



A Systems Valley White Paper

## Is there a web-based solution to absenteeism?

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## Contents

Introduction.....	3
The costs of absenteeism .....	3
Lack of adequate data .....	4
Can absenteeism be reduced? .....	4
Tackling absenteeism.....	5
How does a web-based system work? .....	5
Can a web-based system reduce absence? .....	6
Deter transgressors .....	7
Empower employees.....	7
Identify patterns .....	7
Root out persistent offenders.....	8
What to look for in a leave management application .....	8
Conclusion.....	9
Find out more.....	9
About Us.....	10
Contact details .....	10

# Is there a web-based solution to absenteeism?

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## Introduction

How can you cut costs, yet remain competitive and maintain or even improve your productivity levels? As the economic downturn continues to bite, this is undoubtedly a question that's being asked in boardrooms around the world. But are companies who are looking for ways to cut their costs overlooking a significant measure they could take to save money and boost productivity?

Surveys have shown that the average UK employee takes almost seven days off sick a year<sup>1</sup> at a cost to the economy of £13.2 billion. This white paper discusses whether companies can improve their bottom line by tackling absenteeism and looks at whether companies can reduce their absenteeism levels by switching from a paper-based system for recording annual leave and absence to a web-based leave management system.

## The costs of absenteeism

From serious illness, stress and family emergencies to minor aches and pains, hangovers and the simple desire to turn off the alarm clock and go back to sleep, staff can have a multitude of reasons for taking time off work. But every time a staff member calls in sick, it can have a substantial impact on an organisation's bottom line.

Absent employees are not only paid to stay at home, their absence can lead to reduced levels of productivity, efficiency and customer service. Deadlines may be missed, the morale of employees asked to cover workloads can drop and the company can incur additional costs, such as paying existing staff overtime or bringing in temporary staff to cover the work of the absent employee.

Surveys conducted into absenteeism in the UK have shown that:

- Absenteeism costs UK employers at least £662 per employee every year<sup>2</sup>
- This rises to over £1000 a year once indirect factors such as reduced staff morale and lower customer satisfaction are included
- 172 million working days were lost in 2007 at a cost to the UK economy of £13.2 billion<sup>3</sup>

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1 2008 CBI/AXA Absence Survey

2 Hewitt 2008 Healthcare Fundamentals Survey

3 2008 CBI/AXA Absence Survey

- One third of UK businesses with 20-80 employees lose between £10,000 to £25,000 a year through absenteeism<sup>4</sup>
- One fifth lose £25,000 or more a year

The results of workplace absenteeism surveys vary. For example, the 2008 CBI/AXA Absence Survey puts the average direct cost of absence to employers at £517 per employee, with indirect costs adding an extra £262 per employee every year. But one thing is certain: workplace absenteeism is detrimental to productivity and costly to business.

## Lack of adequate data

But although organisations can ill-afford to overlook absenteeism, it would seem that many are failing to accurately monitor and measure absence levels.

In the Hewitt 2008 Healthcare Fundamentals Survey:

- Less than two-thirds of companies said they properly recorded employee absenteeism
- 90% of these companies admitted they weren't confident that their recorded rates of absence were accurate
- Only 18% of respondents said they calculated the cost of absence to their organisation

Furthermore, only 33% of organisations in a Mercer survey of nearly 800 companies, operating in 24 European countries<sup>5</sup>, said they kept data on the direct cost of employee absence, while 21% said their company had no access to good data about the level, causes or cost of absence. Only 24% of respondents said they included employees' sickness records in their performance appraisals.

So in the current economic climate, in which profit margins are being squeezed, cost-saving is at a premium and companies are fighting to stay afloat, by failing to collect and analyse absenteeism data, are companies overlooking a significant way they could both cut costs and improve productivity?

## Can absenteeism be reduced?

It could be argued, however, that while extremely costly, absenteeism cannot be helped. Staff will always fall ill and problems and emergencies will arise that make it a necessity for employees to take time off work.

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<sup>4</sup> SMBs need to adopt technology that bolsters flexibility. [www.computerweekly.com](http://www.computerweekly.com). 12 May 2008  
<sup>5</sup> Mercer's 2008 Pan-European Health & Benefit Report

Absenteeism clearly cannot be completely eradicated. But according to the 2008 CBI/AXA Absence Survey, more than one in ten sick days were believed to have been taken by employees who weren't actually ill. 65% of surveyed employers thought that some of their staff were taking sick days to extend their weekends and 60% thought employees were using them to extend holidays.

Furthermore, absence levels varied greatly across the surveyed organisations, with 9.3 days of difference between the best and worst performers. This suggests absenteeism can be managed and prevented to a degree. And even improving absence rates by a small percentage could result in substantial cost-savings for companies.

## Tackling absenteeism

As the types and causes of absenteeism vary greatly from employee to employee, organisations looking to tackle absenteeism would be well-advised to adopt a wide range of approaches. These could include:

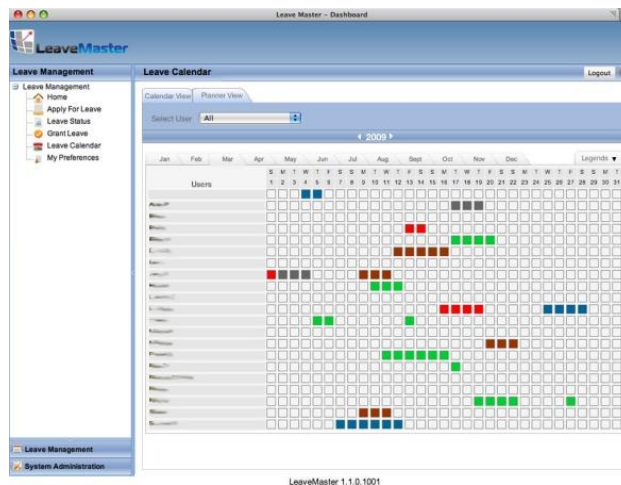
- Establishing a clear policy on absence monitoring
- Adopting policies that offer employees a stronger work-life balance, such as job-sharing, home-working and flexi-time
- Introducing mentoring, counselling and fitness programmes
- Enhancing employee motivation through training and development opportunities
- Conducting return-to-work interviews after illness

Organisations looking to reduce their absenteeism rates could also consider switching from a paper or spreadsheet based system of recording days off to a web-based system for monitoring and managing leave and absence.

## How does a web-based system work?

A web-based leave management system speeds up, simplifies and centralises the process of applying for, and authorising, annual leave and days off. This means that rather than wasting time and effort filling out holiday forms and filing paperwork, managers and employees are free to focus on improving the organisation's bottom line.

When employees want to book holidays or request days off in lieu, rather than filling out paperwork or completing a



spreadsheet, they simply log into a web-based application and use a fast, automated system to request time off. Employees can typically see how many days holiday they've already taken, how many days they have left and who is already away on the days they want to take off. They can then request their leave online, triggering an email that's sent to their line manager, who can authorise or deny the request at the click of a button. If their leave has been approved, employees then receive confirmation by email.

As the example above, taken from System Valley's LeaveMaster application, demonstrates, details of all upcoming employee leave is then stored in a leave calendar, which can be accessed via the application, or integrated into an outlook calendar, allowing employees, managers and receptionists to see at a glance who's out of the office on any given day.

## Can a web-based system reduce absence?

But while switching from a paper-based system for booking and approving time off to a web-based leave management application could have clear time and cost-saving benefits for an organisation, can a leave management system be used to tackle absenteeism?

In addition to recording details of employee annual leave, web-based leave management systems can be used to record unauthorised absence and sick days. So if an employee calls in sick, instead of just taking the phone call or receiving the message and then forgetting all about it as the demands of the business day take over, a manager can quickly and easily log the sick day using the application. The sick day is then added to the leave calendar and the employee's online records, allowing the manager to keep an accurate, up-to-date record of how many days each employee has taken off sick and when they were away.

Many web-based systems additionally enable managers to export leave and absence data into applications such as Excel for further analysis and to create reports about the levels and patterns of employee absence in the organisation.

It could be argued, however, that simply being able to record employee absence in a web-based application is not going to stop employees genuinely falling sick or taking time off when they conceivably could work. As previously discussed, a level of legitimate absenteeism is unavoidable, while a whole host of cultural, organisational and management issues could be behind an organisation's high absenteeism levels, which a web-based application alone will not address.

But as previously noted, many organisations fail to keep sufficient data about absence rates or are not confident that their records are completely accurate. So with absenteeism proving so costly to companies, a single, standardised system for accurately collecting and monitoring absence rates would surely be an invaluable tool for any organisation looking to reduce its absenteeism levels.

## Deter transgressors

The simple act of switching to a web-based leave management system may be enough to deter some employees from taking unwarranted sick days. Knowing that a note of their sick day will be added to their permanent online record could dissuade employees from taking “sickies” when they are not really ill, or deter persistent offenders from taking so many days off. In a CIPD absence management survey, 67.6% of respondents said that improving absence monitoring in their organisation led to a reduction in absence levels<sup>6</sup>.

## Empower employees

To many employees, annual leave entitlement is second only to their salary as the main “perk” of the job, and become disgruntled if they feel requested days off have been unfairly denied by their manager. In these instances, it’s not unusual for the employee to call in sick anyway, especially if they have a pressing personal matter to attend to.

The advantage of a web-based leave management system is that it takes the guesswork out of the process of asking for and approving time off, for both employee and employer, allowing them both to make informed decisions. An employee needing to take a day off can see who else is already away on that day, so if resources are already stretched, they can see their manager would have a valid reason for denying the leave and perhaps make alternative holiday arrangements. Similarly, rather than going on ‘gut feel’ about whether an employee will be needed on a particular day, a manager can get a clear, accurate picture of the available resources and perhaps grant leave that would previously have been denied.

## Identify patterns

Even if an organisation keeps a paper note of staff absences, trying to identify absenteeism patterns and trends by wading through paperwork is a complicated and convoluted process.

A web-based leave management system, however, allows an organisation to keep all its absence data in one, centralised location where it can be easily viewed and analysed, allowing trends and patterns to be discovered that may otherwise have been overlooked.

This could include certain days of the week or times of the year when absence levels are particularly high. For example, absence levels could be found to be higher than average on Mondays and Fridays or before or after public holidays. Armed with this data, the organisation can then consider ways to improve employee attendance on problematic days, such as by offering incentives for coming into work on unpopular days or by ensuring that unpopular shifts are spread out amongst a wider section of the workforce.

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<sup>6</sup> CIPD Ninth National Survey of Absence Management, Policy and Practice

## Root out persistent offenders

Recording absence data in a web-based system makes it easier to spot habitual offenders. Long-term absentees are usually fairly visible in an organisation. Co-workers may comment on and grumble about their continued absence, but it's likely the absentee has legitimate reasons for being off. Those abusing the system by taking unwarranted sick days however, may be hiding in plain sight; taking off single days at a time and not drawing attention to themselves.

Using a web-based system, managers can root out these transgressors. For example, let's say an employee Y in a company has been off for ten consecutive working days on legitimate, long-term sick leave. The employee's co-workers have been complaining about the length of the employee's absence. Another employee, Employee X, however, has had almost just as many days off, but has taken the sick days as single days spread out over six months; a fact that's gone unnoticed by their co-workers and could have escaped the attention of their manager if the organisation had been using a paper-based system.

But as the company has switched to a web-based system for monitoring absence, the manager can see at a glance that Employee X has already taken nine days off sick in the first six months of the year. The manager has the statistical proof to confront Employee X about their absenteeism and has accurate data to refer to should the issue go to a disciplinary hearing. Another employee's flawless attendance record, meanwhile, may have gone unnoticed had the organisation still be using a paper-based system. But the manager can see that this employee has yet to take any days off sick and can offer a reward for good attendance.

## What to look for in a leave management application

There are a wide range of web-based systems for monitoring and managing employee leave on the market. In choosing a solution for your organisation, look for one that:

- Allows you to record and monitor all types of leave, from holidays and training days to sick days and days taken in lieu
- Includes exporting and reporting features
- Integrates with Microsoft Exchange Server, Microsoft SharePoint and Windows Active Directory
- Integrates easily with your Outlook calendar
- Can be accessed by employees wherever they are, any time or day of the week
- Offers 100% data security and confidentiality
- Requires minimal user training and is fully IT supported

## Conclusion

Any company looking to cut costs and improve productivity in the current economic climate should look for ways to reduce absenteeism. Switching to a web-based system for monitoring and managing absence and employee leave is a critical part of this process. By being able to record and collect absenteeism data, organisations can spot and deter habitual offenders who are taking unwarranted sick days and obtain invaluable information about absenteeism patterns and trends.

## Find out more

If you would like to find out more about web-based leave management systems, contact Systems Valley on: **0800 33 456 30** or visit: **www.leavemaster.com**

## About Us

Based in the UK, with headquarters in Hatfield, Systems Valley is a leading provider of cutting-edge software products, state-of-the-art E-Commerce solutions and highly-skilled offshore software developers. As a Microsoft Certified partner, we specialise in Microsoft technologies and provide small to medium size businesses with powerful IT solutions and services that range from off the shelf products to complete, customised systems.

We are a leading supplier of highly-qualified, technically-skilled offshore software developers. We also provide UK and international companies with powerful leave management applications, tailored E-Business solutions, custom-made desktop and web applications, Microsoft.net migration and re-engineering services, and more.

We offer exceptional value and help our customers achieve their strategic goals through our creative approach, our technical know-how, our innovative ideas and our commitment to meeting our customers' individual needs.

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