

## Employee Absence: Analysis Reveals Need for Behavioral Interventions

The rate of unscheduled absenteeism has climbed to a five-year high of 2.4 percent, according to the 2004 CCH Incorporated Unscheduled Absence Survey, with last-minute no-shows costing organizations an average of \$610 per employee. The 305 human resource executives surveyed indicated their organizations have set aside an average of 4.7 percent of their budgets for absenteeism. The annual cost of employee no-shows can range from an estimated \$60,000 for small employers to more than \$1 million annually for large companies.

“This trend makes it all the more important to closely examine why employees aren’t showing up for work and what work-life and absence control programs can be used to help stem the tide,” says Lori Rosen, JD, CCH workplace analyst.

Incidental absence accounts for 30 percent to 50 percent of all lost work days, according to an October 2003 survey commissioned by the Disability Management Employers’ Coalition (DMEC).

Incidental or unplanned absences are far more costly to employers than disability, workers’ compensation and other planned events. These absences impact an employer’s product quality, efficiency, employee morale and customer service. They can have a direct impact (due to replacement wage costs, unscheduled overtime, increased benefit administrative expenses, etc.) on expenses as well as new sales.

### Most employers do not track absence costs

A July 2004 Hewitt Associates survey found that while about 96 percent of large companies have formal leave of absence policies, fewer than two in 10 calculate costs associated with them and only one-third track leave utilization. Lack of resources, insufficient top management concern and no methodology in place to generate meaningful results were the top reasons for not tracking absence costs.

The DMEC survey also found that a majority of employers are unaware of their incidental absence costs and lack the tools to address it. Sharon Kaleta, DMEC’s CEO, sees an opportunity for employers: “Our survey indicates incidental absence is the ‘undiscovered territory’ that could yield significant improvements in output and profit for those who invest the time and resources to conquer it.”

### What is driving these absences?

An emerging approach to absence management is to view absences as behaviors that can be modified (through behavioral intervention) once the root causes are determined.

Stress, depression and anxiety are among the leading causes for unplanned absences; they also contribute greatly to other absences, such as low back injury and other illnesses. Co-morbidity, motivation to recover and employee lifestyle issues often contribute to the other leading causes of absence (such as illness related to morbid obesity).

For an organization to understand its true costs and be able to effectively design interventions that work, it must:

- understand the organizational, cultural and other workplace factors that are driving absences (through surveys, for instance)
- be able to track absences across benefit plans (PTO, sick leave, W/C, STD, LTD, state disability, FMLA), which can be extremely difficult

### Toward meaningful analysis—and results

While the relationships among individual and organizational variables can be complex, it is possible to integrate data feeds and extract a meaningful analysis of an organization's absence issues, leading to the design of effective solutions.

For example, one large regional telecommunications company conquered the absence data challenge. Using sophisticated software, they integrated attendance, disability and employee demographic data for a comprehensive view of absence. Targeted intelligence gathering in the identified troubled locations pinpointed root causes with the greatest impact on absenteeism. This in turn led to the development and implementation of local-level solutions. The result? The company saw a 20 percent to 40 percent reduction in absence (both casual and disability) within one year, resulting in the recovery of \$15 million in wage replacement and \$80 million in lost revenue opportunity.

Recognizing the scope of this productivity issue, ValueOptions has formed an alliance with leaders in the absence management field to provide meaningful data analysis, consult with management and deliver focused behavioral solutions. More information will be forthcoming soon.