

Untangling the Convolutd **ABSENTEEISM** WEB

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The way business is conducted and how working hours are spent have been forever changed by the pandemic. One of the biggest challenges employers faced over the past two years was absenteeism. According to Statistics Canada, for instance, 1 in 10 Canadians were absent from work due to illness or disability in January 2022 alone.

Employers have been required to be more flexible and adaptable to the nuances of managing these increased absences. However, they must also be alert as to why they are happening. Here are key recommendations for employers

on how to identify the impact absenteeism has on your businesses, the root cause of it and the appropriate steps you can take to manage it.

The Categories

Absenteeism is broken down into two main categories: non-culpable and culpable. Both can have analogous costs for employers.

- ▶ **Non-culpable absenteeism**, also called innocent absenteeism, refers to absences that are beyond the control of the employee, including absences due to disability, injury, illness, other legitimate

health-related reasons or personal emergencies.

- ▶ **Culpable absenteeism**, also called avoidable absenteeism, refers to an employee who chooses not to attend work despite being able to do so. Examples include an employee's failure to notify the company of their absence, an unwillingness to provide documentation to support an absence, a pattern of unexplained absence, persistent tardiness or chronically leaving early. This behaviour may showcase an employee's active disengagement from the workplace.

The Impact on the Bottom Line

According to LifeWorks, when viewed holistically, studies suggest absenteeism accounts for up to five per cent of a company's total payroll.

While some costs are clear cut, others are hidden under the surface, including:

| Direct Costs | Indirect Costs |
|---|---|
| Wages paid for absences | Decreased employee morale |
| Downtime costs and coverage of absent employees | Decreased employee engagement |
| Overtime worked to cover the absences | Recruitment costs to replace employees |
| Cost of workers' compensation premiums | Lost productivity |
| Cost of managing disability claims (short- and long-term) | Diminished company reputation (quality of work, service and/or goods) |
| Salary continuance during extended leave of absences | Time spent addressing absenteeism |

Often, employers rely on their HR, Finance or Payroll staff to advise on how to reduce operational and human capital costs in support of the ongoing success of their business. However, employers may make premature decisions if there is not a holistic understanding of what absenteeism is truly costing the organization and how to best address those concerns.

The Root Cause

The first step employers should take is to analyze all available data to uncover trends and determine the type of absenteeism issues. Depending on the findings, an employer's legal duty to inquire may be triggered. This may occur if there is reason to suspect an employee's absences may be due to an underlying reason related to a prohibited ground

of discrimination, such as a physical or mental disability.

In circumstances of non-culpable absenteeism, employers have a legislated requirement to understand and accommodate an employee. Accommodation seeks to provide a reasonable (but not perfect) solution for all parties involved. It's important to find the right balance of meeting the needs of employees, ensuring the financial sustainability of the company, adhering to legislative requirements, and providing programs and services to support the engagement and integration of all employees.

Some proactive options companies can use to manage non-culpable absenteeism include keeping a pulse on employee engagement levels, regularly checking in with them, monitoring workloads

and promoting time off from work to minimize burn out. By engaging in these activities, teams can bring visibility to the challenges employees may be encountering on a health and wellness level before they become problematic.

If the absenteeism issue is determined to be culpable in nature, the employee should be held accountable for their actions. The appropriate level of discipline depends on factors such as the seriousness of the incident(s), the impact on business operations, the employee's past disciplinary record and the organization's past practices or policies for similar situations. When progressive discipline is applied, it should be done in a fair and consistent manner to demonstrate equity. If managed correctly, chronic absenteeism may be reason for termination (*please seek legal advice to determine*).

Absence Management

To manage attendance and absenteeism proactively, employers need to take a strategic approach. Notable change can occur through the implementation of strong policies and procedures, employee engagement and wellness programs, and an absence management plan composed of three integral phases:

Phase 1: Discovery and Assessment

Identify gaps, absenteeism rates and associated labour costs.

Phase 2: Develop a Plan

Forecast and implement best practices and technology. Use HRIS/attendance management systems to assist with tracking.

Phase 3: Implement and Evaluate

While it may take some adjusting, being able to measure and report on cost savings and ROI will support the business in the long run.

Managing reoccurring absences and implementing an absence management plan is no easy task and often requires the support of seasoned HR and legal experts. The biggest challenge can be viewing the approach from a holistic lens, through which you can ensure your program and policies are equitable and effectively address the business concerns while remaining legally compliant and reasonable. ■

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For more information, watch the archived version of MaxPeople's webinar, "Managing Absenteeism in a World of Uncertainty." Register at payroll.ca.

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