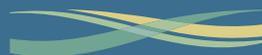


# Workforce Management

Achieving Business Objectives  
Through Absence Management

Shepell·fqi™



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# Workforce Management

Achieving Business Objectives  
Through Absence Management

This paper is designed to support senior leaders with insights into:

- Best practices in developing effective attendance strategies.
- Objective setting to align with cost containment and employee engagement goals.
- Applying an integrated risk avoidance approach to improve attendance, health and productivity.

# Executive Summary

It's clear that absenteeism is costly. It's also clear that simply administering absence produces limited cost savings or benefits.

Many progressive organizations are shifting away from stand-alone absence administration *programs* to attendance management *strategies* that are aligned with their company's business objectives, cost management goals and employee engagement and retention strategies.

These "attendance management strategies" refer to the integrated management of absences (i.e., casual/incidental absence, non-occupational/occupational disability) to promote sustained attendance at work and prevent downstream costs and consequences.

To design and implement an attendance management strategy, senior leaders should review whether current absence and disability management programs:

- Are in line with corporate strategies, business unit plans and other HR objectives.
- Have clear and measurable direct cost objectives (e.g., 10% reduction in LTD claims) and indirect cost objectives (e.g., reduced need for replacement staff) that are reviewed regularly.
- Identify and address absence drivers proactively, particularly since absenteeism is often a result of organizational and health issues.
- Foster employee engagement through effective support and clear communication of roles, responsibilities and procedures.
- Work in an integrated manner to improve administrative, operational and procedural efficiencies.

Since industry benchmarks and other attendance measures may not be applicable across all organizations, the goal of this paper is to present strategies and tools that any organization can use to review its own approaches in line with best practices.



# Workforce Management

## Achieving Business Objectives Through Absence Management

Most employers understand the necessity of managing attendance, yet absenteeism continues to pose significant challenges and incur significant costs for employers. A number of obstacles stand in the way of effective attendance management; for instance:

- Absenteeism costs are often hidden or indirect, making it difficult to quantify the problem and prioritize implementing a solution.
- Without understanding preventive absence avoidance strategies, many organizations may focus on reactive risk management, employing a number of independent attendance programs that are disjointed and removed from organizational goals.
- Commitment to attendance management improvement requires sponsorship from senior leaders and decision-makers. These challenges can be resolved with an attendance management strategy that is embedded in an overarching corporate strategy. Broadly speaking, the goals of an attendance management strategy include:



Organizations with exceptional success in attendance management are committed to the consistent application of best practice strategies, such as:

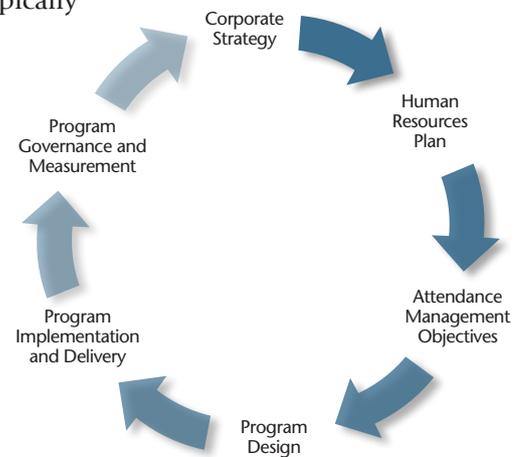
1. Clearly identifying attendance objectives
2. Taking a fully integrated approach
3. Establishing clear policies, procedures, roles and responsibilities
4. Ensuring effective governance and measurement
5. Engaging people leaders to participate effectively in attendance management

# Best Practices in Attendance Management

## Clearly identifying attendance objectives

One of the most common reasons that an investment in attendance management does not receive executive endorsement is the failure to produce a business case that demonstrates the impact of attendance on business outcomes. Senior leadership discussions of proactive solutions to reduce absence risks and costs are typically rare and reactive, as leaders may become aware of issues only when they result in significantly increased spending or liability exposure.

An attendance strategy, like all Human Resources strategies, is most effective and most likely to be sponsored at the executive level when it supports the business goals articulated in a corporate strategy (see figure on the right). The success of an attendance program relies on clearly identified attendance objectives, which are often more nuanced than simply containing direct cost. From these clearly identified objectives, a program can be designed, implemented, delivered and monitored to achieve results in alignment with objectives.



When developing attendance objectives, it is advisable for organizations to:

- Review existing attendance management tactics to identify challenges and areas for improvement relative to best practices.
- Consult and collaborate with business functions to ensure support for their strategic plans and objectives.
- Consider operational, administrative, procedural and financial efficiencies – all of which result in cost savings.
- Differentiate between program spending and investment in employee health and engagement. Improvements in these areas lead to significant indirect cost savings.
- Identify expected impact and outcomes for all stakeholders (e.g., enhanced employee experience, reduced HR and people leader burden, allowing for greater focus on strategic initiatives, etc.).
- Develop specific objectives at each stage of absence, in addition to broader attendance goals such as cost containment. The table below demonstrates sample objectives at each stage of attendance.

Sample objectives for various stages of attendance	
Stages of attendance	Employers' challenges
At work	<ul style="list-style-type: none"> <li>• Proactively identifying and supporting conditions that may lead to absence or disability</li> </ul>
Casual or incidental absence	<ul style="list-style-type: none"> <li>• Supporting managers to enforce absence policies</li> <li>• Assessing root cause of absence and providing effective support</li> <li>• Tracking absences and forecasting staffing levels</li> </ul>
Absence leaves or non-occupational disability	<ul style="list-style-type: none"> <li>• Supporting managers in the return to work process</li> <li>• Providing timely and effective return to work support and monitoring</li> <li>• Ensuring appropriate intervention for mental health and workplace factors</li> </ul>
Occupational disability (Workers' Compensation)	<ul style="list-style-type: none"> <li>• Preventing occupational injury</li> <li>• Providing streamlined and timely modified return to work and monitoring</li> <li>• Identifying cost relief and appeals opportunities</li> </ul>
Long-term disability	<ul style="list-style-type: none"> <li>• Reducing risk of entry to LTD</li> <li>• Mitigating legal risks associated with declined claims</li> </ul>

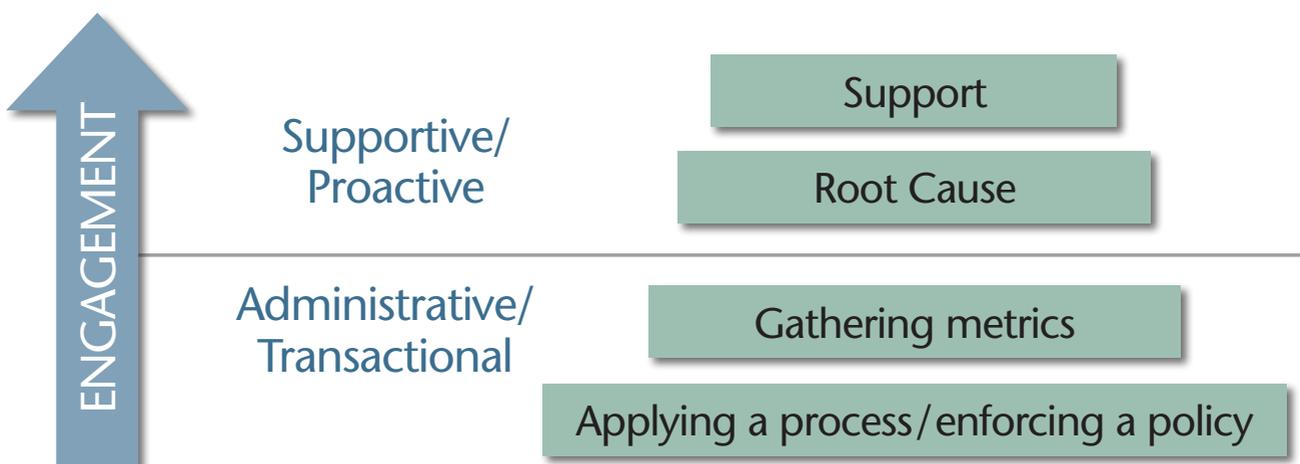
# Best Practices in Attendance Management

## Clearly identifying attendance objectives: Employee engagement

A central, yet often overlooked objective of best practice attendance management is employee engagement. As many studies have shown, engaged employees are more productive, and high engagement is tied to business success. Yet many organizational attendance policies and practices may not effectively address the important links between absenteeism and engagement:

1. **Metrics:** Low engagement can result in excessive absence. Absence statistics can therefore indicate level of engagement.
2. **Root cause:** Absenteeism not only can indicate poor employee health but also can be symptomatic of workplace issues that are contributing to low engagement.
3. **Support:** The level of support and care offered to an employee during an absence can result in disengagement.

This diagram demonstrates the progressive evolution of an attendance strategy in terms of engagement.



### Administrative/Transactional

Organizations that apply an administrative approach to absence management either are unaware of its impact to engagement or are aware but lack the tools or sponsorship to incorporate supportive/proactive practices.

With an administrative/transactional approach to absence, organizations miss opportunities to provide the employee with support before the underlying issue becomes complex and results in further absence or even disability.

Root causes of absence may be health issues that will increase downstream benefits costs or organizational issues that, left unresolved, will contribute to employee turnover, lowered productivity or other negative consequences (see box below).

## Potential workplace issues contributing to absenteeism

Unscheduled absence can be symptomatic of workplace issues such as:

- Weak team morale (e.g., retention and engagement, management behaviour).
- Poor policy design (e.g., no time off to care for family members).
- Poorly designed or managed workloads, or role uncertainty.
- Workplace stress, conflict, bullying, etc.
- Weak employee health promotion/wellness programs or weak promotion of these programs.

In addition, when an absence is simply treated as transactional (e.g., recording/tracking the absence or filling out paperwork for a disability claim), this can reflect a corporate culture where the employee's health and wellbeing is not viewed as important. Since concern for employee health and wellbeing is a leading driver of engagement, treatment of the absent employee, particularly during a disability leave, can have lasting impacts on the employee's commitment to work and to organizational goals.

### Proactive/Supportive

A supportive approach to attendance management promotes accountability for absences and prevents further absence through proactive assessment and support while showcasing the employer's concern for wellbeing. Applying a supportive approach to absence, rather than a transactional one, can maximize engagement opportunities and help organizations recognize early indicators of an ineffective workplace.

The sections that follow will provide further details on best practices in a proactive/supportive attendance strategy.

# Employee engagement

# Best Practices in Attendance Management

## Taking a fully integrated approach to attendance

In defining attendance objectives, it may become evident that many attendance challenges are overarching, such as employee engagement. It may also become clear that dealing with incidents or claims reactively and separately will not effectively address absence and disability drivers proactively. In fact, the largest gaps and cost savings opportunities are in the areas of preventing absences and addressing risks before they become more costly.

An effective attendance management strategy therefore identifies and addresses absence drivers throughout the health and productivity continuum (see figure on page 7). This means that casual absences, intermittent or patterned absences and disability are managed in an integrated manner to optimize risk avoidance.

When unhealthy behaviour is identified early, it is far more likely that the behaviour can change – before the behaviour worsens or results in serious, chronic health conditions – and extended time away from work can be avoided. As the figure demonstrates, an integrated approach incorporates prevention, early intervention and recovery or return to work practices. Such practices are aimed at assessing and changing unhealthy behaviour to mitigate absences, whether it is related to physical, mental, social and workplace health – or any combination of issues.

### Implementing preventive strategies to help employees stay at work

Employee Assistance Programs and other health promotion strategies are effective ways to help identify and manage risks before they result in absenteeism. Examples of preventive interventions that promote physical, mental, social and workplace health can include:

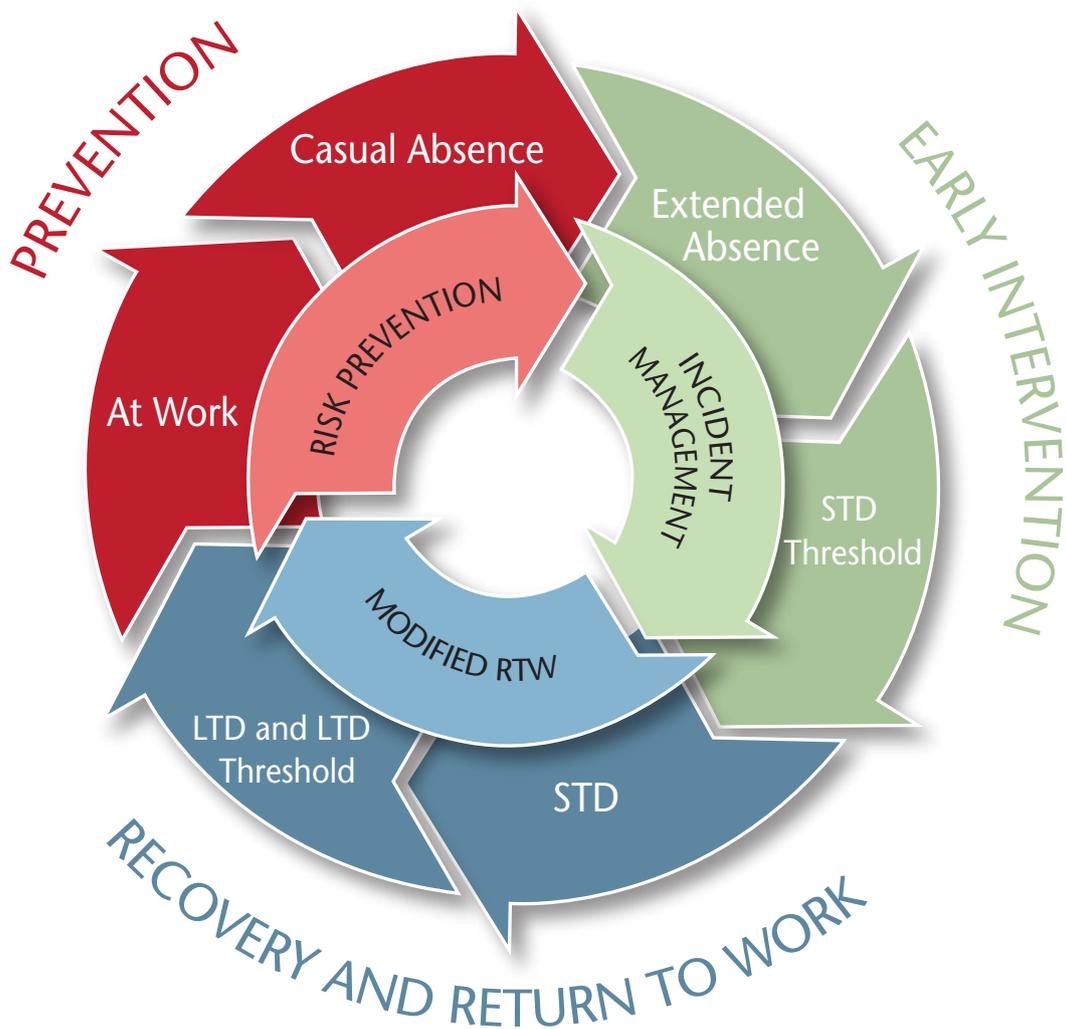
- Alternative Dispute Resolution/Mediation for workplace conflicts.
- Disease Prevention and Management (e.g., health coaching).
- Ergonomics Programs.
- Health & Safety Training.
- Health Risk Appraisals/Health Risk Screening.
- Management Training and Executive Coaching.
- Pre-employment Medicals.
- Structured Performance Reviews.
- Wellness Initiatives and Education.

## Prevention

An effective attendance management strategy begins with promoting good health, with the recognition that the core components of good health (i.e., physical, mental, social and workplace health) are interconnected and contingent on changing unhealthy behaviour.

Poor lifestyle choices (high-fat diets, insufficient exercise) and stressors related to the workplace or family/social issues (e.g., child-rearing, elder care challenges) can be managed proactively through preventive programs that address health risks or root causes of absence, which might otherwise result in time away from work.

Organizations that maintain a healthy and safe working environment for employees minimize absenteeism and reduce the risk of workers' compensation claims while mitigating the risk of increased benefits costs such as drug utilization. Where individual and group lifestyle-related health initiatives are available, employees are more engaged, productive and committed to the organization.



## Early Intervention

Every day of absence results in direct costs, lost productivity and revenue and difficult working conditions for managers and co-workers who have to cover workloads for the absent employee. Organizations can reduce these direct and indirect costs by intervening as early as possible to address absence contributors. The earlier the employee receives guidance and support, the faster the employee can return to work. While much focus has been placed on effective intervention in the short-term disability stage to prevent long-term disability, employers are well advised to look at ways to reduce the risk of entry to short-term disability.

**Casual absences** are costly but often overlooked, which means that cost impacts and underlying health issues can go unnoticed and may lead to further absences. Again, while mechanisms to track casual absences and enforce absence policies fairly and consistently are important, offering early support to prevent prolonged absence is essential to an effective attendance management strategy.

In other words, rather than focusing solely on obtaining medical documentation, addressing the root cause of absence can offer significant dividends. Such issues can range from simple fixes, such as an employee with unstable day care who may miss many days while searching for other options, to complex chronic conditions, such as depression, where early support can help the employee gain resilience to stay at work.

In addition, **patterned or cyclical absences** (e.g., four incidents in four months) are often difficult to identify if absences are not tracked formally. These types of absences are more likely to be symptomatic of underlying issues that may lead to prolonged absence leaves and/or short-term disability.

There is a significant opportunity for organizations to realize cost savings and reduce downstream employee health risks by managing such absences through a structured intervention. The employee may benefit from accommodation or facilitation for these issues, or the situation may present an important opportunity for addressing performance issues. Support for the root cause of absence, whether performance- or health-related, can therefore be offered before the condition becomes more complicated and more costly.

With respect to **occupational and non-occupational disability**, early intervention can take many forms:

- Timely claim referral or reporting of incidents is critical to reduce unnecessary time loss or delays. People leaders, who are often responsible for claim referral, should be aware of the process and the cost implications of failing to refer in a timely fashion.
- Immediate outreach to ill or injured employees can improve return to work outcomes by maintaining a connection to the workplace and reducing potential isolation or disconnection from purpose and productivity.
- Modified or progressive return to work planning can be set in motion before a claim is adjudicated, rather than postponing any action until receiving medical documentation.
- Proactive identification of modified work opportunities is also an important early intervention tactic that can significantly reduce delays and costs.

## Recovery and Return to Work

Income replacement is just one component of support for injured or ill employees. The greatest cost impact can be seen where the injured or ill employees are provided with comprehensive return to work support. This not only serves to reduce claim duration but also can have a lasting effect on the employees' health and perception of their employer, both of which impact talent retention.

Early, safe and *sustainable* return to work programs are critical to reduce time loss and claim costs. Progressive or modified return to work programs not only show economic benefit but also have demonstrated therapeutic benefit to employees. In fact, on-the-job recovery is suggested by experts, where medically possible, as it can restore the employee's sense of purpose, productivity and connection to the workplace while reducing the potential of relapse.

While such return to work programs are an essential part of workers' compensation claims, they may be less frequently implemented in traditional short-term disability case management models. Traditional models may focus mainly on adjudicating and administering the claim (i.e., obtaining medical documentation to substantiate the "disability" claim).

Progressive approaches to short-term disability, on the other hand, recognize the distinction between "disability" and impairment. That is, an injured or ill employee may still have functional abilities or be medically able to work and may benefit from on-the-job recovery or temporary accommodation.

With an "ability-focused" return to work approach:

- Return to work planning is guided by a disability management professional, who develops appropriate plans on a case-by-case basis, obtaining input from the injured or ill employee, the manager/employer and the treating physician.
- Medical information and information related to job duties/work environment are reviewed to assess what the employee can do in light of his/her functional abilities and any available modified work opportunities.
- Non-medical factors are taken into account, as these issues can be barriers to sustainable return to work (e.g., personal/social and workplace factors that may be contributing to the absence).
- Return to work support and planning begins as early as possible, not only to reduce claim duration but also to prevent the employee from feeling disconnected from the workplace or feeling inappropriately "disabled".

In addition to the above, return to work plans are most successful when they are:

- Progressive – the employee continues to add more tasks/hours to develop greater resiliency
- Temporary, with clear timelines outlined
- Monitored and re-evaluated as necessary to ensure progression to sustainable return to full duties
- Clearly communicated to the employee and manager

### Mental health support

Mental health issues are one of the leading causes of non-occupational disability claims and can even be present in lost-time claims – a fact that is often overlooked. These types of issues can represent a huge challenge for traditional attendance management programs, which focus simply on obtaining medical documentation rather than intervening early to assess root causes of absence. Without specialized assessment and the right support, recovery and return to work can be delayed significantly, even when mental health issues are not the primary reason for absence. Organizations are well advised to review how their attendance programs currently assess and address mental health issues, the prevalence of mental health contributors to disability claims and whether additional targeted support is warranted.

# Best Practices in Attendance Management

## Establish clear policies, procedures, roles and responsibilities

Sound policies are the foundation of effective attendance management. Policies ensure that all employee attendance matters are treated fairly and consistently in alignment with legislative guidelines. However, policies need to be backed by clear procedures that enable effective participation in attendance management processes.

Clarity is directly linked to compliance. When policies and procedures are clear, the result is more effective enforcement of policies and compliance to procedures. One of the reasons well-designed programs fail is that they are inconsistently understood and applied. A well-executed attendance management strategy clearly communicates roles, responsibilities and protocols not only to gain efficiencies but also to demonstrate the transparency and accountability of all stakeholders.

In particular, attendance policies and procedures must ensure that medical confidentiality is emphasized. Employee perception of privacy and confidentiality is especially important when multiple individuals are working on a “file”. When rigour in this area is applied, the risk of corporate liability exposure is reduced.

### Administrative integration

From an administrative and procedural perspective, all stakeholders can benefit from integrated absence management. Administrative efficiencies result in financial efficiencies; as such, wherever possible, synergies in programming should be identified and leveraged. In an outsourced model, the use of multiple vendors can increase rather than reduce the administrative burden of program administrators. Governance committees should include accountable representatives from vendors to support alignment with broader goals and streamlining of efforts. Through administrative integration and governance, the organization is better equipped to analyze overarching attendance trends and enhance strategies to address such risks proactively. Streamlined efforts can also enhance the employee experience by ensuring continuity of coordination (e.g., transition from short-term to long-term disability) and reducing administrative error.

## Ensure appropriate governance of the program

In many organizations, ownership of the attendance management program is shared by different departments. Since multiple owners can cause confusion, duplicated efforts, overlap and siloed accountability, a best practice strategy includes oversight of the full attendance management program. Governance of the program ensures maximized opportunity, accountability and outcome measurement – once again aligning the attendance strategy with corporate objectives.

A governance structure is most effective when stakeholders at various levels are involved so that decision-making is informed by front-line, tactical experience. While governance participants will vary from organization to organization, depending on size and benefits types, participants can include senior leaders, union or employee representatives, front-line managers, HR, Health and Safety, Finance and so on. A governance model can expedite decision-making and improve programming through:

- Integrated implementation and communications planning
- Program auditing and measurement
- Trending analysis
- Continuous strategy improvement

# Best Practices in Attendance Management

## Engage people leaders to participate effectively in attendance management

As stated earlier, an effective attendance management program ensures that all stakeholders have a clear understanding of absence policies and procedures as well as their important roles and responsibilities in the process. Regularly and effectively communicating program activities, objectives, policies and procedures will help ensure consistent application of the program.

Supervisors, managers and other people leaders play a critical role in this regard, as they are often the front-line representatives of the organization in attendance matters, acting as champions and enforcers of policies and protocols. The immediate supervisor is most likely the first to know when an employee will be absent and typically is responsible for identifying issues, monitoring attendance and applying corrective measures. Any miscommunication, misunderstanding, perceived lack of fairness or consistency in these processes can have a profound impact on employee morale and compliance, which can impede return to work and rehabilitation.

People leaders also play a key role in the disability management and return to work process through:

- Ensuring immediate referral/reporting
- Contributing to and monitoring return to work plans
- Identifying accommodation opportunities
- Managing coverage of the absent employee and the team's expectations while ensuring confidentiality of the injured or ill employee's situation
- Preparing the employee and team for the employee's return

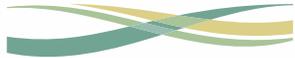
The people leader's ability to manage attendance successfully is contingent on having the right knowledge and tools. However, a recent survey of more than 100 leading Canadian organizations reveals that people leaders have insufficient knowledge and/or resources to manage absences. Part of an effective attendance management strategy, therefore, is ensuring that people leaders have the supports they need, such as:

- Appropriate and timely access to absence and disability data at the workgroup level
- Comprehensive training on policies, procedures and practices
- Coaching on behaviours and skills needed to manage absence fairly, consistently and with sensitivity, particularly for complex situations
- Reference materials and education about issues related to absence, disability and other signs and symptoms of health or productivity issues

# Informed people leaders are the key to success

When people leaders are provided with the information, tools and skills needed to manage attendance issues well:

- Work and staff planning are more effective
- Direct and indirect costs of absenteeism are reduced
- Employee morale goes up
- Employees obtain the assistance they need when they need it
- Employees recognize consistency and fairness in their workplace
- Culpable absenteeism is reduced
- The return to work process is more successful for all parties

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# About the Paper

The best practices discussed in this white paper are a culmination of more than 20 years experience helping clients achieve strategic attendance management objectives. The contents of the paper were developed in collaboration with our long-standing clients, the Shepell•fgi Research Group and other experts in absence and disability management.

## About Shepell•fgi

Shepell•fgi is a company committed to improving health and productivity in the workplace. Shepell•fgi serves approximately 7,000 organizations in Canada and around the world with best practice, research-based solutions. Since 1989, Shepell•fgi has designed and delivered strategic attendance management solutions to help organizations achieve their broader business goals. Our integrated approach has helped organizations minimize absenteeism and maximize return to work outcomes. For more information on how Shepell•fgi can support your strategic attendance initiatives,

please contact **1-866-875-8172**  
or [healthsolutions@shepellfgi.com](mailto:healthsolutions@shepellfgi.com).

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