



The Absence Management Challenge

How Technology Can Help

Introduction

Managing absence effectively is probably one of the biggest administrative challenges facing any business:

- What's the situation with bank holiday entitlement for a part-time employee who doesn't work on Mondays?
- How do you calculate how many days holiday a member of staff is entitled to if their working hours or pattern changes half way through the year?
- What happens if an employee has holiday to carry over, or wants to take time off they've not yet 'earned'?
- How do you manage absences for employees that work overseas and have different entitlements and public holidays?
- Who's responsible for ensuring that holiday approvals don't get stuck in managers inboxes?
- How do you avoid a last minute rush to use up holiday entitlement at the end of the holiday year?

It's not just the task of managing planned annual leave that gives businesses a headache. Keeping on top of sickness absence is also a major challenge, and if the statistics are to be believed, one that cannot be ignored.

Figures from ACAS suggest that the average worker is absent from work 8.4 days per year, costing a typical SME with 50 to 200 employees between £29,900- £119,600 annually in direct salary costs alone. Add it all up and it's estimated that the total cost of absence to the UK economy is around £10-12 billion per year.

The good news is that recent years have seen the development of sophisticated, low-cost HR software that dramatically reduces time wasted on administration and makes absence more visible and easier to manage.

Choosing the absence management software that's right for your business is vital if you are to reap the full benefits that today's technology can offer.

This guide will help you make the business case for investing in HR or absence management software, and highlights the key features your business will find most useful.

What are the biggest issues?

Every business is different, but when it comes to absence management companies generally report the same challenges:

1. Excessive time wasted on administration
2. Lack of support for legislative compliance
3. Potential or actual disruption to the business
4. Inadequate platform for business growth

1. Too much paperwork

It's quite common to find even relatively large SMEs managing absence across a series of spreadsheets, or even running partially paper-based systems. It's often a method adopted in the early days and later stuck with because it's comfortable and familiar.

The problem, however, is that while this may have worked well when the business was small, it's generally no longer fit for purpose as the company grows and takes on more people.

The HR manager (or whoever in the business is managing HR) no longer knows everyone by sight, the business spreads across a number of locations and a growing number of people are working flexibly or remotely.

In this scenario, keeping information up-to-date and recording absences accurately becomes almost impossible. Managers start holding different spreadsheets for their teams or input into central ones which they email back and forth between themselves. No-one really knows which is the latest version. HR people – and line managers – find they are spending an inordinate amount of time answering queries about how much annual leave individual employees have left, with no-one really clear about who is off and why, and whether it's been recorded accurately, if at all. Employees are frustrated as they can't easily find out what holiday they've taken, and what they are entitled to, team leaders find it difficult to plan workloads, HR and senior managers can't get the bigger picture and everyone wastes time.

Technology can help to iron out all of these niggling issues. It streamlines processes and ensures information about absences of all kinds is hosted in one central secure, but easily accessible place.

It gives managers visibility over exactly what's happening in their team, and can allow employees to update and keep track of their own personal data.

Freed up from the administrative burden of managing the fine details of absence, HR and line managers will have more time to concentrate on the activities better suited to supporting business objectives.

2. Legislative compliance

It's a fact of life that however hard a business tries to manage its people appropriately and keep on the right side of the law, there will be occasions when something goes wrong.

Listed below are some of the most common concerns when it comes to managing legal compliance in absence:

- **Persistent short term absence:** Every business has staff who are absent for a few days here or there. Often the 'tummy bug' or 'migraine' is absolutely genuine, but sometimes managers may suspect other reasons for short term absence, especially if it becomes a recurring event. If a decision is made to tackle the issue with the employee, it's vital to have a system in place to record both the history of and reasons for absences, as well as any conversation or actions that may have been agreed as a result. Should persistent short term absence escalate into a disciplinary or dismissal situation, this will ensure that all the supporting information is at hand.
- **Long-term illness:** When an employee is absent due to long term sick leave, managers need to have all of the necessary information on hand to track the absence, and trigger other activities, such as sick pay. Being able to access information, such as a GP's Statement of Fitness for Work, previous absence incidents and records of related conversations, also empowers HR or line managers to discuss any adjustments that might need to be made (such as reduced hours or a phased return to work) to enable a successful return to work for the employee.
- **Retirement:** The disappearance of the mandatory retirement age has thrown up a whole host of issues for businesses. While many mature employees may be able to work successfully into their later years (or will come to a point where they want to retire) there are others who may find it difficult to accept that a health or mobility issue is impairing their ability to do the job successfully, or is leading to an unacceptable level of absence. In an ideal scenario, an employer would be able to come to an amicable agreement with a member of staff about adjustments to their role or a phased approach to retirement. If dismissal is the only option, it is essential that all the absences, conversations and agreed actions have been properly recorded.
- **Health and safety incidents:** Injuries in the workplace can be a reason for employee absence. By law, companies need to keep records of such incidents and, be able to provide reports.
- **Changes to working patterns:** Many employees have a right to request flexible working, and employers have a statutory duty to consider applications. If you do decide to accept or reject such an application, it's important keep a record.

In the above situations, having HR software in place that allows you to systematically record and safely store information to support discussions (or in the worse-case scenario a legal case), and stay on top of key activities through alerts and reminders, is invaluable.

3. Disruption to Business

What is absence costing in your business? If you can't answer the question, you're not alone! Research has shown that very few businesses have the tools in place that enable them to easily and effectively monitor absence, and develop an understanding of what it's costing them. And, of course, it's not just the financial implications that need to be taken into account.

In an SME, just one person off sick in an already hard-pressed team can have an enormous impact on productivity. Important deadlines get missed, customer service slips and motivation plummets as those employees who are present struggle to cope with the extra workload.

Analysis of absence information may highlight patterns or problems (such as unacceptable levels of absence in a particular team) which need to be addressed. Availability of detailed data can support a decision for the business to be more proactive in its attempts to improve attendance. For example, introducing back-to-work interviews, or a procedure where employees have to phone in and speak personally to their manager when they are sick rather than sending an email.

Using an HR system also helps to ensure the sickness absences are much more transparent. Making absences visible can act as a 'wake-up call' for some employees who until they see their absence recorded in black and white may not appreciate just how much time they are actually taking off. It also helps managers to take a much more proactive approach.

4. Business Growth

Of course HR technology can do much more than just make key absence processes transparent, streamlined, and consistent; it helps with business growth, too.

On a day-to-day basis, HR software can provide diary features that make it easier for line managers to see whether they have enough staff available at any given time before approving holidays. This needs to take into account all of the reasons team members may not be available to work, for example; training courses, long-term leave, compassionate leave, or Jury Service.

For HR or senior business managers, having a "helicopter" view of absences, and their types, within particular teams or across the whole organisation, can help with longer-term resource planning. Knowing who's used up their holiday entitlement, and who's yet to take time off before the end of the year, can be helpful if decisions need to be made about hiring temporary staff, or seconding employees in from other parts of the business.

Analysis of sickness absence may also signal that the business has a wider issue with employee engagement and needs to do more to harness the enthusiasm and commitment of staff. Building engagement can be particularly important in companies that have a significant number of remote workers due to company growth. Having an HR system that allows employees to update their personal details and access information about their holiday entitlement, for even general company news, for example, can help to make them feel constantly connected to, and valued by, the business, even though they are not physically present in the office.

What to look for

Not all absence software solutions are equal as some are more sophisticated or flexible than others. Because of this it's important to make sure that the product you choose has the features the business needs both now and in the future.

You may find it helpful to first think of your requirements at a top level, before drilling down into the specifics of particular areas of functionality. For example, is automation important? If so, what is it you are looking for the system to automate? Do you need to hold history or keep an approval trail? If so, what information does this relate to?

Architecture is important

The way that an HR software system has been put together significantly impacts on how 'smart' the solution is. It's relatively straightforward to put together a bunch of good-looking screens that help capture information, generate standard reports and automate some processes. But, unless the underlying software architecture has been built with the bigger picture in mind, these systems may only solve part of your problem.

Here are some of the areas of core product functionality that you may want to consider:

- **Automation:** How much does the system do for you, and how much do you have to do yourself? If you've still got to spend hours manually re-calculating holiday entitlements at the beginning of each year or when someone moves to a different working pattern, or chasing up overdue approvals or Fit Notes, you're going to end up wasting a lot of your valuable time.
- **Historical Information:** Not all HR systems allow you keep a history of employee records. If you are recording absence information for the first time, it may not seem important to start with, but the benefits in terms of reporting and compliance should be considered.
- **Configurable Alerts and Notifications:** HR software that helps you stay on top of activities - not just record information- are worth their weight in gold! Check to see what alerts and notifications are provided as standard, how they are routed and what you can configure for yourself, to see if they fit in with your business requirements.
- **International Support:** If you already have operations in other countries - or are planning to expand overseas - you'll want to check that the system will help you easily manage absences in these countries too. Look out for the ability to define different local or regional public holidays, set up different holiday plans and rules based on location - and how much of the hard work of calculating holiday entitlements each year the system will do for you.
- **Actionable Reporting:** Pulling reports from any software system today should be easy. Having those reports available in a format that makes it simpler to act on the information is key to agility. Information that's presented graphically is often easier to use - especially if it can be personalised to reflect each individual manager's area of interest.
- **Document management:** You don't need a fully-fledged document management system to support absence management, but you do want to be able to store documents and restrict access in the way that's most appropriate to the kind of information you are storing. Check to see how the vendor's system helps you manage public documents, such as absence policies, as well as sensitive information, such as medical reports.

- **Security:** Since most HR data is highly sensitive, and companies have a legal requirement to keep it safe, security has to be a key consideration during your selection process. You need to understand not just what steps the software supplier has taken to keep your data safe, but how you control who has access to it. If you have overseas operations, you'll need to take into account data protection legislation and be able to restrict what local HR professionals or line managers can see. If managers can run reports, you need to ensure they can only access the information about their teams that they are allowed to see.

Features to consider

Selecting any software system is often a balancing act between what you want to achieve, the budget you have available, and what's on offer. Here are some of the features we think you should be asking for when it comes to absence management.

Managing Annual Leave

- **Calculating Entitlement:** SMEs in particular may have staff with working different hours or different days of the week. This means that the calculation of holiday entitlement is not a straightforward thing – and is something that the latest absence management software ought to take care of calculating for you. HR should simply be able to enrol an individual on a holiday plan and the system will determine their annual allowance based on hours worked, length of service and any specific company policies that may apply - and ideally help you stay in line with the law too, for example, minimum entitlements in the UK. Similarly, when staff join or leave part way through the year, your HR system should be able to calculate their holiday entitlements. There should be no need to make complicated pro-rate calculations – the best systems will do the sums for you.
- **Adjusting for Changing Work Patterns:** Changes in job roles or an employee's individual circumstances can often lead to changes in work patterns. In a fast-growing SME, work patterns may also change frequently. The latest HR software eradicates this need for constant recalculations, allowing you to input the employee's new details and ask the system to adjust the entitlement accordingly.
- **Carrying Holiday Over:** Some companies are happy for their employees to carry at least some of their holiday entitlement over into the next calendar year. Once the rules have been set up, there should be no need for managers to waste time working out what individual employees have left and transferring it into the new year – the system should be set up to automatically do this for you.
- **Use it or Lose it:** Some businesses, on the other hand, prefer to insist that all annual leave is taken during the current calendar year. A good HR system helps managers avoid the situation of a mass exodus at the end of the year when everyone rushes to use up their remaining annual leave in the same few weeks. For example, notifications can be triggered if an employee hasn't used up their leave by a certain date. Ideally, HR managers should also be able to view a report of how much leave has been taken and what's still to be booked at any point in the year, so they can avoid a rush to use up holiday entitlement at the end of the holiday year.

- **Managing Bank Holidays:** Bank holidays can cause issues in a number of ways. For example; you may have part-time staff who don't work Mondays or Fridays, and would therefore not ordinarily be at work during standard bank holidays. They may, however, still be entitled to some additional time off to compensate for their "loss" of a bank holiday. The latest software should be able to work this out for you, and ensure that no-one drops below the legal entitlement of 28 days annual leave per year for full time employees (and the pro-rata equivalent for part-timers). It should also be possible to take international or regional variations (i.e. different bank holidays in Scotland) into account.
- **Flexible Approval Options:** You may not want to manage all absence approvals in the same way. For example; it may make sense to have line managers approve holiday requests as they are best positioned to judge the impact on the business, but have sickness requests routed directly to HR so they can orchestrate whatever follow up action is required. It's worth asking the vendor to show you how their system would manage these different scenarios.
- **Compulsory Holidays:** Many companies take the decision to close over the prolonged Christmas/New Year break and require staff to take the non-statutory days that fall within this period as part of their annual leave. Compulsory shut down is very common in many of the Mediterranean countries – whatever the business sector. If your company has compulsory holidays, your HR software should be able to adjust for this automatically when calculating employee holiday entitlement.
- **Length of Service:** Some organisations allow employees to accrue additional entitled annual leave after they have been employed for a certain number of years. Because of this, some software systems can be set up to automatically pick up the trigger point when the increased allocation is due and adjust the individual's entitlement accordingly.
- **International Variations:** Developments in technology have made it easier for us to work anytime, anywhere and it is becoming increasingly common for even quite small SMEs to have bases overseas or staff who are working remotely from around the world. Your system should allow you to take account of international variations such as country-specific public holidays, and make the calculations for you.
- **Helicopter View:** One of the biggest advantages of a sophisticated automated absence management system is the ability to give managers the "big picture". They can look at who is off when within their team to avoid difficult clashes and make sure the appropriate resources are in place. A system should also provide more immediate assistance, like an integrated calendar, so that approving managers can see who else in the business is away that might impact on their team (even if they are not one of their direct reports!). It should be possible to set up email alerts to remind managers when an individual employee is about to go on holiday – or allow them to request a regular digest telling them who is absent and why.

Managing Sickness Absence

It's a fact of life that employees will be absent due to illness from time to time.

The latest absence management technology can do much to make sickness absence both trackable and transparent, and can also support whatever sickness absence policies the business has in place. It makes managers aware of employees they may need to spend time with, or trigger considerations around extra resources if an absence looks as if it may be longer term.

Some of the features you may find particularly useful in managing sickness absence include:

- **Notifications:** Automated systems can eradicate the need for busy managers to keep track of how much time an individual employee has had off. For example, if an employee has been absent for more than seven days and is required to provide a Statement of Fitness for Work (or fit notes as they are commonly called) from their GP, you should be able to set up a notification that would remind their manager of this.
- **Detailed Analytics:** If there is an issue in a particular team, at specific times of the year or if the business in general has a problem with persistent short term absence, managers need to be able to see this. As well as advanced reporting, such as those based on the Bradford Factor and other reports that allow HR to drill down into the detail, the system should support line managers too. Information presented in easily digestible charts allow users to assess the situation at a glance, and take whatever action is necessary to get sickness absence down to an acceptable level.
- **Supporting Documentation:** Your system should provide a central place where supporting documentation, such as fit notes or notes of discussions between managers and their employees, can be housed securely. This can be particularly useful if the business finds itself in a disciplinary or tribunal situation as the important information will have been recorded accurately, and supporting documentation will be readily available, within the system.
- **Health and Safety:** Software systems should also include the ability to record health and safety incidents, such as official reporting of accidents at or related to work and to link them to absence records. Again, this can be particularly useful if the business finds itself in dispute or under investigation over a health and safety related incident. The data produced by the system will also help alert the business if accidents at work are becoming more common and action needs to be taken.

Maternity, Paternity, Parental and Adoption Leave

Working out the detail of maternity and other parental leave can be an extremely time-consuming task for HR or responsible line managers, and one of the areas where, because it's not an every-day task, it's easiest to get wrong. Automated absence management systems can be enormously helpful in this respect.

Once the core information has been inputted they should be able to work out all the key dates associated with maternity: such as expected date of confinement, keep-in-touch days and end of maternity leave. When changes in the law occur, your vendor should be able to help you by providing advice about what you need to do to configure your system, or provide updated functionality if needed.

Other Absences

There are other occasions when people will need to take time off work; perhaps to care for a sick relative, or on 'compassionate' grounds due to bereavement – for example. An employee could also request time off to go on a training course which is not directly related to their role, or to attend a medical appointment. Company policies vary widely as to whether these days absent are to be regarded as part of an employee's annual leave and whether they will be paid for.

The HR system should be able to support the way you want to manage and track these types of absences - and address things like Jury Service too.

What's changed with HR software

Cost Effective and Secure Delivery

Companies are often concerned that HR software will be expensive and time-consuming to maintain. But technology has advanced enormously in recent years and sophisticated software is now within reach of even the smallest businesses. The latest systems are delivered in the Cloud, on a Software-as-a-Service basis. This means there is no need for users to buy expensive hardware or worry about having to manually update software themselves. Instead, companies simply subscribe to the system of their choice and then access it via a secure server from wherever they may be. The core system is constantly updated by the people who develop it, and new features are added regularly – giving users ongoing access to the very latest functionality.

Faster ROI

Today's modern Cloud-based systems are usually designed to be quicker – and more cost effective – to implement too. Usually you can be up and running in just a day or so, and able to configure the system to fit your needs rather than relying on the vendor to do it for you. While HR admin training is recommended, it's rare that more than a brief introduction is needed for managers and employees.

If you're not convinced you've found the perfect solution, it's worth considering an interim approach. Rather than struggle on with outdated or time-wasting processes, try out a system for a year or two. If it doesn't offer all of the features you need as your business evolves, you can move on.

If you do choose to take an interim approach, it's important to check that you can move on without financial penalties, and get your data back easily.

A final thought

Employees today expect to be able to interact with colleagues and help themselves to information as easily at work as they do in their private lives. Putting in place a modern, effective HR system allows employees to check holiday entitlements, review team calendars, submit holiday requests or register sickness absence or refer to company policies, in a way that's much more productive and engaging for everyone.

So, alongside all of the savings you can make in terms of time and money, you'll gain softer benefits too.

About Cezanne HR

Cezanne HR is headquartered in the UK with offices and partners in key European countries. Our focus is to provide online HR software that helps you to lower costs, raise productivity and manage your people better.

We do that by offering fast-to-implement, easy-to-manage and cost-effective HR solutions that go well beyond simple HR databases; providing you with all the features you need to manage your people smarter, faster and more effectively.

We're led by a team of HR industry experts with many years' experience of supplying HR software to companies of every size, and in every industry sector. That's why, from the very start, we decided to build an exceptionally robust and scalable SaaS platform for Human Resources Management which, like our customer community, is growing all the time.

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