

The art of managing your employees' absence

HOW TO GET CONTROL OF THE PROCESSES
AND ACHIEVE BOTTOM LINE RESULTS





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Intro



GOOD ABSENCE MANAGEMENT PAYS OFF!

Absence is a natural part of any employment relationship. The employees are off due to holiday, get sick or take time off for family reasons, medical appointments or other reasons.

In the same way as working time is regulated by law and local agreements, there are also rules around holiday and sickness that companies must comply with. Thus, it is equally important to be able to manage their absence – planned as well as unplanned.

THE CONSEQUENCES OF NOT BEING ABLE TO HANDLE ABSENCE

Handling holiday leave, sickness and other types of absence includes a number of tasks which often must be carried out within a certain deadline. And with many employees, it can be a big administrative burden to handle this manually.

It is not only time-consuming but might also result in errors in allocation, carry-over or payment of untaken days. In addition, the company will not have the necessary overview for the ongoing follow-up. This can put pressure on the company's holiday planning, just as it makes it difficult to follow up on sickness absence, ensure correct remuneration of the employees, minimise overtime payments etc. And that can be very expensive ...

Good absence management is not rocket science, and with the right tools there are huge financial gains to be achieved. We have compiled an overview of the challenges and what you should be aware of as a company when it comes to managing absence. Before you read on, you can **test how well you are already in control of absence processes in your company**. It might give you an idea of where to focus in order to become (even) better at managing absence.

Happy reading!

Types of absence

THERE CAN BE MANY REASONS WHY EMPLOYEES ARE ABSENT FROM WORK. SOME ABSENCE IS PLANNED, SOME IS UNFORESEEN.

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HOLIDAY LEAVE:

Most employees who work 5 days a week are legally entitled to 28 days' paid holiday per year. In addition, some employees might be offered extra days of leave from length of service or other.

4.4

OWN SICKNESS:

Sickness is also a reason why the employee is absent. The average sickness absence rate in UK companies was 2.0% in 2018, corresponding to 4.4 days per employee (a small increase compared to the previous year).

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OTHER ABSENCE REASONS:

If you count in other types of absence than own sickness, the absence rate is even higher. Other reasons for absence are e.g. helping a child, partner or relative, medical appointments, bereavement or maternity/paternity leave.

Rules to comply with

THERE ARE A NUMBER OF RULES AROUND ABSENCE THAT COMPANIES MUST COMPLY WITH. SOME OF THEM ARE:

LEGISLATION

- Most employees who work 5 days a week are legally entitled to 28 days' paid holiday per year. The annual leave begins to accrue as soon as the employee starts his/her job. The leave year can vary from company to company but usually runs from January to December or financial year from April to March. If an employee cannot take all of their leave entitlement due to sickness, he/she can carry over a maximum of 20 days.
- Employees have the right to take time off work to help someone who depends on them in an unexpected event. There is no limit to the number of times or length of time that employees can take off for dependants, as long as it is reasonable for the circumstances.
- An employee who has been off work sick for at least 4 days in a row, can get statutory sick pay (SSP). SSP is paid by the employer for up to 28 weeks, except from the first 3 days, called waiting days. The amount paid can be higher than the standard SSP rate, but not less.
- Absence statistics are requested by the Office for National Statistics who defines which companies and the type of data to be reported.

CAN YOU MANAGE ACCRUAL OF HOLIDAY LEAVE AUTOMATICALLY SO YOUR EMPLOYEES GET WHAT THEY ARE ENTITLED TO BY LAW AND COMPANY-SPECIFIC POLICIES?

CAN YOU HANDLE VARIOUS PERIODS OF ILLNESS WHERE THE EMPLOYEE IS ENTITLED TO DIFFERENT KINDS OF SICK PAY OR NO PAY AUTOMATICALLY?

CAN YOU EASILY CONTROL IF AN EMPLOYEE EXCEEDS THE ENTITLEMENT OF COMPANY-PAID SICK DAYS WITHOUT MANUAL WORK?

INTERNAL COMPANY POLICIES

In addition to the legislation, the company can also have a personnel policy that describes internal guidelines regarding absence as well as other topics.

It can, among other things, contain a description of:

- Rules for allocation of extra leave days from length of service, e.g. one extra day after 5 years of service, another additional day after 10 years of service etc.
- Details for carrying over untaken holiday leave to next year, if not described in the employment contract. Is it something the company allows? If yes, how many days (maximum 8 days).
- When and how managers and/or HR should follow up on employees in relation to holiday or sickness. E.g. send flowers to the employee after 10 sick days or when to keep in touch.
- Deadlines for reporting sickness absence and for sending fit notes.
- Details of the company's sickness policy including entitlement of company-paid sick days and definition of periods where the employee is entitled to different kinds of pay or no pay.
- The procedure for return to work after absence discussions e.g. when to meet and what the next steps could be.
- How and when to claim statutory sick pay (SSP).

DO YOU HAVE AN INTERNAL PERSONNEL POLICY THAT DESCRIBES YOUR COMPANY'S GUIDELINES RELATED TO SICKNESS ABSENCE AND HOLIDAY?

ARE MANAGERS AND/OR HR AUTOMATICALLY NOTIFIED WHEN THERE IS A NEED FOR FOLLOWING UP ON EMPLOYEES IN RELATION TO SICKNESS ABSENCE OR HOLIDAY?



Processes for managing absence

ABSENCE MANAGEMENT INCLUDES A NUMBER OF TASKS THAT MUST BE CARRIED OUT – AND SEVERAL OF THEM WITHIN A CERTAIN DEADLINE.

Most companies already have one or more systems that support parts of absence management, while some processes still are manual. And that can be challenging – especially in companies with many employees.

- Holiday entitlement is usually handled in the company's HR or payroll system.
- The ongoing registration of absence is supported by most time & attendance software solutions. However, in many companies the transfer of payroll and absence data to the payroll system is not automated. Since absence data is part of the data basis for the payroll preparations, it is important that data is correct and available in time – without errors and delays.
- The process around requesting transfer or payment of untaken days, if allowed by the company, sometimes involves forms or emails between the employee and the manager. And then, the payroll office must type in the information manually in the payroll system.
- Most payroll systems can work out the SSP payment but cannot handle company sickness policy regarding waiting days, company sick days and statutory sick pay. Hence, this is often a manual process where HR manually check or validate data which might lead to incorrect payment of the employee.
- Administration of return to work discussions is supported by most HR systems. But since absence data typically is not updated on an ongoing basis, the meetings are often not being held in time.

Manual or partly manual processes are not only time-consuming for all parties but might also result in both errors and delays – and prevents the company from following up in time. Thus, there are many advantages to be achieved by obtaining complete system support of the processes.

DO YOUR EMPLOYEES REGISTER THE HOLIDAYS THEY TAKE ELECTRONICALLY?

IS CARRY-OVER OF UNUSED HOLIDAY MANAGED CORRECTLY AND WITHOUT MANUAL WORKFLOWS?



Let the Workforce Management system handle the absence

The company's HR and/or payroll system support some of the processes but can rarely meet all needs. In addition, the use and access to the solutions are often limited to the administration only. Therefore, many companies end up using complementary solutions – or even maintain manual workflows – to support their processes completely.

Since working time and absence are closely connected, it makes sense to gather the registration and handling in a specialised Workforce Management solution – which is integrated with the other systems for complete support of the process.

Thus, the company gets:

- Better control of calculation and allocation of holiday leave entitlement so the employees get the holiday they are entitled to based on working time, length of service and age.
- An exact, real-time overview of the employees' holiday accounts on an ongoing basis which helps to ensure that the employees take out their holiday in time.
- Consistency between taken and registered holiday as the employees must report for all days in the solution.
- Correct payment of holiday leave or transfer to the next leave year.
- Insights into sickness absence and absence reasons across departments, if the company has more sickness absence than the rest of the industry, if the trend is upward or downward and how much the absence costs – in real time.
- Overview of which employees should be invited in for return to work discussions and support for monitoring of sickness policy where all absence is split into the right type and category (pay or no pay) to ensure correct remuneration.

**DO YOUR EMPLOYEES
TAKE OUT THEIR
HOLIDAY LEAVE
IN TIME?**

**DO YOU HAVE AN
OVERVIEW OF THE
SICKNESS ABSENCE IN
YOUR COMPANY? AND DO
YOU KNOW IF THE ABSENCE
RATE GOES UPWARD
OR DOWNWARD?**

IN ADDITION, THE COMPANY ACHIEVES A NUMBER OF ADDITIONAL BENEFITS:

- ONE SMOOTH PROCESS** supporting digital collection of data on working time and absence validated against agreements for generation of accurate payroll data, including a unified and automated approval process. In other words, a lean payroll process without manual work with integration to your payroll system.
 - MODERN USER INTERFACES** such as portal and mobile solutions for registration of both time and absence saves time for the employees and provides access to an updated overview of own data. They also allow for other self-service options which reduces the administrative work for both managers and HR even more.
 - EFFICIENT STAFF ROSTER PLANNING**, as information on working time and planned absence is available in connection with the planning. This also enables the company to respond to unexpected absence such as sickness, meetings and the like.
 - OPTIMISED JOB AND PROJECT MANAGEMENT**, as registration of time on projects and production orders give actual and valuable insights into the progress of tasks for ongoing planning and follow-up.
 - PROACTIVE HOLIDAY PLANNING:** Planning of holiday is usually something both the company and the employee are interested in getting done in due time. This provides the best conditions for ensuring the necessary staff in relation to the tasks that must be solved. With a real-time overview of how many days the employees have taken, planned and left, the company can be more proactive when it comes to holiday planning to ensure that the employees take out all the days they are entitled to in time.
 - PROACTIVE EFFORTS TO REDUCE SICKNESS ABSENCE:** By collecting and analyzing data on sickness absence, the company can structure the follow up on sickness absence, promote an early intervention and work for greater well-being in general.
 - INCREASED AVAILABILITY OF DATA:** Through integration to other business systems such as Outlook, information on holiday, sickness and other types of absence becomes available to others in the company. This provides a better overview which enables the company to improve the service towards their customers.
 - COMPLETE TRACEABILITY** through logging of data in the system. This means compliance with audits and GDPR (EU's general data protection regulation).
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How well are you in control of your absence processes?

ANSWER 10 QUESTIONS BELOW AND FIND OUT IF YOU CAN BECOME BETTER AT MANAGING SICKNESS ABSENCE AND HOLIDAY SO YOU DON'T LOSE TOO MUCH MONEY. COUNT HOW MANY TIMES YOUR ANSWER WAS 'YES' AND SEE THE RESULT ON THE NEXT PAGE.

Or you can take the test electronically: promark365.com/absence-management-test/

QUESTIONS

YES

NO

Do you have an internal personnel policy that describes your company's guidelines related to sickness absence and holiday?		
Are managers and/or HR automatically notified when there is a need for following up on employees in relation to sickness absence or holiday?		
Do you have an overview of the sickness absence in your company? E.g. absence reasons, which departments are the most affected and how much the absence costs the company etc.		
Do you know if the absence rate goes upward or downward?		
Can you handle various periods of illness where the employee is entitled to different kinds of sick pay or no pay automatically?		
Can you easily control if an employee exceeds the entitlement of company-paid sick days without manual work?		
Can you manage accrual of holiday leave automatically so your employees get what they are entitled to by law and company-specific policies?		
Do your employees register the holidays they take electronically?		
Do your employees take out their holiday leave in time?		
Is carry-over of unused holiday managed correctly and without manual workflows?		

Here is your result

0-4

YOU CAN DO MUCH BETTER

You have a lot to gain from digitalising the absence processes in your company. Registration of working time and absence is not only the basis for correct wages, sickness and holiday accounts. It also provides real-time data for planning and follow-up – and ensures that the company does not lose money on sickness absence that could have been avoided.

5-7

YOU ARE DOING WELL (BUT THERE IS ROOM FOR IMPROVEMENT)

You are in control of some important elements of good absence management but there is still room for improvement. By automating more workflows, you will be able to reduce the administration even more. This will free up time to other value-adding tasks such as targeted efforts to reduce sickness absence and strengthen the work environment.

8-10

YOU DO AN EXCELLENT JOB

It seems as if you have already digitalised the absence processes in your company and collect absence data which gives you the necessary overview. This saves times for all parties and ensures that you are compliant with laws and policies. It also means that vital information is available for both employees, managers and HR so relevant follow-ups can happen in time. This should already have a positive effect on your bottom line results.

ProMark supports the handling of holiday leave and sickness absence

PROMARK IS A SPECIALISED WORKFORCE MANAGEMENT SOLUTION SUPPORTING ABSENCE PROCESSES FOR BOTH HOLIDAY AND SICKNESS.



Holiday management

CORRECT HOLIDAY MANAGEMENT IN TIME

ProMark offers advanced holiday management, simplifying handling of annual leave in the company. It supports 2 processes:

- Entitlement calculation and allocation of holiday leave according to working hours, length of service and age – and whether it is with or without pay.
- Transition to new leave year, including allocation of new holiday, carrying over untaken holiday and payment of non-used entitlement.

Some companies need support for both processes, others just for one of them.

With ProMark holiday management, both employees, manager and payroll administration have an updated overview of holiday balances, approved holiday, request for transfers and more.

With automated notifications, the company can remind employees of their holiday balance on a given date to ensure that they take out all the holiday they are entitled to or decide what should happen to untaken days.

The employees can put in requests for either transfer of days or payment in the system. Again, notifications will help ensure the necessary manager approvals in time. HR can see what managers are approving and if both the manager and HR must approve, a second approval level can be set up.



The solution has complete integration to the company's payroll solution – no matter which system you have. The integration can go both ways, or we can deliver actual data on accrued or taken holiday for each employee for the payroll preparation.

ProMark supports all leave management and ensures that everything happens in time and equal for all employees.

The company avoids irregular processing, errors in payment and holiday balances as the module can remind of the various actions that need to be taken in time.

DID YOU KNOW?

- A British Airways survey of 2,000 people found that one-third of working Brits did not use up their annual leave in 2017, losing an average of four days each.
- The same survey found that 69% of Brits did not take a two-week holiday.
- Studies by Expedia show that people who take their holiday leave become more productive and happier.



SDC AUTOMATES HOLIDAY MANAGEMENT

Previously, holiday management required quite a lot manual work for both HR, employees and managers. Thus, SDC chose to implement holiday management in ProMark.

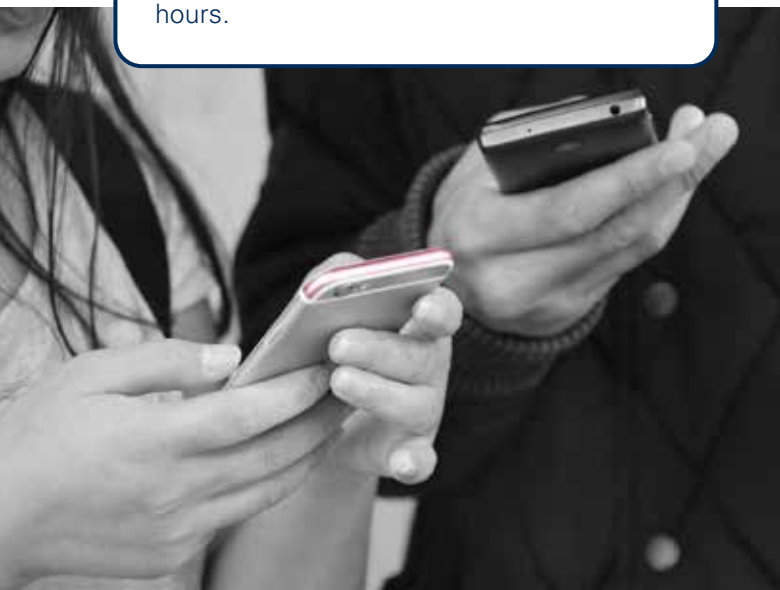
With holiday management in ProMark, it is easier and more manageable for managers to handle employee requests for carrying over and/or payment of unused entitlement.

Moreover, the heavy administrative work in the HR department will be reduced, while improving the overview of holiday balances and transfers, and data can easily be transferred to the payroll system.

As an extra bonus, ProMark can also handle carry over of other accrued days or hours.

‘ProMark holiday management makes it much easier to handle the transition to a new leave year and will ease the workflow for all parties. This frees up time for other tasks.’

ELISABETH MORTENSEN, HR CONSULTANT IN SDC



Sickness absence management

STRUCTURED FOLLOW-UP ON SICKNESS ABSENCE

With ProMark sickness absence management, the company gets an overview of sickness absence and absence patterns across departments, divisions and locations and can quickly pick up if irregularities occur.

It keeps track of when the company's predefined limit values for sick days are exceeded and initiates a certain process:

- When an employee has taken more than a certain number of sick days within a given period, the system will send out a notification. This will enable the company/manager to be more proactive and promote an early intervention to prevent future absence.
- If the absence period is longer, the system helps to administer return to work talks with employees and other kinds of follow-up.
- If your company has a rolling sickness policy defining periods where the employee is entitled to different kinds of pay or no pay, ProMark can handle this. The period of illness is then split into e.g. waiting days (unpaid), company sick pay and statutory sick pay and the setup defines the number of days before automatically changing to the next type.
- Furthermore, the total number of company-paid sick days will be summed up over a rolling period of a year or a fixed period of 12 months to prevent that a person exceeds the sickness entitlement of company-paid sick days – all this without manual intervention.

DID YOU KNOW?

- The average sickness absence rate in UK companies is 2.0%, corresponding to 4.4 days per employee.
- Public sector workers have a higher sickness absence rate than private sector workers.
- Companies with more than 500 employees have higher sickness absence rates than companies with less employees.
- Minor illness such as coughs, colds and back pain, neck and upper limb problems are the primary reasons for absence.
- The 'best doctor' is the manager who follows up on the employee's sickness absence. Not to control, but of interest.

With ProMark, the company gets a much better overview of sickness absence.

This allows the company to structure follow-up on sickness and work dedicated to reduce the absence and strengthen the work environment.

'Our current system is not easily accessible by staff or managers when off site. ProMark will provide us with a solution to this and also give all the information in one place, rather than having to use two systems for holiday and sickness.'

**SUE BALUT, FINANCIAL CONTROLLER
EXCLUSIVE COLLECTION**



What is the business case?

WHAT IS IT WORTH TO GET CONTROL OF TIME, ABSENCE AND WAGES IN YOUR COMPANY? HOW DO YOU CALCULATE WHETHER IT IS A GOOD BUSINESS CASE TO DIGITALISE ABSENCE MANAGEMENT?



The value of correct handling of holiday leave

MISSING OR INCORRECT REGISTRATION AND HANDLING OF HOLIDAYS CAN BE VERY EXPENSIVE FOR THE COMPANY. BY DIGITALISING LEAVE MANAGEMENT, THE COMPANY CAN SAVE ADMINISTRATIVE TIME, AVOID INCONSISTENT HANDLING AND ERRORS IN HOLIDAY BALANCES AND ANY TRANSFERS/PAYMENTS – AND THUS, INCREASE CONFIDENCE THAT DATA IS ACCURATE.

EXAMPLE 1

Vision Ltd. has 500 employees. If 10% of the employees take out just 1 additional day than they are entitled to, it will cost the company:

The company can avoid:

- That the employees are absent from work more days than they are entitled to

7.5 daily working hours x 10 £/hour x 50 employees = 3,750 £ per year

EXAMPLE 2

Each month, 30,000 transactions (clock-in/clock-out, absence registrations etc.) are made by the employees. Of these, 1%* – corresponding to 300 registrations – are incorrect leading to extra work for managers and HR. Each error requires 5 minutes of extra administration on average, which equals 25 extra hours per month. This will cost the company:

The company can avoid:

- That managers and HR spend unnecessary time on extra administration due to incorrect registrations

25 hours x 10 £/hour x 12 months = 2,000 £ per year

* The estimated error percentage from manual administration is 0.8-1.2%

The value of better follow-up on sickness absence

SICKNESS ABSENCE COSTS COMPANIES BILLIONS OF POUNDS EVERY YEAR. ABSENCE DOES NOT ONLY RESULT IN LOST PRODUCTION BUT MIGHT ALSO RESULT IN EXPENSIVE OVERTIME PAYMENTS TO COLLEAGUES WHO MUST WORK EXTRA OR PAYMENT TO TEMPORARY WORKERS. THUS, THERE IS A GREAT FINANCIAL GAIN IN INCREASING FOCUS ON THE EMPLOYEES' WELL-BEING AND WORKING DEDICATED TO REDUCE SICKNESS ABSENCE.

EXAMPLE 3

Vision Ltd. has 500 employees and an annual sickness absence rate of 3%. They have a sickness policy which includes waiting days, company sick pay and statutory sick pay defining what kind of pay (or no pay) the employees are entitled to. Checking and validating data is currently a manual process for the HR administrators.

With ProMark sickness absence management, the annual savings potential is:

• Saved time on administration (90% reduction of 12 days)*	810 £
• Reduced sickness absence due to better follow-up (0.1% reduction)**	9,750 £
IN TOTAL	10,560 £

Cost (once):

• Investment in ProMark sickness absence management (license group 400-599 users)	2,632 £
• Consultancy (setup, training etc.) based on using the latest version	1,425 £
IN TOTAL	4,057 £

Expected return on investment (ROI) < 2.5 months

* 10.8 days x 7.5 hours x 10 £/hour = 810 £

** 0,001 x 500 employees x 260 working days x 7.5 hours x 10 £/hour = 9,750 £

Benefits of digitalising the absence processes

Valid data in real time is a very important premise for good absence management. Thus, there is every reason to replace time-consuming, manual or partly manual processes with a digital Workforce Management solution. Digitalising your absence processes have these overall business outcomes:

- COMPLIANCE WITH LAW AND POLICIES:**
The company will get help to comply with different laws, agreements and internal personnel policies regarding holiday and sickness. In addition, a digital solution ensures complete traceability and thus, the necessary documentation.
- ECONOMIC BENEFITS:**
Correct data in real-time enables the company to be more proactive when it comes to holiday planning and reduction of sickness absence. The company can avoid errors in holiday accounts and/or payment of untaken days and gets the necessary overview to be able to work dedicated to reduce sickness absence and thus, avoid lost production and expensive overtime payments. Also, the company gets help to ensure that employees are correct remunerated in case of sickness absence.
- WORKER EFFECTIVENESS:**
Streamlining manual workflows for both employees, managers and payroll administration reduces administrative time and the risk of errors.
- EMPLOYER VALUE:**
Modern IT systems and being in control of processes can contribute to making you a more attractive employer and increases trust between employee and company.



HOW TO PROCEED

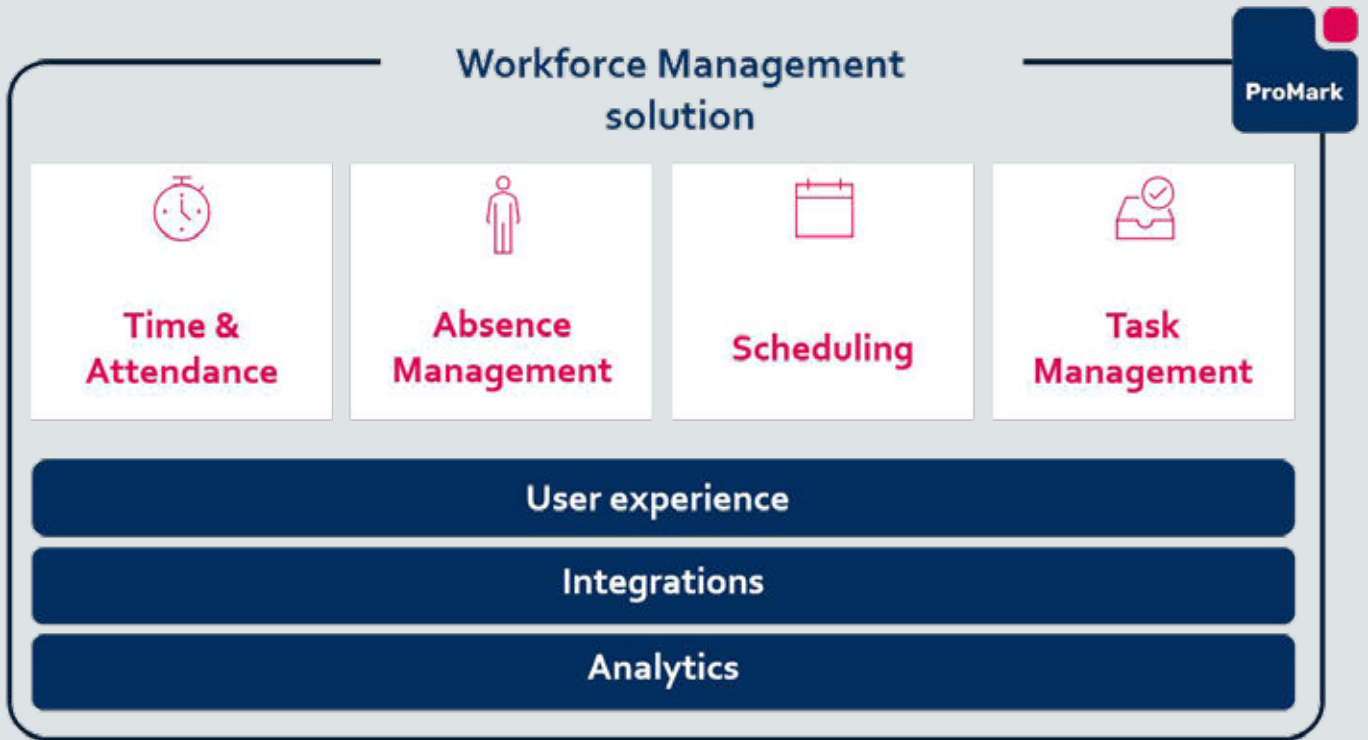
If you need further advice or guidance on how to get better control of absence management in your company, you are very welcome to contact us.

We would be happy to assist you in setting up the business case where the specific value of implementing ProMark and the return on the investment (ROI) will be further qualified.

Experience shows a great savings potential so can you afford not to do it?

 **Contact us today on +45 4525 8575 or info.uk@promark365.com.**

PROMARK WORKFORCE MANAGEMENT



2023-07

ProMark

ProMark is an innovative software company offering Workforce Management solutions from offices in Denmark, Sweden, Norway, United Kingdom and Romania. ProMark Workforce Management enables customers to optimise productivity and generate savings through scheduling the right resources, at the right time, for the right job and ensures that resources are remunerated correctly in the most effective way. ProMark services global corporations and has more than 1000 installations and 300,000 users. Read more at www.promark365.com.

