

A cure for sick-leave abuse

Employees' abuse of sick leave costs organisations and the economy dearly. How can this problem be managed effectively?

by Maggie Burger van Eeden and Barney Jordaan

The abuse of sick leave in South Africa is widespread, and is estimated to be as high as 33% of recorded sickness absence. Such abuse is the result of unethical behaviour on the part of employees, and sometimes medical practitioners, too. The Health Professions Council of South Africa recently confirmed the conviction of a medical practitioner who had sold fake sick certificates for around R50 per certificate.

A disturbing fact is that sick-leave abuse not only occurs among lower-level workers; professional-level employees are also guilty of this practice. On the international front, various studies have found abuse patterns of between 15% and 30%.

The South African Chamber of Commerce



Image : Fotosearch

(SACOB) estimates that sickness absence directly costs South Africa 12 billion rand per year. The indirect costs of such absence may even exceed the direct costs by as much as 200%. It is figures like these that place the reported levels of abuse into perspective.

Moreover, it is expected that abuse of sick leave may intensify during South Africa's hosting of the 2010 Soccer World Cup. Assuming that one in three workers will exploit sick leave for one day during the tournament, SACOB estimates that a further 750 million rand would be added to the cost of sickness absence.

■ An unhealthy situation

Limited research has been published in South Africa on efforts to manage or control sickness absence. The problem is acknowledged, but there is widespread uncertainty as to

how it should be dealt with.

In 2002 the Public Service Commission analysed absence data in the public service and found, for example, excessively high levels of uncaptured leave or leave data which did not specify the nature of the illness. Not surprisingly, a disproportionate level (28%) of sickness absence occurred on Mondays.

An earlier analysis by the Public Service Commission (in 1998/1999) revealed that poor management of leave administration in the public service was the order of the day. Several logistical problems resulted in leave forms not reaching Human Resource Management (HRM), many leave forms were filled in incompletely, and insufficient measures were in place to monitor absence and to ensure that all leave taken was recorded. There were clear signs of employees abusing sick leave and of a lack of

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management skills to address this abuse.

Problems of this nature are not confined to the public service. Private sector research indicates that there is generally an inadequate management focus on sickness absence. Specifically, sick-notes are poorly scrutinised. Most corporate systems lack the intelligence capacity to flag the frequency with which specific health conditions occur or to detect patterns of how specific individuals claim sick leave.

While studies claim that absence is lower if sickness-management systems, supported by appropriate policies and procedures, are in place, research generally

- Factors affecting the successful management of sickness absence
- Documented successes in managing aspects of sickness absence
- The management of sickness absence within the legal framework of South Africa.

What influences employee absence?

Various studies conclude that **company size** affects employee absence. One study, for example, found an average absence level of 6,15 days per employee in companies with fewer than 50 employees, compared to 8 days per employee in companies with

of the organisation.

- On the other hand, there is a general **pressure to attend** that is influenced by organisational factors such as incentives, discipline, and group values.

It is important for the design of an absence-management framework that positive conditions for lowering absence be incorporated, and that both the afore-mentioned forces be addressed. Job-related factors that have a negative relationship with attendance, and which should be avoided, include: high workloads; dangerous or unpleasant working environments; repetitiveness of tasks; work stress; long working hours; conflict situations; discriminatory practices; insulting or humiliating behaviour, and the abuse of authority. In contrast, some of the positive factors that encourage attendance and which should be promoted are: job satisfaction; identification with the job; employee commitment; high morale; a sense of responsibility; good quality of supervision; a general level of discipline; and flexibility in working hours.

Personal **lifestyle factors** and **circumstances at home** have also been found to contribute to absence levels. Studies indicate that harmful habits, such as smoking and alcohol abuse, account for as much as 25% of sick leave. Likewise, dependent children at home also impact on absence. It has been established that the younger the children, the higher the absence rate. For this reason, female employees are generally absent more often than males, but female absences have been shown to reduce as the age of dependent children increases.

A last and very important factor is a general **slackness about sickness absence** within the organisational culture. Various studies indicate that generous sick-leave benefits result in high absence levels. For many employees, sick leave represents additional leave which must be utilised before the three-year cycle is completed. This absence mentality often reflects a deep-rooted company culture that is kept alive by poor absence management. If the culture among employees finds it acceptable to take sick leave regularly, abuse of sick leave tends to be higher.

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shows that few companies have effective systems to manage sickness absence.

In spite of the pressures of global competition and the need to improve productivity, many companies fail to recognise the importance of managing absenteeism in their labour force. By managing employees' attendance more effectively, companies could improve control over their largest expense item and the largest source of productivity. Yet the evidence shows that top management is generally reactive about sickness-absence management, and is usually only motivated to act when the organisation is facing a crisis.

Diagnosis and prescription

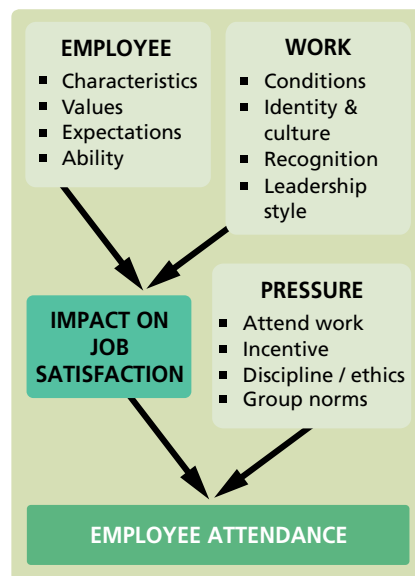
The general situation with regard to sickness absence, in particular the levels of abuse and the lack of any formalised absence-management systems or theoretical framework, triggered a research project at the University of Stellenbosch Business School (USB).

The aim of the study was to design a system or mechanism that organisations can use to combat abuse of sickness absence in the workplace. In developing its proposed model, the research examined a diverse range of literature sources covering themes such as:

- Components associated with the management of sickness absence
- Policies and procedures for controlling sickness absence
- Work factors influencing employee-absence tendencies

100 and more employees.

Another prominent factor is **employee satisfaction**. Substantial research has been conducted in this regard. The Steers and Rhodes model, which is shown **below**, highlights some of the major influences on employee absence.



The model claims that employee attendance is affected by two forces:

- On the one hand, there is the **level of satisfaction** with the job environment, an attitude which is shaped by the match between an employee's personal characteristics and the working climate

Steps in developing a cure

1. Develop a vision and strategy. The first step in establishing a strategy for absence management is to develop a clear vision of what the company wants to achieve and how it is going to be achieved.

There are different approaches that may

Components of sickness-absence management

Past research literature has highlighted three components that organisations need to have in place to control sickness absence effectively:

- Commitment from top management;
- A clear set of policies and procedures; and
- A supportive information technology system.

Certain studies have demonstrated that where **top management** took a visible **interest** in bringing sickness absence under control, absence declined drastically. Yet, despite the cost of absence to companies, strategic planning around absence control is largely ignored in boardrooms. Studies show that top management prefers to be reactive rather than proactive, and that absence issues are usually sidelined to the human resource department.

Studies also show that absence is lower if clear and appropriate **policies and procedures** are in place. The presence of policies and the discipline exercised by managers in enforcing such policies consistently have a significant effect on lowering absence rates. For policies to be effective, however, employees must be well informed. The practice of developing policies and procedures in consultation with the employees has been found not only to improve employee relations, but also serves to communicate the contents of the policies and procedures at an early stage.

Well-designed **information systems** can assist managers to monitor absence effectively and can facilitate mechanisms for alerting them when action is needed. Information systems play a vital role in the storing, processing and analysis of absence data in a cost-effective manner. Where organisations have historical data at their disposal, they are in a position to detect trends and patterns that can show up weaknesses in absence management.

be followed for managing absence. Strategies can place the emphasis on absence-control policies, on attendance enhancement, or on improving the employees' ability to be present at work. Past research findings suggest, however, that a multidimensional strategy is probably the best. Such an approach should be based on the following three dimensions:

- Enforcing effective discipline that is backed by the necessary policies and procedures.
- Providing an attractive working environment characterised by, for example, acceptable physical working conditions, the maintenance of health and safety standards, continuous training, job satisfaction, career development, and effective communication.
- Removing, or providing assistance with, any structural obstacles employees may experience to attend work.

The approach to a sickness-absence management strategy should therefore be comprehensive, balanced and targeted. The strategy should address the underlying causes of absence, implement attendance-promoting discipline, and ensure the consistent application of policies and procedures. It is important for the company to align its management, leadership and human resource practices to support the achievement of the strategy.

The overriding principle for the realisa-

tion of the vision is to foster a general workplace culture that would encourage higher levels of attendance.

2. Define measurable targets. Once the strategic vision has been established, it should

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be converted into specific performance targets and outcomes that top management wants to achieve. The set objectives will be used as yardsticks for tracking the company's progress and performance. Objectives must be measurable and contain deadlines for achievement. They should be broken down into specific outcomes for each department and individual work unit, but in such a way that they add up to the achievement of overall company objectives.

Targets should be both direct and indirect. For example, direct targets may seek to increase attendance to, say, 97% within the next two years, or to reduce the number of days of sickness absence by 10% over

the next six months. Indirect targets may focus on absence-related problems such as the reduction of down-time and work stoppages, or even the costs of disciplinary action.

Benchmarking is important, not only to set realistic targets, but also to actively manage targets and performance levels over time. Much can be learnt by regularly seeking information about industry norms and by internally comparing data between employees, departments, units, and branches.

3. Inform and involve employees. It is essential to inform employees of the company's strategy in respect of sickness-absence management. Communication could start when policies are still in the design phase. By consulting with employees, the company ensures that they are not only informed of the content, but also gain insight into the reasoning behind the absence-management strategy and its rationale. When employees can see the bigger picture and the overall benefits for the company as a whole, including themselves, they would be more likely to support the drive.

Once the strategy is implemented, employees should also be well informed about their responsibilities. All staff members must be made aware of their obligations with regard to submitting injury, illness and sickness-absence data. In addition, they need to know where to

find relevant information in the system.

4. Introduce new values and ethics. The abuse of sick leave must be recognised by the overall culture of the organisation as unethical behaviour. If the company is genuinely committed to combating sick-leave abuse, it should attempt to assess the deeper values held by its employees and provide the necessary programmes for cultivating appropriate values and ethical behaviour.

Such programmes should be followed up by conducting annual audits of managers' efforts to uphold ethical standards.

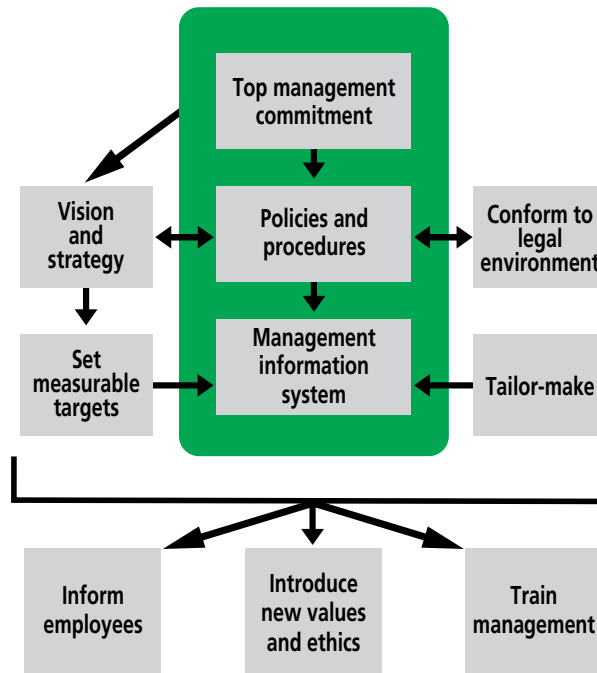
5. Set up a management information system. Accurate management information

about absence is crucial if the problem is to be addressed successfully. Surveys show that many companies and industries do not invest in keeping absence statistics. One particular study found that less than 40% of the companies surveyed kept any type of statistical records on absence. For most companies, therefore, investment in a proper absence-information system will be necessary.

Such an information system should be capable of collecting and processing data on sickness absence as well as providing effective indicators to inform managers of achievement levels and problem areas. As an additional benefit, information systems can also be used to calculate the cost of absence.

Moreover, statistical analysis is important for longer-term evaluation and trend-detection purposes. However, in creating formulas, companies must take care to consider the potentially different impacts in different work environments, otherwise the statistics may lead to incorrect interpretation. To enhance the value of statistical analyses, qualitative surveys such as individual interviews or group sessions should be added to complement the quantitative focus of a management

Absence management model



7 Consider the legal environment. In drawing up their policies and procedures, it is imperative for companies to take the legal environment and the relevant union affiliations of their employees into account. Leave and sick leave are basic rights of an employee that

A model for restoring health

The diagram left pulls the proposed absence-management system together into a systematic view of how it could be approached.

The three main components that will drive absence management, namely **top management commitment**, a system of **policies and procedures**, and an appropriate **management information system**, are shown in the centre of the diagram.

As was explained earlier, certain actions are needed to make absence management an inherent part of the strategy of the organisation. These activities, namely establishing a **vision and strategy**, setting **targets**, testing the strategy and policies against the **legal environment**, and **tailor-making** the management information system, are shown to the left and right.

But absence management also needs to be internalised by the organisation if the strategy is to succeed. Consequently, it is important to **inform** and communicate with **employees**, make **values and ethics** a focus area of general behaviour, and **train management** appropriately. These actions are shown at the bottom of the diagram. The layout does not necessarily introduce a specific sequence, as communication with employees, for example, should already start when they are consulted during policy design.

There are no miracle cures for multifaceted problems such as sick-leave abuse. The model proposed by the USB study, however, could go a long way towards helping companies find a remedy for their sickness-absence challenges.

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data system. Management should analyse absence and trends on an ongoing basis and address the situational factors that contribute to absence problems and sick-leave abuse.

6. Train management. Managers on all levels need to be trained to deal effectively with all aspects of absence management. This means not only the administration side, but also their role in improving the workplace climate and in addressing the component of values and ethics. Furthermore, managers must be equipped to deal with individual problem cases and return-to-work discussions. The company should expect their managers to be skilled in identifying and dealing with obstacles, resistance by employees, or any behaviour that would undermine the sickness-absence management strategy.

should be acknowledged and respected.

Since 1994, new labour legislation has put pressure on employers to improve the standard of their people management policies and practices. If organisations want to avoid costly legal battles at the Commission for Conciliation, Mediation and Arbitration (CCMA) and in the labour courts, they should periodically audit this aspect of their overall management. Therefore also in implementing their absence-management procedures, companies should conform to the codes of practice prescribed in the following Acts:

- The Labour Relations Act;
- The Basic Conditions of Employment Act;
- The Employment Equity Act;
- The Skills Levy and Skills Development Acts; and
- The Occupational Health and Safety Act.



This study was conducted by Maggie Burger van Eeden (maggie.burger@gmail.com) as her MBA study project at the USB, under the supervision of Prof Barney Jordaan. The research report, titled *Design of a strategy to combat the abuse of sickness absence*, was presented to the USB in December 2007.