence level before dismissal can be considered. Such warnings should make it clear that if the absence record does not improve within a particular timeframe, further disciplinary action may follow.

Warnings may seem inappropriate in cases of absence caused by genuine illness. If formal disciplinary proceedings are commenced against an employee in these circumstances, they must be treated with sympathy, understanding and compassion. The purpose of the warnings system in this situation is to ensure the employee is aware that a stage has been reached where, with the best will in the world, their continued employment may become impossible unless the employee's attendance record improves.

If an employee has been issued with warnings in accordance with the employer's disciplinary procedure and their attendance does not improve sufficiently, there may come a time when the employer contemplates dismissal. In this situation, the employers must be clear about the grounds on which they are dismissing an employee. To defend a claim of unfair dismissal an employer must firstly be able to show that the reason for dismissal is one of the potentially fair reasons, namely capability, conduct, redundancy, retirement or illegality. Alternatively, the reason must fall within the residual category of "some other substantial reason of a kind such as to justify the dismissal of an employee".

Either "conduct" or "capability" is generally given as the reason for dismissal in absence cases. However, both have caused problems when applied to cases of dismissal for persistent short-term absences because such absences do not fit easily into either category. Dismissal as a result of absences caused by genuine sickness or disability has generally been treated as falling under capability. Where there are unauthorised absences, the reason for dismissal is generally conduct. Alternatively, an absence dismissal can be for "some other substantial reason" where it does not fit neatly into either conduct or capability.

Although the correct procedures must be followed and warnings must be given to employees with more than one year's service, new employees with a poor attendance record can be dismissed more easily. Where an employee has less than a year's service, the employer may take the decision to terminate the employee's employment before they gain unfair dismissal rights. Provided there are no potential discrimination issues, an employer should be reasonably safe in dismissing an employee in their first year of service due to absence issues, without first issuing warnings or following the normal procedures.

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## 6. Restricting sick pay

This is rated highly by employers as a valuable tool to discourage short-term absence. The reasoning behind it is that employees are less likely to take the odd day off sick if they know that they will not get paid for this.

Employers can choose to offer nothing more than statutory sick pay (SSP) to absent employees. Employees must be absent for three “waiting days” before their entitlement to SSP commences, meaning that they will not receive any payment at all in respect of absences of 3 days or less.

Some employers, such as Tesco, have removed employees’ contractual sick pay entitlement (over and above SSP) for the first two or three days of sickness. There is no published research evidence regarding the efficacy of this, but some initial research in the public sector suggests that staff in this situation will take more than 3 days off work to “justify” their sickness, resulting in higher absence levels.

Employers offering contractual sick pay may choose to insert an element of discretion into the payments made. For example, employers could provide that payment of contractual sick pay (at an employee’s normal salary) will only be made for up to 5 days’ absence in any 12 month period and thereafter, payment will be made at the employer’s discretion. The employer will be under no obligation to pay anything other than SSP to employees who have already exhausted their 5-day entitlement, but can choose to continue paying contractual sick pay in respect of genuine absences.

The only risk that employers need to be aware of here is of potential discrimination claims regarding the way that the discretion is exercised. For example, if an employee has frequent absences caused by a disability and the employee is not paid in respect of those absences, they could argue that the employer’s discretion is being exercised in a discriminatory manner.

## 7. Is absence a symptom of a wider organisational problem?

Persistently high absence rates within a business may suggest that there is a problem within the organisation itself. The employees may be expressing a degree of general unhappiness with the working environment. Factors which can drive up high levels of absence include employment insecurity, monotonous and repetitive work, a lack of autonomy or procedural injustices in the workplace. Conversely, high levels of job involvement, job satisfaction and organisational commitment all show correlations with lower absenteeism.

It is important to understand how employees perceive the organisation and their own working environment. By engaging in open and honest dialogue with employees and listening to their feedback, employers and managers can minimise employees’ frustrations and directly improve both productivity and morale in the workplace.

This has been shown to be effective in motivating staff and showing that they get some level of recognition for their attendance record. Financial incentives however are not recommended. Such systems penalise those who are genuinely ill through no fault of their own and can encourage staff to come into work when they are not fit to do so, raising health & safety issues and the possibility that they will infect other staff.

Offering flexible working to staff, such as reducing their hours, introducing flexible start and finish times, job-sharing, term-time contracts etc. all enable employees to manage their work life balance more effectively and reduce levels of absence. In addition, employers should consider offering more sensitive arrangements for special and compassionate leave so that parents and carers are not compelled to take sick days to meet their domestic responsibilities. One study has shown clearly the impact that flexible working can have on absence. Over a six-year period, a flexible working programme was introduced to one group of workers in a public utility company but not in another. The study showed that absence fell among employees by 2.5% during the time flexible working was available to them, but this returned to the previous high rate when the trial finished. In the control group, no significant reduction to absence rates occurred.

## Conclusion

There are many different ways in which an organisation can tackle short-term sickness absence and it is likely a combination of some or all of the above approaches will be appropriate within your organisation.

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