

EMPTY DESKS, LOST PROFITS

C-suite should watch absenteeism figures closely – it's an early warning sign of trouble.

By Carissa Tanzola and Shana French



Executives and senior management expend a great deal of time and effort planning for the success of their businesses. In the majority of cases, the key to success is having a highly engaged workforce supported and led by talented and trusted leaders.

As organizations grow, they increasingly rely upon metrics to measure performance and identify opportunities for improvement. There is no better metric that aligns with performance and serves as an early warning sign of impending trouble than the rate of absenteeism at the workplace. However, too often, addressing and measuring

employee absenteeism is not a part of senior management's business plan. It should be.

Sobering statistics

According to the Conference Board of Canada, absenteeism in the workplace costs the Canadian economy at least \$7.4 billion each year in direct costs. That figure balloons to \$37 billion when indirect costs, such as lost productivity or the cost of replacement workers, are factored in. According to the Mental Health Commission of Canada, mental health issues alone account for about 30 per cent of short- and long-term disability claims in Canada, resulting in a total economic burden relating to mental illnesses in the workplace of a staggering \$20 billion.

The root causes of workplace absenteeism are varied and include:

- bona fide employee illness and disability (physical and mental)
- ineffective leadership
- organizational culture
- poor attendance management policies and practices.

Controlling absenteeism

With strategic planning and implementation, the negative consequences associated with absenteeism at the workplace can be managed and, ultimately, reduced. However, senior management should not be under the misapprehension that workplace absenteeism is exclusively an HR issue. It's an organizational and strategic



who are increasingly at risk the longer they remain away from the workplace.

The object of the exercise is, therefore, to motivate 100 per cent attendance throughout the organization, assist employees with their own wellness and help employees get back to work as safely, efficiently and strategically as possible.

To this end, the value to the organization of employee wellness and perfect attendance should be heralded often and prominently. Leaders should regularly demonstrate they care about their people. Something as simple as a genuine and timely inquiry into the health of an absent employee will go a long way toward the successful management of employee absenteeism.

Classic “carrot and stick” strategies to reward employees on the basis of clearly communicated expectations are also effective. This includes recognizing employee successes with awards and corporate accolades, and addressing poor performance via coaching or discipline (for culpable absenteeism), subject to the context of each absenteeism.

Identify issues: Before an attendance management strategy can be developed or enhanced, management needs to understand what it’s up against. Why is the organization, or parts of it, suffering from growing workplace absenteeism? The answers require an honest, self-audit of absenteeism throughout the organization broken down by factors such as:

- region/jurisdiction — are some regions more susceptible than others and, if so, why?
- location (within a region)
- managerial personnel — are certain individuals contributing to the problem?
- existing workplace policies and procedures including attendance management, disability management and leave days — does the organization have, and implement, appropriate policies and practices?
- scheduling — do absences tend to occur at certain times of the day, week or year?
- unionization or union activity — we know from experience the rate of absenteeism will increase at a unionized workplace.

The key is to think broadly and dig deeply into every possible cause of workplace absenteeism.

Know your rights as an organization: Once the reasons for absenteeism have been identified, the natural inclination is to take action. However, no steps

should be taken until the senior team has a comprehensive understanding of the organization’s rights and obligations, related risks and strategies to address them.

At a unionized environment, a proposed change to a workplace policy or practice may require the giving of notice to — or even the consent of — the applicable union, depending on the language of the collective agreement governing the relationship between the organization and its unionized employees.

However, even at a non-unionized environment, before making change to a workplace policy or practice, management should consider the following:

- If a change is made, will it be necessary to amend employment agreements with existing employees? If so, how can this be accomplished efficiently and with the least amount of disruption to the workplace?
- Does the existing benefits policy (if any), restrict certain changes and, if so, how can this be addressed?
- Could the proposed change trigger allegations of constructive dismissal from a group or groups of employees and, if so, how can management proactively minimize and manage this risk?
- In the event a decision is made to end the employment relationship with certain individuals, what is the related risk and cost, and how can management proactively protect the organization?

In addition, employment standards legislation mandates certain protected leaves that must be respected by employers, including family medical leave, personal emergency leave, bereavement leave, pregnancy and parental leave.

Beyond employment standards, remember that an organization must not discriminate or harass an individual in employment on the basis of a disability — whether physical or mental, and whether occupational or non-occupational — and every organization is required to accommodate an employee with a disability to the point of undue hardship. What constitutes a disability and undue hardship has been, and continues to be, the subject of much debate and several textbooks.

Know your people: A workplace policy or practice must be more than legally compliant. It must also recognize the practical realities of a particular work-

issue, requiring the setting of objectives and priorities and the allocation of resources, commitment and leadership.

Here’s what senior executives need to consider and act upon:

Invest in attendance management: Given the potential cost of workplace absenteeism, it goes without saying absenteeism should be tracked, monitored and actively and consistently addressed. We know from experience the longer an employee remains off work, the less likely the employee will return. This has an impact not only from an operational perspective (hiring and training a replacement employee) but also in terms of employee morale, costs associated with benefit plans and potential future legal liability, and the health of employees themselves

place. Before making changes, consider the anticipated reaction of the workforce (including a union, as applicable) and ways to proactively and strategically manage that reaction. When in doubt, consult with counsel about ways to gather and assess relevant information with the least amount of disruption to the workforce.

Plan, implement, review, modify - and repeat

Once the issues have been identified, and the organization is aware of its rights and obligations, it's time to act. Policies and procedures should be prepared, leaders trained on proper implementation and modifications made on an as-needed basis.

Drafting a workplace policy is intricate work and the devil is almost always in the detail. Ensure the organization's attendance policy meets the substantive legal requirements without overpromising or overreaching. As a general rule, an effective policy should be:

Relevant: Management and employees should understand how and why the policy or practice is relevant to and fits into their day-to-day responsibilities.

Proportional: The effect on day-to-day responsibilities must be seen to be reasonable and rational; neither overreaching nor attempting to attain a standard that may not be necessary or defensible.

Consistent: The policy or practice must be seen to be applied consistently and fairly.

Flexible: The policy or practice must be a living thing, able to adapt to and reflect the organization's business realities as they may change from time to time.

Substantively, an effective attendance management policy should, at the very least, address the following issues:

- How and to whom an employee is to report an absence.
- Permitted leave days.
- Within the context of sick days, the number to which an employee is entitled and what information or documentation is required in circumstances when an employee cannot work. For example, an employee may be entitled to 10 unpaid sick days, but an organization may decide that for every absence of more than two consecutive days, a medical note is required setting out the employee's restrictions.
- Should an employee require time off due

to family circumstances, what information or documentation will be required.

- The protocol if an employee's yearly absences go beyond the organization's average. For example, perhaps that employee will become part of an attendance management program.
- Available coaching and support to assist the employee to bring her attendance record in line with the organization's expectations and operational needs.

Within the hierarchy of workplace challenges, excessive absenteeism has the potential to be among the most challenging, costly and debilitating for an organization, and is likely a symptom of a deeper problem afflicting the organization. The good news is that with committed leadership and strategic planning the causes and effects of excessive absenteeism can be managed and/or eradicated altogether.

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