

## **Gaining Control: *Effective Absence Management in the Workplace***

### ***-Reduce Costs and Ease Compliance by Improving Attendance and Leave Policies-***

Each year, employee absenteeism drains millions of dollars from organizations across the United States, and each year the issue is viewed in both the private and public business sectors as a costly detractor from work productivity and management practices. Though Human Resources departments are expected to implement and seek out new strategic business plans that benefit employers, in most organizations, effective absence management plans often go unaddressed. With nearly one in three employers identifying unscheduled absenteeism as a “serious problem,” according to the 2006 CCH Unscheduled Absence Survey, and 92 percent of those surveyed believing the problem may stay the same or worsen over time, it is imperative that HR professionals view the gaining control of employee absenteeism as a significant and strategic contribution to their organization.

Through effective absence management, HR can determine the overall financial impact employee absences have on the organization and take steps to reduce it, while also improving compliance with regulations, increasing productivity and boosting morale. Considering that a mere one percent reduction in the rate of absenteeism costs can save millions of dollars, gaining control of employee absences can have a dramatic impact on the bottom line.

### **Failure to Comply is Costly**

Since its inception in 1993, the Family and Medical Leave Act (FMLA) has had a major impact on corporate leave practices. Federal law requires most employers to administer FMLA in conjunction with other leave benefits authorized by state laws and corporate policies. Failure to comply has already resulted in thousands of complaints costing organizations millions in damages.

One reason organizations fail to comply is due to the complexity and increasing number of state and federal regulations. Organizations not only pay for failing to comply, they often incur costs from granting leave requests that aren't valid. According to a 2003 survey by the Society of Human Resource Management (SHRM), 52 percent of respondents stated they have granted FMLA (the Family and Medical Leave Act) requests that were not legitimate due to misinterpretation of the regulations. To ensure correct interpretation and compliance with these

changing regulations, effective absence management requires the counsel of highly skilled professionals.

## **Types of Employee Absence**

Employee leaves of absence comprise many different types of leave, including short- and long-term disability, workers' compensation, family and medical leave and military leave, to name a few. Adding even more complexity are the ways in which leave can occur, such as one at a time or multiple leaves happening consecutively, concurrently, or intermittently.

According to the 2006 CCH Survey, only 35 percent of unscheduled absences are attributed to personal illness, while 65 percent of absences are due to other reasons, including family issues (24 percent), personal needs (18 percent), stress (12 percent ) and entitlement mentality (11 percent). Since a range of factors can influence the level of absenteeism within an organization, a rigorous look at absence trends provides the insight to uncover patterns, such as days of the week where absence rates are elevated, certain departments that experience unusual rates of absenteeism or other issues that contribute to a reduction in workforce productivity.

## **Administration Inhibits Strategic Contribution**

The administrative burden that accompanies tracking employee absences is a challenge for organizations of all sizes. Conquering absence issues requires data that lends the ability to conduct an analysis of absence trends and patterns, yet there isn't a single individual in many organizations accountable for, handling or reporting on the various aspects of employee leave. This leads to the data not being housed in a single location or system, and this proposes a huge impediment to gaining an enterprise-wide view of employee leaves of absence.

Additionally, employers need to ensure leave policies are consistent, comprehensive and communicated effectively across the entire organization. By employing a standardized method, HR professionals and employers are ensured that the logging, tracking and reporting of absences meet compliance requirements.

## **Gaining Insight into Employee Absences**

HR professionals must establish processes that move toward standardization and automation to speed the delivery of data and take a strategic approach. Once this is done, organizations might discover certain days and times of the year where levels of employee absence are elevated. For example, analytics may reveal that a large portion of the workforce is calling out on a day that directly follows a holiday. This information enables the corporation to develop a

policy that prepares for accelerated absence, such as making the day an optional holiday or encouraging employees to request leave ahead of time. If trend data indicates employees are taking a particular day, allotting time off may also be viewed as a favorable reward, and ultimately act as a productivity enhancer.

Better control of and insight into absence data may also reveal management or personnel issues. Management issues that negatively affect employee morale can be correlated to an increase in employee absence. If a worker calls out due to a managerial problem, the associated direct costs include procurement of a temporary worker as well as payment of wages for both the full-time and temporary employees. Indirect costs range from a decline in productivity and/or sales, quality and customer service to an increase in lost business, missed deadlines and employee turnover. Armed with data that indicates where spikes in absences occur, such as in a particular department or region, HR is able to take a strategic look at the causes and motivators behind the absenteeism and implement appropriate solutions. For instance, correcting a personnel issue can improve employee attendance, heighten morale, reduce costs and boost overall performance.

### **Automation Reduces Administrative Burden**

Turning to an automated solution that delivers determination of eligibility and leave tracking is a best practice for many employers. Leading solutions provide the ability to centralize all of an organization's absence data in one location, enabling HR to compare and contrast absence data across all business units and geographies to discover trends that otherwise might have been overlooked.

An automated solution also provides more visibility into the workforce, freeing HR to strategically and proactively contribute to overall business success. By getting to the root of absence problems, HR is immediately able to deliver strategic value to the organization through the development of policies and programs that improve employee performance.

Through automated solutions and decision-support tools, HR is able to spend more time managing people and less time managing absence-fueled crises. Better absence management enables HR to fix absence issues, reduce costs and implement more performance-enhancing initiatives meaningful to the employee population. By reducing the amount of time spent administering employee absence, HR gains the ability to improve compliance, drive business performance and make a strategic contribution that is instrumental in reaching organizational goals.

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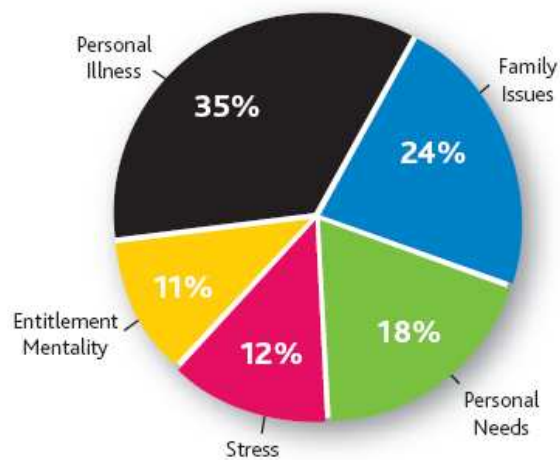
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**Recommended Graphic:**

[http://www.cch.com/Absenteeism2006/Images/Reasons\\_1.pdf](http://www.cch.com/Absenteeism2006/Images/Reasons_1.pdf)

## Reasons for Unscheduled Absences 2006

35% - Personal Illness  
65% - Other



Source: CCH INCORPORATED  
2006 Unscheduled Absence Survey  
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