

ANNUAL SURVEY REPORT
PRIVATE SECTOR SUMMARY

Absence Management 2015



The CIPD is the professional body for HR and people development. The not-for-profit organisation champions better work and working lives and has been setting the benchmark for excellence in people and organisation development for more than 100 years. It has 140,000 members across the world, provides thought leadership through independent research on the world of work, and offers professional training and accreditation for those working in HR and learning and development.

Overall summary of findings

The findings of the CIPD's 2015 *Absence Management* survey, conducted in partnership with Simplyhealth, show that the average level of employee absence has increased slightly compared with last year, from 6.6 to 6.9 days per employee, although it remains lower than in 2013 (7.6 days). There is, however, considerable variation in absence levels across and within sectors.

Organisations use a combination of methods to manage absence, but a focus on monitoring and deterring absence (return-to-work interviews, trigger mechanisms to review attendance, giving sickness absence information to line managers and disciplinary procedures for unacceptable absence) remains most common. Illegitimate absence remains a common cause of short-term absence; moreover, a greater proportion include it among their top causes of long-term absence compared with previous years.

Many organisations make efforts to accommodate personal/non-work needs and preferences as part of their absence management approach. Just under three-quarters provide leave for family circumstances and nearly two-thirds use flexible working. These practices reduce the conflict between work and family responsibilities and our findings suggest that illegitimate absence is less common where these practices are employed.

Most also provide some form of well-being or health promotion benefit to their employees and this year we have seen a small increase in the proportion introducing or revising well-being benefits. Nevertheless, organisations fall into two camps when it comes to how embedded employee well-being is in their culture and practices. Over two-fifths report long working hours are the norm and that operational demands take precedence over employee well-being considerations. These organisations are more likely to report increases in stress-related absence, mental health problems and 'presenteeism'. In contrast, organisations that achieved their 2014 absence target are significantly more likely to use well-being benefits and health promotion activities than those that don't.

Most organisations are active in their efforts to reduce absence using a range of policies and practices. To have the desired impact these need to be targeted to the requirements of the organisation and the necessary management skills for implementation need to be in place. Our findings also point to the value of moving from a responsive approach to a more holistic and preventative one.

Private sector summary

Small changes in absence levels

Our findings show a small increase in the average level of absence in the private services sector (from 5.5 to 5.8 days per employee) and a small decrease in manufacturing and production (from 6.2 to 5.9 days). Larger organisations tend to have higher levels of absence.

Most believe they can reduce absence levels

Overall, two-thirds of private sector employers believe they could reduce their employee absence levels. Two-fifths of these have a target in place to do so. Just a quarter achieved their 2014 absence target, although a further 47% almost achieved it. Three in ten failed to achieve their target, with larger organisations most likely to fail.

Long-term illegitimate absence is more common

The main causes of absence are similar to previous years. Minor illness remains the predominant cause of short-term absence (four weeks or less). Acute medical conditions, musculoskeletal injuries, back pain, mental ill-health and stress are the most common causes of long-term absence. Stress and mental ill-health are particularly common for non-manual workers and musculoskeletal injuries and back pain more common for manual workers.

This year we have seen a considerable increase in the proportion of private sector organisations ranking non-genuine absence among their top five causes of long-term absence for non-manual workers (18% up from 3% in 2014). It remains a common cause of short-term absence (39%

include it in their top five causes for manual workers and 30% for non-manual workers).

Improving absence practices

Most private sector organisations (84%) collect absence data. Many use the data to improve attendance and well-being. Two-thirds use it to identify 'hotspots' where certain issues are prevalent and take action to address these and 43% to inform their well-being practices. Half use absence data as a key performance indicator. A small minority (8%) don't use the data they collect.

Nearly three-fifths of the private sector report they have made changes to their absence management approach in the last 12 months.

Monitoring and deterring absence is a key focus

Most private sector organisations use a combination of methods to manage absence. Approaches that focus on monitoring and deterring absence (including return-to-work interviews, trigger mechanisms to review attendance, giving sickness absence information to line managers and disciplinary procedures for unacceptable absence) remain most common. Over two-fifths also restrict sick pay.

Leave for family circumstances also remains among the most common methods used to manage short-term absence (68%), while occupational health involvement (59%) and risk assessments to aid return to work (56%) are commonly used for long-term absence.

A smaller proportion manage absence through health promotion (34%) or well-being benefits (32%).

Flexible working associated with reduced illegitimate absence

Overall, three-fifths use flexible working to manage absence. These organisations are significantly less likely to include illegitimate absence among their top five causes of short-term absence.

More proactive organisations hit targets

Organisations that achieved their absence targets are significantly more likely to manage absence through promoting health and well-being than those who did not achieve their targets. They are also significantly more likely to manage absence through flexible working, making changes to working patterns or environment and stress counselling

Lack of senior leadership support

Only a very small minority (4%) of private sector organisations report attendance is driven by the board. Just half report that employee well-being is on senior leaders' agendas, at least to a moderate extent, while a fifth report it is not on their agenda at all.

Line manager capability to manage absence

Line managers have primary responsibility for managing short-term absence in over half of private sector organisations and primary responsibility for long-term absence in just under a third. Over half of the private sector report they have developed line manager capability to manage absence in the last year. Nevertheless, in a third of organisations where line managers take primary responsibility for absence management, managers are not trained in absence-handling and just two-fifths provide them with tailored support. Just over two-

fifths of the private sector assert that line managers are bought into the importance of well-being, at least to a moderate extent.

A third report an increase in stress-related absence

Just over a third of the private sector report stress-related absence has increased over the past year. Larger organisations are particularly likely to report that stress-related absence has increased.

High workloads remain the most common cause of stress, particularly in private services organisations. Non-work relationships/family and management style are also common stressors – the latter particularly in manufacturing and production organisations.

Overall, half of the private sector are taking steps to identify and reduce stress in the workplace. Nevertheless, nearly half of those that included stress in their top five causes of absence are not taking any steps to address it. The most common methods used to identify and reduce stress are staff surveys, flexible working options/improved work-life balance and risk assessments/stress audits. Just over two-fifths provide training for line managers to more effectively identify and manage stress in their teams.

Most provide some support to employees with mental health problems

Over a third of private sector employers claim an increase in reported mental health problems, such as anxiety and depression, among employees in the last 12 months. This was more common in larger organisations. In addition, as with stress, reported mental health problems are associated with long working hours and the extent to which operational demands take precedence over employee well-being.

Just under a quarter provide training to help managers effectively manage and support staff with mental health problems, although this rises to a third of those who have experienced an increase in reported mental health problems. This training most frequently includes spotting early warning signs of possible issues, where to signpost employees to support and how to have a good-quality conversation with staff who are experiencing mental health issues.

Nearly three-quarters of private sector services and two-thirds of manufacturing and production organisations have initiatives to support employees with mental health problems. Flexible working options/improved work-life balance, employee assistance programmes and counselling services are most commonly used. A fifth are making efforts to raise awareness of mental health issues across the workforce as a whole.

Many are not attempting to discourage presenteeism

Nearly three in ten private sector organisations report an increase in people coming to work ill in the last 12 months. 'Presenteeism' is more likely to have increased where long working hours are seen to be the norm and where operational demands take precedence over employee well-being. Those who had noticed an increase in presenteeism are nearly twice as likely to report an increase in stress-related absence and more than twice as likely to report an increase in reported mental health problems. Nearly three-fifths (58%) of those who have noticed an increase in presenteeism have not taken any steps to discourage it.

The private sector are divided in their approach to employee well-being

Most of the private sector provide one or more well-being benefits.

However, they are split in how embedded employee well-being is in their culture and practices. Two-fifths contend that employee well-being is taken into consideration in business decisions. In contrast, nearly half report that operational demands tend to take precedence over well-being considerations and that long working hours are the norm.

A fifth of the private sector have a well-being strategy, plan or programme. A further quarter don't have a formal strategy or plan but have well-being initiatives. Smaller organisations are more likely to report they act flexibly on an ad hoc or individual basis. Overall, one in ten are not currently doing anything to improve employee health and well-being.

Overall, two-fifths of organisations with well-being activities report they focus equally on physical health, mental health and good lifestyle choices. A fifth report they are not designed to promote any of these. Presumably their well-being offerings are part of an overall reward package.

Efforts to improve and target well-being offerings

Three-fifths of organisations with a well-being strategy/plan or initiatives consider the specific needs of employees with childcare responsibilities when designing or making changes to their well-being approach. Half consider the needs of employees with other caring responsibilities. Two-fifths consider the needs of older workers and the same proportion consider younger workers.

Overall, half of the private sector have made changes to their approach to well-being in the past 12 months, although those with a formal strategy/programme were more likely to do so. For most, the changes involved improving

communications to staff about the well-being benefits on offer and how to access them. Very few had slimmed their offering.

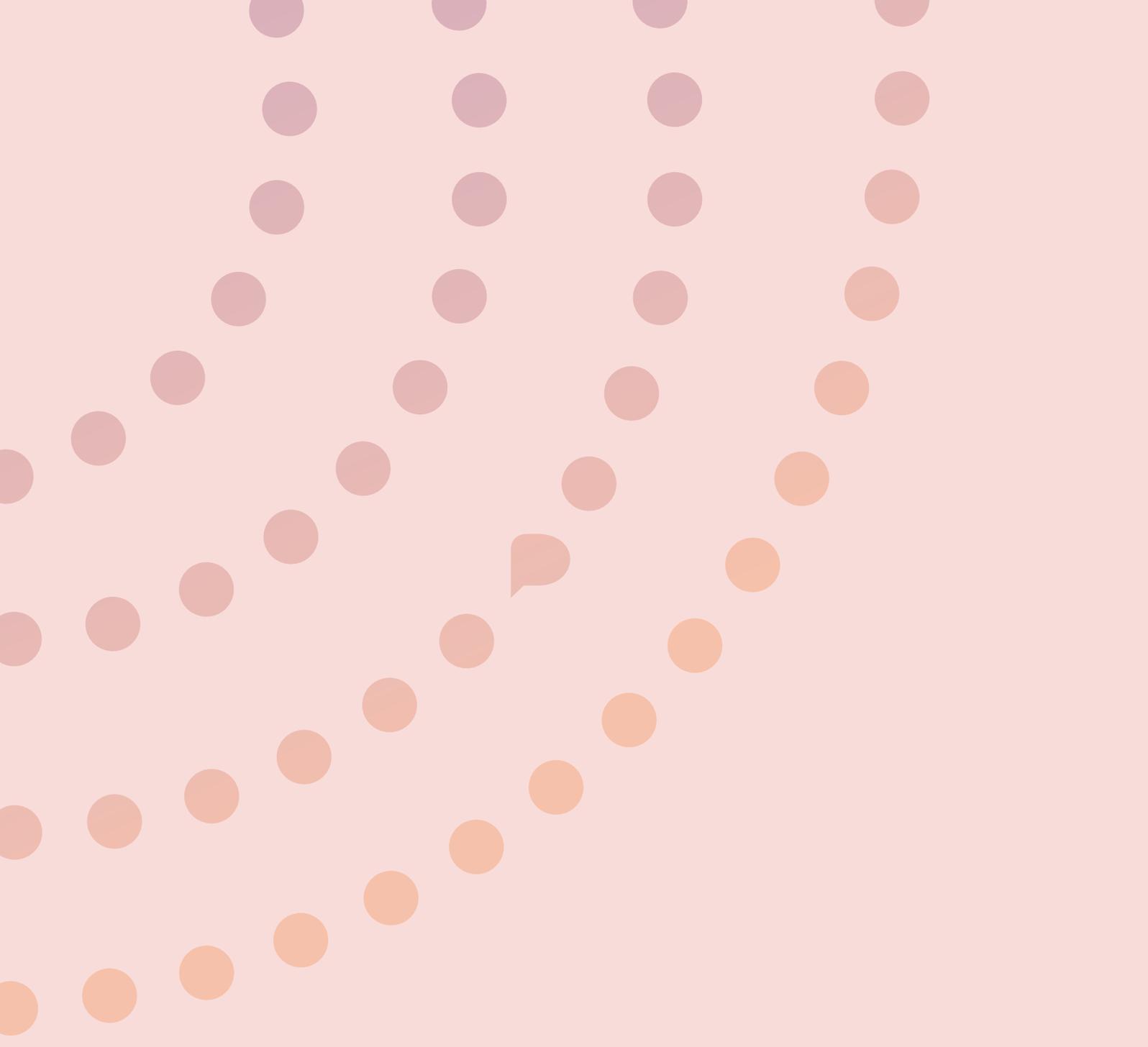
Two-fifths of those that invest in well-being report their well-being spend has increased this year in comparison with the last financial year. Just 4% report it has decreased. Looking forward to 2016, similar changes are anticipated. Just 12% of those who invest in employee well-being evaluate the impact of their spend, most commonly through surveys but also through measuring ROI.

Moving forward

Methods to monitor and deter absence are commonplace in the private sector. Yet illegitimate absence remains a common problem. Organisations need to ensure that their policies are clearly communicated and understood and implemented consistently and effectively. Our findings show that private sector organisations vary in the extent to which senior leaders drive attendance and in how well line managers are trained and supported to manage absence. As a consequence they may lack the confidence, willingness or skills to implement policies and to have good-quality conversations with staff when issues emerge. Training plays a critical role in ensuring managers have the confidence and interpersonal skills required to implement procedures sensitively and fairly as well as provide support through early intervention.

Our findings also suggest that practices that reduce the tension between work and family responsibilities (such as flexible working and providing leave for family circumstances) can help reduce illegitimate and family-related absence. The value of such practices is likely to increase as demographic changes mean an increasing proportion of employees are carers. Many organisations recognise this and consider the needs of employees with caring responsibilities in their well-being approach.

The private sector is also divided in its concern for employee well-being. Our findings suggest that a more proactive approach can make a difference. Creating a healthy culture is perhaps the greatest challenge for organisations. It requires commitment from senior leaders and managers and, for many, a reassessment of priorities as well as considerable changes in culture and how work is organised. Understanding the true costs of absence may provide the impetus for such a change. Currently just a third of private sector organisations monitor absence costs. The benefits, however, are not limited to reduced absence and reduced absence costs, but also improved retention and engagement of employees with consequent gains for performance and productivity.



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