

Impact of Employee Absences on Productivity

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Ensuring a high level of productivity is an objective of all employers. Unfortunately, unplanned employee absences have an impact on an organization's productivity. To assist employers in examining this important issue, Western Compensation & Benefits Consultants conducted a survey on this topic in April, 2013

in which 433 Canadian employers participated.

Although, the majority (83%) of employers have defined sick leave and/or short-term disability plans with policies and procedures in place, over half of the employers do not have defined policies and/or procedures for unplanned absences other than disability. In addition to vacation and holidays, employers usually permit employees to take paid time off ("personal days") for such reasons as appointments, child or elder care needs, bereavement, religious observations, etc. All types of employee absences have an impact on an organization's productivity.

Assuming an organization can effectively backfill a position through a replacement worker and/or the overtime work of other employees, the cost to the employer of an unplanned absence of just four days is nearly 2% of the absent employee's annual compensation. In addition, there are the potential consequences of not fulfilling the "customer's" expectations for products and/or service delivery.

Organizations reported that on average exempt employees took four sick days during the past 12 months. Exempt employees in the public sector took an average of five sick days, one day more than employees in the private sector. In addition, the organizations with a defined policy for "personal days" reported that exempt employees took an average of four personal days off. Exempt employees in the public sector took an average of five personal days, one day more than employees in the private sector. The survey results also revealed for organizations that do provide

a defined number of personal days, the more days that are provided the more days exempt employees are absent. For example, an employer which provides 12 personal days per year can expect employees to take nine days on average, while an employer who offers six days, has employees absent for an average of four days.

To manage the amounts of sick leave/short-term disability absences, a variety of policies/procedures are utilized, such as requiring employees to complete a standardized form, requesting medical evidence, requiring ongoing communications between a supervisor and the disabled employees, as well as incentives for exemplary attendance.

Research has consistently shown that employers have concerns regarding unplanned employee absences. Possible strategies to manage this important area of human resources are:

1. Recording, analyzing and managing sick leave and other paid time off through standardized absence forms, requirement for medical evidence and ongoing communication between the absent employee and his or her supervisor.
2. Assist employees with their wellness. This may include encouraging employees to utilize employer-provided group insurance benefits, access health assessment programs, use employee/family assistance programs, attend seminars, participate in wellness testing or voluntary immunization clinics and/or take advantage of employer fitness subsidies.
3. Assist employees to effectively manage their personal lives through such things as offering a defined number of personal days to be used for specific purposes, or perhaps offer alternative work arrangements such as flexible start/finish times, compressed work weeks or work-at-home arrangements.



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