

ABSENTEEISM IS PROVING A COSTLY BUSINESS

Prevention is better than cure for cash-strapped employers who can ill-afford the cost of absenteeism. And according to new figures released by IBEC, absenteeism is costing businesses in Ireland a staggering €1.5 billion or €818 per employee each year. Report by Elaine Healy.



Minor illness is the main cause of short-term absence cited for both males and females.

The recession has amplified the impact of absenteeism on employers without the money or resources to cover for staff out on sick leave.

Figures released by employers' organisation, IBEC in August showed that a total of 11 million days are lost to absenteeism every year, costing businesses in Ireland a massive €1.5 billion, or €818 per employee.

While the report showed a drop in absenteeism rates since 2004, when IBEC carried out its last comprehensive survey, the organisation noted that there was "significant scope to further reduce the rate".

"The recession appears to have led to a reduced level of absenteeism. However, it

remains a serious social and economic issue," said Brendan Butler, IBEC's director of policy. "Besides its obvious impact on particular workplaces, absence affects the wider economy through loss of potential output and the increased spend on social security."

QUANTIFYING THE COSTS

The cost of absenteeism can be difficult to quantify. Organisations with sick pay schemes can pay a hefty price for high rates of absenteeism.

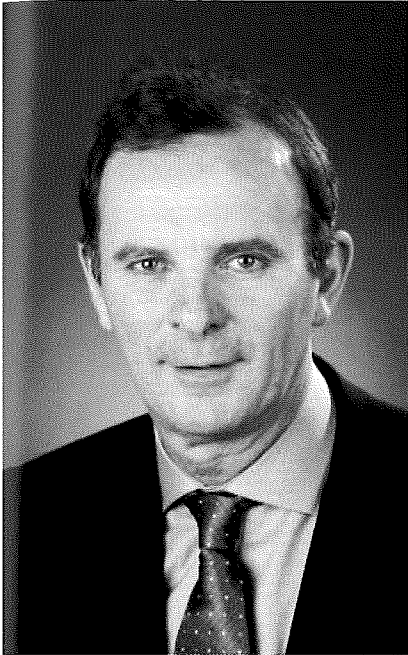
Direct costs for all employers can include paying for replacements and charges for medical referrals, but indirect costs are often harder to judge.

As Brendan Butler puts it; "Problem absence is a significant direct cost to employers, as well as creating additional costs that are more difficult to quantify, such as the cost of reduced quality of output, increased pressure on colleagues and increased administration time in replacing absent employees."

STRESS IS COMMON CAUSE

Along with back problems, stress is reportedly the most common cause of staff absences in Irish workplaces today. The recession – and the financial and personal pressures it has brought for many – serves only to add to anxiety levels.

Meanwhile, at work staff are facing heavier workloads, following job cuts among colleagues,



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and fewer perks resulting from the shortfall in resources to reward hard work.

Staff under stress can pose significant threats to companies' morale and productivity. It is important to remember that stress poses serious legal risks too. Stressed staff may decide to take legal action against their employer for negligence or constructive dismissal.

So, when drawing up health and safety statements, it is important to provide for stress in risk assessment procedures. Organisations should also ensure that their employers' liability insurance is up-to-date, protecting them against any compensation awards that may arise in this area.

EMPLOYERS' DUTY OF CARE

Be aware that employers have a duty of care to their employees and to satisfy their obligations in this area, they should:

- * Introduce a specific policy on workplace stress;
- * Educate employees on stress management;
- * Look out for the early warning signs of stress.

Deirdre Cronnelly, founder of Dublin-based consultancy, Afresh, believes that the benefits of creating a less stressful environment for staff go far beyond the legal realm.

She advises a proactive -- rather than a reactive -- approach to tackling the issue head-on. "As a first step, this would entail carrying out employee surveys to monitor the pulse of the organisation," said Cronnelly.

"The second step would be to act on the findings on the survey, because the findings will reflect what line managers are seeing on

EMPLOYEES ARE ABSENT FOR SIX DAYS ON AVERAGE

For its report, 'Employee Absenteeism - A Guide to Managing Absence', IBEC questioned 635 companies with more than 110,000 employees, in sectors such as manufacturing, wholesale distribution, software, contact centres, financial services and retail sectors.

The research, which was conducted last year, is based on full-year data on absenteeism trends in each company in the year prior and found the following:

- Employees missed 5.98 days on average -- an absence rate of 2.58 per cent, compared to 3.38 per cent in the last comprehensive survey in 2004;
- Absence levels were higher in large organisations at 3.58 per cent for companies employing over 500 employees versus 2.17 per cent for companies with less than 50 employees;
- The main cause of short-term absence cited for both males and females is minor illness;
- Four per cent of companies cited alcohol and alcohol-related illness as being a leading cause of short-term absence for males; the corresponding for females was lower at one per cent;
- Call centres recorded the highest absence rate (at 3.67 per cent), software companies had the lowest rate at just 1.56 per cent.



the ground. Thirdly, you would put in place interventions as soon as possible, giving staff the tools to be more resilient from a physical, mental and emotional perspective."

CONTROLLED RESPONSE

While the wider economic factors adding to people's stress-levels may be beyond our control, Cronnelly maintains we have full control of how we react to this stress -- and this is where employer-led programmes come in.

"Employees cannot control what happens around them. They can only control how they

react to things. If they want to be in a frame of mind to react positively to stressors, they need to be well -- mentally, physically and emotionally," she said.

"Any programme an employee puts in place should give employees the tools for all three areas. On the physical side, you could run a workshop during which employees are asked what they are, or are not, doing with their body.

"You could give them the information and tools they need to get out and get active, for example. Another approach might be to look at what they are putting in their body; how much



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caffeine are they drinking and do they know about the effect this can have on adrenaline and cortisol levels?" said Cronnelly.

Sleeping patterns are important indicator of stress levels, she added. "You could look at giving staff the tools and information they need to get a good night's sleep. This might involve becoming aware of the culprits or causes of stress -- what is it that is disrupting their sleep or causing palpitations? Is the problem down to work, family or finances?"

Once the causes of stress had been identified, Cronnelly said employers could then use programmes to advise employees on useful relaxation exercises and the tools they could use to manage conflict and negative situations in a positive way.

REDUCING ABSENTEEISM

Some 27 per cent of respondents to the IBEC survey said it would be possible for them to reduce rates of staff absenteeism in their organisation. "While not all absence can be eliminated, there is significant room for improvement," Brendan Butler said.

"Pro-active measures by employers such as holding return to work interviews and putting in place employee health and well-being supports can help reduce absence."

The first step in addressing absenteeism is often to put in place a policy, which is circulated to all staff. This policy should outline the proper procedures for tackling staff absences in a

more likely to hear organisations talking about absenteeism levels of four to five per cent. However, one of the structured approaches to tackling absenteeism is to look at whether or not there are patterns.

"The idea would be, for example, to look at whether or not someone is taking the same Monday in a month off repeatedly, or they are systematically absent after a particular event or type of event.

"There may be patterns and modern HR record systems will show up these patterns. To yield results, you must then follow up on the findings. In terms of how you approach and deal with the staff member in question, consistency and equity are really important."

He advised putting a policy in place on how to deal with absenteeism and stick to it. "It is important to have standard approaches for dealing with a range of issues, not just absenteeism, which involve informal discussions, progressing to more formalised discussions if needed."

consistent, fair and equitable manner.

"Absenteeism can be expressed as a percentage of days worked," said Frank O'Reilly, principal partner with IPC Consulting. Based in Ballsbridge, Dublin, his company delivers a range of HR and business consulting across both the public and private sectors.

"In the past, you might have heard of 10 to 15 per cent.

Now, you are

WORKPLACE CULTURE

O'Reilly said combating stress in the workplace often came down to the culture of an organisation -- the day-to-day 'tone' that is usually dictated from the top down. "Companies need to be quite strong to ensure that they create a nice place to work, instead of one in which you have a lot of interpersonal conflict," he said.

"If you have bad management practices in place, for example, you can have situations where someone is being given responsibility without authority or the means to deliver on that responsibility.

"In that scenario, you are straight into a high-stress situation, because they are dependent on others to deliver without back-up from their manager." Flexibility and an open mind can play an equally important role in keeping staff happy and productive -- and combating stress-related absenteeism.

"You can introduce situations where there is some flexibility, helping employees to feel more self-directed and in control of their own time," said O'Reilly.

"In other words, ask yourself 'does everyone have to be in the office from 9am to 5pm every weekday from Monday to Friday, or is there every scope for flexibility? By giving people a say in their working life, you can reduce stress."



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