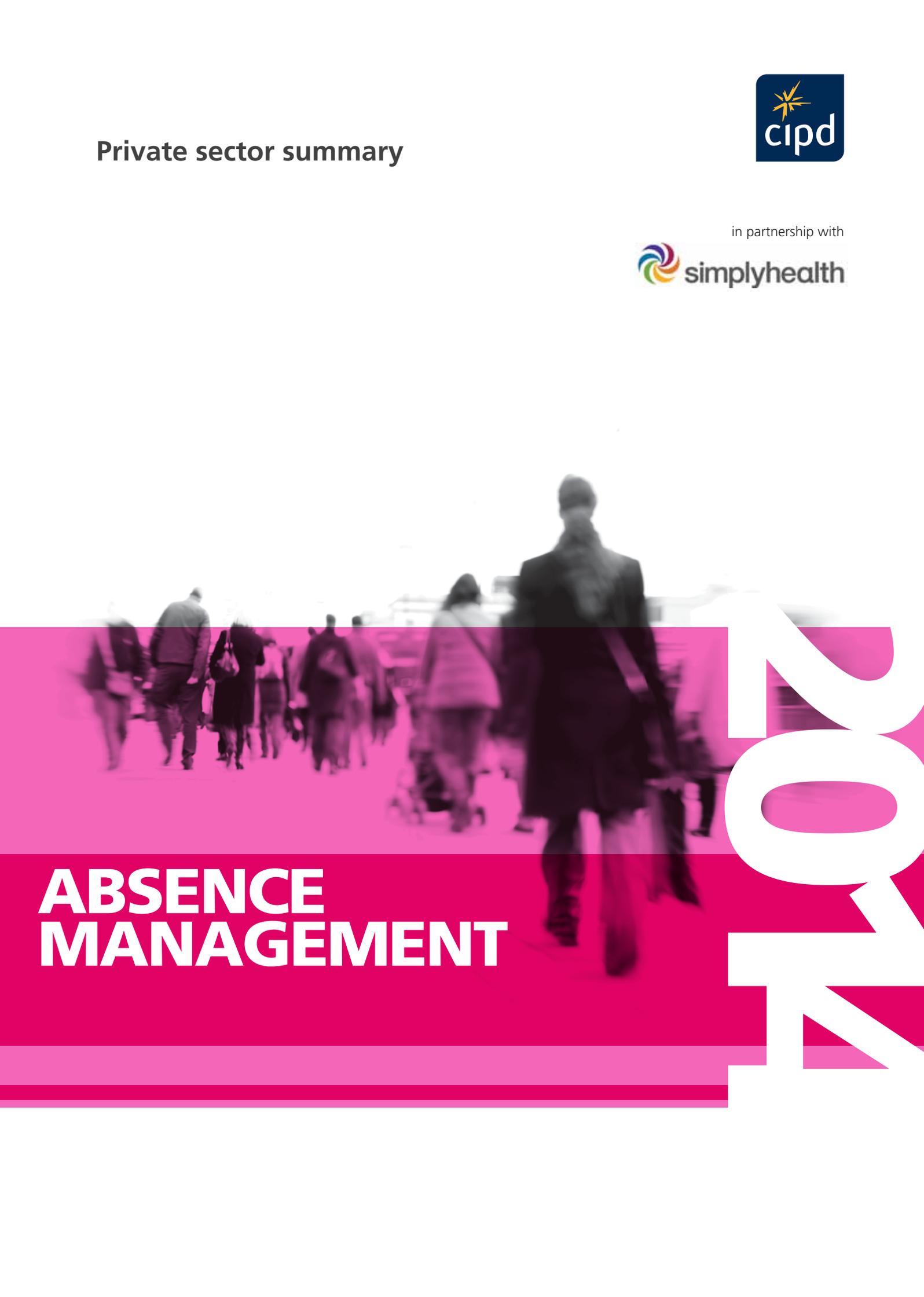


Private sector summary



in partnership with

A blurred, black and white photograph of a crowd of people walking away from the camera on a city street, overlaid with a semi-transparent pink horizontal band.

ABSENCE MANAGEMENT

FOR HR

PRIVATE SECTOR SUMMARY

Overall summary of findings

The findings of the CIPD's 2014 *Absence Management* survey, conducted in partnership with Simplyhealth, show that the average level of employee absence has fallen compared with last year from 7.6 to 6.6 days per employee. Moreover, there is some indication of a fluctuating downward trend over the last few years.

Positive findings suggest that organisations that actively engage in absence management and make changes to improve their approach generally report positive outcomes on absence levels. Our findings also imply that investments in well-being pay off.

There has been an increased focus on developing line manager capability to manage absence, an important finding given that line managers have primary responsibility for short-term absence in two-thirds of organisations as well as long-term absence in half of organisations. Nevertheless, many of those who report line managers have responsibility for absence do not provide them with training and even fewer provide them with tailored support.

Some organisations are clearly more proactive than others in their approach to managing absence and promoting well-being. While the vast majority have an absence management policy, record their employee absence rate, collect information on the causes of absence and provide one or more well-being benefits, fewer have a well-being strategy or targets to reduce absence and the majority do not evaluate the impact of their well-being spend. Just one in seven report attendance is driven by the board.

Seventy per cent of organisations believe it is possible to reduce their absence levels. The main challenges they face, in terms of the most common

causes of absence, include minor illness, acute conditions, musculoskeletal injuries, back pain, stress and mental ill-health.

Just a fifth of organisations plan to access the new government Independent Assessment and Advisory Service (now called the Fit for Work Scheme), slightly fewer than last year, although many remain undecided. It will be important to continue dialogue with employers about the service if its value is to be realised.

Organisations themselves need to ensure that they understand the costs of absence to help galvanise senior management support for addressing absence issues. They need to regularly monitor, review and act on the data they collect regarding the level and causes of absence, to ensure their approach to absence and well-being is relevant to their organisation's specific issues. Demonstrating the impact of current initiatives is a crucial part of that.

Private sector summary

Absence levels have reduced considerably in private sector services but remain static in manufacturing and production.

The average level of absence in private sector services fell by 1.7 days this year compared with last. Trend data shows that it does vary considerably each year, but the overall trend suggests some decline over the last few years. In contrast, the average level of absence in manufacturing and production organisations has shown little change.

Nearly three-quarters of private sector absence is short term (up to seven days), while 14% is attributed to long-term absence of four weeks or more. There are no significant differences between manual and non-manual workers.

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Most believe they could reduce absence levels

Over two-thirds of private sector employers believe they could reduce their employee absence levels and nearly a third have a target in place to do so. Moreover, nearly half of private sector services and 70% of manufacturing and production organisations use absence level as a key performance indicator (KPI). Larger organisations (which tend to have higher levels of absence) are more likely to believe they can reduce their absence levels, have targets in place to do so and use absence level as a KPI.

The average cost of absence has increased

In little change from last year, just 30% of private sector organisations monitor the cost of absence, rising to 45% of organisations with more than 1,000 employees.

On average, the reported cost of absence has increased compared with last year (2014: median cost per employee £520; 2013: £467 per year), although it varies considerably across organisations, partly because they include different costs in their calculations.

Most record the causes of absence

The vast majority (85%) of private sector organisations collect information on the causes of absence. Minor illness is by far the predominant cause of short- and medium-term absence (four weeks or less), followed by musculoskeletal injuries, back pain, home/family responsibilities and stress.

Non-genuine absence remains a common issue

In similar findings to previous years, over a third of the private sector include non-genuine absence among their top five most common causes of short-term absence for manual workers and a quarter for non-manual workers.

A rise in mental-health-related absence

In previous years, manufacturing and production organisations were least likely to include mental ill-health among their main causes of absence. This year's findings show this is no longer the case.

The proportion of manufacturing and production organisations including mental ill-health among their main causes of long-term absence has more than doubled for both manual and non-manual workers (bringing it more in line with, or even exceeding, that in other sectors). There has been a smaller increase in those including it among their main causes of short-term absence.

In addition, two-fifths of private services and production and manufacturing organisations report an increase in mental health problems among employees in the last 12 months.

A third report an increase in stress-related absence

A third of the private sector report stress-related absence has increased over the past year for the workforce as a whole, a fifth for managers and 13% for senior managers. Larger organisations are particularly likely to report that stress-related absence has increased over the past year.

High workloads, non-work relationships/family and management style are most commonly blamed for stress in the private sector. Manufacturing and production organisations are more likely than those in other sectors to attribute workplace stress to non-work factors including relationships/family, personal illness/health issues and financial concerns.

Two-fifths of private sector employers are not addressing stress issues

While a quarter of private sector employers report they have increased their focus on stress management over the past 12 months, two-fifths of those who have identified stress as a top cause of absence are not taking any steps to address it.

Those that are taking action to identify and reduce stress most commonly use staff surveys and risk assessments/stress audits, followed by flexible working options/improved work-life balance, employee assistance programmes and training for line managers. The proportion engaged in the latter has increased considerably this year, particularly among manufacturing and production

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organisations (2014: 58%; 2013: 42%; private sector services: 2014: 44%; 2013: 39%).

In addition, the proportion offering stress management training and training to build personal resilience has also increased, albeit slightly, compared with last year.

Most provide some support to employees with mental health problems

Three-quarters of private sector services and 84% of manufacturing and production organisations report they have one or more initiatives to support employees with mental health problems. Counselling, flexible working options/improved work-life balance and employee assistance programmes are most commonly used, although many organisations are also making efforts to raise awareness of mental health issues. A fifth are increasing awareness across the workforce as a whole, and promoting the value of good-quality conversations about mental health issues between line managers and staff, and one in six provide training for managers to more effectively manage and support staff with mental health problems.

The majority provide support for employees with acute conditions

Acute conditions (for example, stroke, heart attack and cancer) are one of the leading causes of long-term absence. The vast majority of private sector organisations report they use one or more approach to support employees with these conditions, most commonly through changes to working patterns or environment to enable people to stay in or return to work, flexible working arrangements, return-to-work interviews, risk assessments to aid return to work and occupational health involvement.

Approaches to absence management

The most common methods used to manage short-term absence in the private sector are return-to-work interviews, trigger mechanisms to review attendance, disciplinary procedures for unacceptable absence, leave for family

circumstances (such as carer/emergency/dependant/compassionate leave), and giving sickness absence information to line managers.

The most common approaches used to manage long-term absence are return-to-work interviews, risk assessments to aid return to work and occupational health involvement.

The private sector is less likely than public or non-profit organisations to use a range of methods aimed at promoting good health and attendance, including flexible working, stress counselling, occupational health services and health promotion initiatives. In contrast, private sector employers are more likely than those in the public sector or non-profits to offer private medical insurance and alternative health plans and they are also much more likely to restrict sick pay.

Increased focus on developing line manager capability to manage absence

The most common change private sector organisations have made to their approach to absence management, and an increased focus this year, is developing line manager capability to manage absence (2014: 56% of those that made changes; 2013: 33%). This is clearly important given that line managers have primary responsibility for managing short-term absence in three-fifths of private sector organisations and responsibility for managing long-term absence in two-fifths of organisations.

Increased focus on attendance strategies

Another common change to their absence management approach by private sector organisations this year, more than twice as many as last year, is to introduce or revise an attendance strategy (2014: 43% of those that made changes; 2013: 18%).

Two-fifths have a well-being strategy

Two-fifths of private sector organisations have an employee well-being strategy in place, with larger employers we surveyed most likely to have a strategy. Most provide one or more well-being

benefit to all employees, even if they don't have a specific well-being strategy. Half of private sector employers provide access to counselling services or employee assistance programmes. The next most common benefit provided is private medical insurance, although in many organisations this is not offered to all employees but is dependent on grade or seniority.

Many don't evaluate the impact of their well-being spend

Less than a fifth of private sector organisations report they evaluate the impact of their well-being spend (21% don't know). Larger organisations are more likely to do so, although a third of organisations with more than 1,000 employees report they do not do so and a further 30% don't know if they do or not.

The outlook

In previous years we have noted that absence levels tend to increase when unemployment levels fall as employees are less concerned regarding their job security. It is positive, therefore, to note that this year, while the labour market has strengthened, absence levels have decreased considerably in the private services sector and remained stable in manufacturing and production.

Our findings that more private sector organisations are investing in developing line managers' capability to manage absence and to identify and manage stress are promising. Clearly this is essential if absence and well-being is to be managed effectively and consistently across the organisation. It also sends a clear message regarding the significance of employees' well-being.

The increase in mental health issues is however a clear concern, particularly for manufacturing and production organisations. While it is positive to

note the efforts some organisations are making to increase awareness, train managers and support employees with these issues, they will need to ensure the impact of these initiatives are closely monitored and having the desired effect.

Our findings also suggest that more private sector organisations could benefit from the use of flexible working practices, which can help reduce illegitimate absence and that due to home/family responsibilities, both of which contribute significantly to absence costs in the private sector.

Most private sector employers believe they could decrease their absence levels, although organisations vary in how proactive they are in enabling this. While the vast majority have an absence management policy, record their employee absence rate, collect information on the causes of absence and provide one or more well-being benefits, fewer measure the costs of absence, have a well-being strategy or targets to reduce absence and the majority do not evaluate the impact of their well-being spend. Moreover, only a small minority report that attendance is driven by the board.

Understanding the causes and costs of absence, not just in terms of replacing employees or loss of services or sales, but also the impact on the morale, workloads and stress levels of colleagues, can help organisations evaluate the benefits of investing in targeted measures to reduce absence and of proactively investing in well-being. Ongoing reviews and evaluations of initiatives to ensure they are having the desired impact are imperative.

The full findings from the 2014 *Absence Management* survey can be accessed by visiting cipd.co.uk/absencemanagementsurvey



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