

Missing In Action

A Survey Has Found That Unscheduled Absenteeism Is Increasing in U.S. Workplaces

With the rate of absenteeism on the rise, U.S. employers are losing ground when it comes to finding effective programs that keep healthy workers on the job.

This is according to the 16th annual CCH Unscheduled Absence Survey by CCH, a leading provider of human resources and employment law information and services and a part of Wolters Kluwer Law & Business.

The 2006 CCH survey found that the rate of unscheduled absenteeism climbed to its highest level since 1999, costing some large employers an estimated \$850,000 per year in direct payroll costs, and even more when lost productivity, morale and temporary labor costs are considered.

What continues to be of most concern to employers is that almost two out of three employees who fail to show up for work aren't physically ill, according to the CCH 2006 survey.

The survey found that Personal Illness accounts for only 35% of unscheduled absences, while 65% of absences are due to other reasons, including Family Issues (24%), Personal Needs (18%), Stress (12%) and Entitlement Mentality (11%).

“Organizations are engaged in a tug of war for their employees’ time,” observed CCH employment law analyst Pamela Wolf.

“With unscheduled absences trending upward, companies need to get a good understanding of why employees are calling in sick at the last minute, what impact this has on other employees who are expected to pick up the slack, as well as the impact it has on customers and anyone else relying on the absent worker,” she said.

“Armed with this understanding, companies can most effectively assess both the hard and hidden costs of absenteeism and better identify what programs can be used to keep employees on the job.”

According to the 2006 CCH Unscheduled Absence Survey, conducted for CCH by Harris Interactive, the absenteeism rate was 2.5% in 2006 up from 2.3% last year, and the highest since 1999, when the rate was 2.7%.

Measuring Impact on Morale

The CCH Unscheduled Absence Survey, conducted annually by CCH for the past 16 years, is the definitive survey on absenteeism in the workplace, measuring the rate, cost and reasons associated with unscheduled absence in the U.S.

The effect of morale continues to be reflected across the board in the 2006 CCH Unscheduled Absence Survey. The survey found that employee morale can affect a company's absenteeism rate, with organizations with Good/Very Good morale experiencing a 2.2% rate of unscheduled absences while those reporting Poor/Fair morale had a rate of 2.9%.

Morale also influences the reasons people call in sick at the last minute, with 70% of unscheduled absences attributed to reasons other than Personal Illness for organizations with Poor/Fair morale, compared to 60% for those with Very Good/Good morale.

Additionally, nearly twice as many companies with Poor/Fair morale (33%) reported an increase in unscheduled absences over the past two years compared to those with Good/Very Good morale (17%), and those with low morale are far more likely to believe unscheduled absences will increase in the coming two years.

Overall, companies are concerned about the impact of unscheduled absenteeism, with one-third reporting that it is a “serious problem,” and nearly all employers (92%) stating that they think the problem may stay the same or worsen in the next two years.

As a result, it is not surprising to see an upward trend in the use of work-life and absence control programs.

Survey results indicate, however, that companies remain challenged in making sure they have the most effective programs in place to meet employee needs. In some cases, the CCH survey found that the programs employers view as most effective in combating unscheduled absenteeism are not the programs that are most used.

The 2006 CCH Unscheduled Absence Survey found that U.S. companies now offer an average of 11 work-life programs, up from nine in 2005.

Of the work-life programs offered by employers, the top five in use recognize that helping employees manage the many aspects of their busy lives is increasingly important. These programs are Employee Assistance Plans (76%), Wellness Programs (67%), Leave for School Functions (65%), Flu Shot Programs (64%) and Alternative Work Arrangements (63%).

Evaluating What Works

As to the five work-life programs rated most effective, companies ranked Alternative Work Arrangements, Leave for School Functions, Compressed Work Week and Telecommuting as equally effective (each at 3.4 on a scale of 1-5, with 5 being most effective), with Emergency Child Care rounding out the top five (at 3.3).

“The fact that only two of the programs companies rated as most effective—Alternative Work Arrangements and Leave for School Functions—were on the top five most used list is a good indication that the time may be right for employers to step back and assess if they have the most effective programs in place,” said Wolf.

“Only by doing this can companies ensure that their investments in providing these programs are achieving the desired business result.”

Recognition of employees’ struggles for caring for both children and parents is evident in the increased adoption of programs offering care support.

Most significant, the number of employers offering Elder Care Services increased from 34% in 2005 to 42% in 2006, and the number of employers offering On-site Child Care increased from 33% to 42% while the number offering Emergency Child Care rose from 33% to 44%.

Employers report they use an average of six absence control programs, unchanged from 2005. Disciplinary Action remains the single-most used absence control program, with virtually all (97%) surveyed organizations reporting its use.

The other leading absence control programs in use are Yearly Review (82%), Verification of Illness (79%), Paid Leave Banks (70%) and Personal Recognition (68%).

The use of Paid Leave Banks (also known as Paid Time Off) rose three percentage points from 2005 to 2006, continuing its rise in use over the past several years.

Paid Leave Banks provide employees with a bank of hours to be used for various purposes instead of traditional separate leave programs for sick, vacation and personal time. Each of the other absence control programs saw a slight increase in adoption rates.

The survey found Paid Leave Banks also continued to be seen as the most effective absence control program, with a 3.7 rating. Other top programs included Buy Back (3.4), Disciplinary Action and Bonus (3.3).

Avoiding Unintended Consequences

“Organizations also need to be cautious that the programs they use to control absences do so without any unintended consequences,” said Wolf. “Disciplinary Action can be effective up to a point, but it can also encourage the wrong behavior if the result is that individuals who are ill come to work sick—a problem known as presenteeism.”

“Programs such as Paid Leave Banks, on the other hand, provide employees with more control over how they use their time, which in the long-run can help ensure they’re not calling in sick at the last minute when they’ve known for some time that they’ve had a commitment outside the office—whether it is to address personal needs or attend to a family issue,” Wolf added.

The problem of presenteeism—when employees come to work even though they are ill and pose problems of contagion and lower productivity—is an area of growing concern for organizations. More than half (56%) of employers surveyed reported that presenteeism is a problem in their organizations, up from 48% last year and 39% the year prior.

Here again, morale makes a difference. Despite higher rates of unscheduled absenteeism overall, companies with low morale also have more ill workers showing up for work. In fact, 63% of organizations with Poor/Fair morale reported presenteeism is a problem, while 50% of organizations reporting Good/Very Good morale see it as an issue.

“Presenteeism can take a very real hit on the bottom line, although it is often unrecognized. After all, the employee is at work. But if he doesn’t feel well, he is not going to be as productive and the quality of work will suffer,” said CCH employment law analyst Brett Gorovsky.

“Meanwhile, he may be spreading illnesses to other employees further adding to the problem. So the indirect costs are high while often not captured.”

With flu season looming, employers should consider what they can do to combat sick workers on the job. The 2006 CCH survey asked employers what they are doing to reduce presenteeism.

Sixty-two percent of the organizations reported they send sick employees home, while 46% educate employees on the importance of staying home when sick and 36% try to foster a culture that discourages employees from coming to work sick.