

Chapter 5

Absenteeism: Solving the productivity puzzle

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Advice requests for employee absence have risen by 52% in the past two years.

Taking time off work due to illness is an inevitability of commercial life. However, without a robust policy in place, sickness absence can have a severe impact on any company's long-term performance.

"Replacing skilled staff at short notice is not an enticing prospect."

This is why more small business owners than ever are seeking advice for how best to deal with sickness absence and ensure the productivity of their business. To safeguard against any long-term risk, employers must seek to understand the prevalent types and patterns of absence affecting their workforce, and the wider scope of ways in which they can support their resilience.

Putting employee health and happiness at the centre of workplace culture is not only an important factor in building a resilient and productive workforce, it also makes sound business sense. For SMEs in particular, the direct cost of both short-term and long-term absenteeism is even more apparent because it can greatly affect day-to-day operations.

Replacing skilled staff at short notice is not an enticing prospect for some smaller businesses as the available talent pool may be limited, and may involve a high relative cost of replacement.

We wanted to know whether UK small businesses are actively seeking support on absenteeism and, if so, how many? Our annual data reveals a few interesting trends.

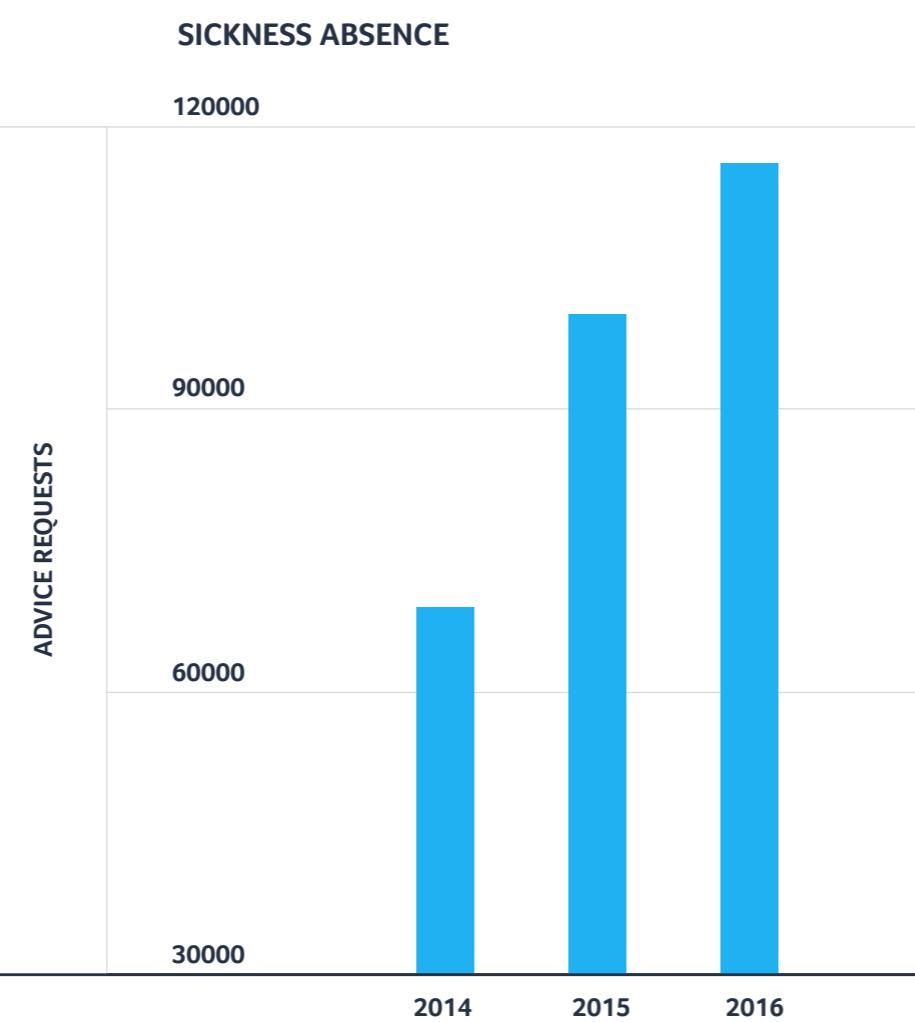
In 2016 we received approximately 42,000 more advice requests relating to sickness absence than in 2014, which confirms that the rate at which small business owners are seeking support on this issue is growing rapidly every year.

Stress and psychological health issues are among the main causes of both short and long-term absence, and we work with an increasing number of SMEs that are taking steps to prevent stress-related illnesses before they begin to have a negative impact on productivity. An essential

part of this is encouraging a better balance between the pressures of work and home life among staff. This would also explain why we've seen a notable uplift in employer queries regarding flexible working options (+120%) and health risk assessments (+93%) within the same timeframe.

52%

increase in advice requests
between 2014 and 2016



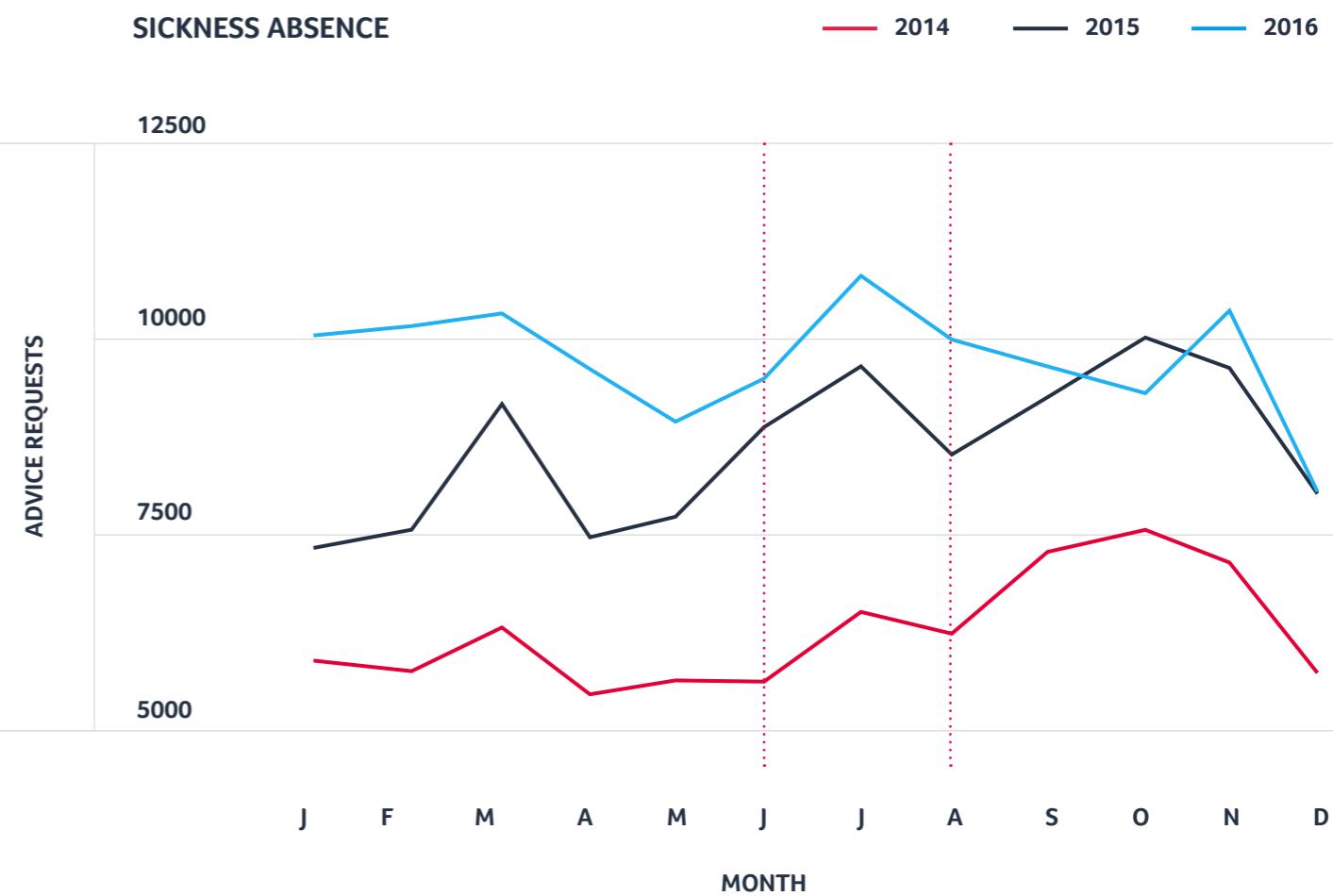
Seasonal insights

It's a common suspicion that high levels of sickness absence tend to be more apparent during particular times of the year. By segmenting our data on absence management for the past three years into individual months, we are able to dig into any specific seasonal trends that emerge.

The line graph below shows a regular upturn in advice requests for sickness absence as businesses reach June and July, followed by a fall in advice requests as we head into August. This trend in summer is far more consistent than any sharp

uplift during the winter months. However, there is generally a high volume of advice requests from September through to November, followed by a considerable drop-off in the build-up to Christmas.

Many SMEs we speak to are intent on mitigating the damaging effect that absence can cause at these peak times, as well as seeking support on implementing an absence policy that is tailored to their business.





Getting absence policy right

The first step for any business is to ensure they have a solid absence management policy in place that all employees understand and adhere to.

Without a clear policy that informs employees when they have to report an absence and who to report it to, it is far more difficult to deter unauthorised leave.

Once a business has a clear policy in place, it is important to maintain an ongoing dialogue with staff, as well as monitoring and recording all periods of employee absence in order to spot recurring internal trends. A holistic approach to wellbeing culture can have a positive impact on levels of absenteeism, but it must be endorsed by senior members of the business and communicated to staff at all organisational levels.

When people understand that their company is prioritising their health and happiness, they are far more likely to align their own interests with those of the business.

