

# The Costs of Sick Leave

And how to cut them

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## Agenda

1. Intro
2. What are we talking about?
3. The Costs of Sick Leave
4. Is it possible to avoid Absenteism?



SUCCESS

STARTS

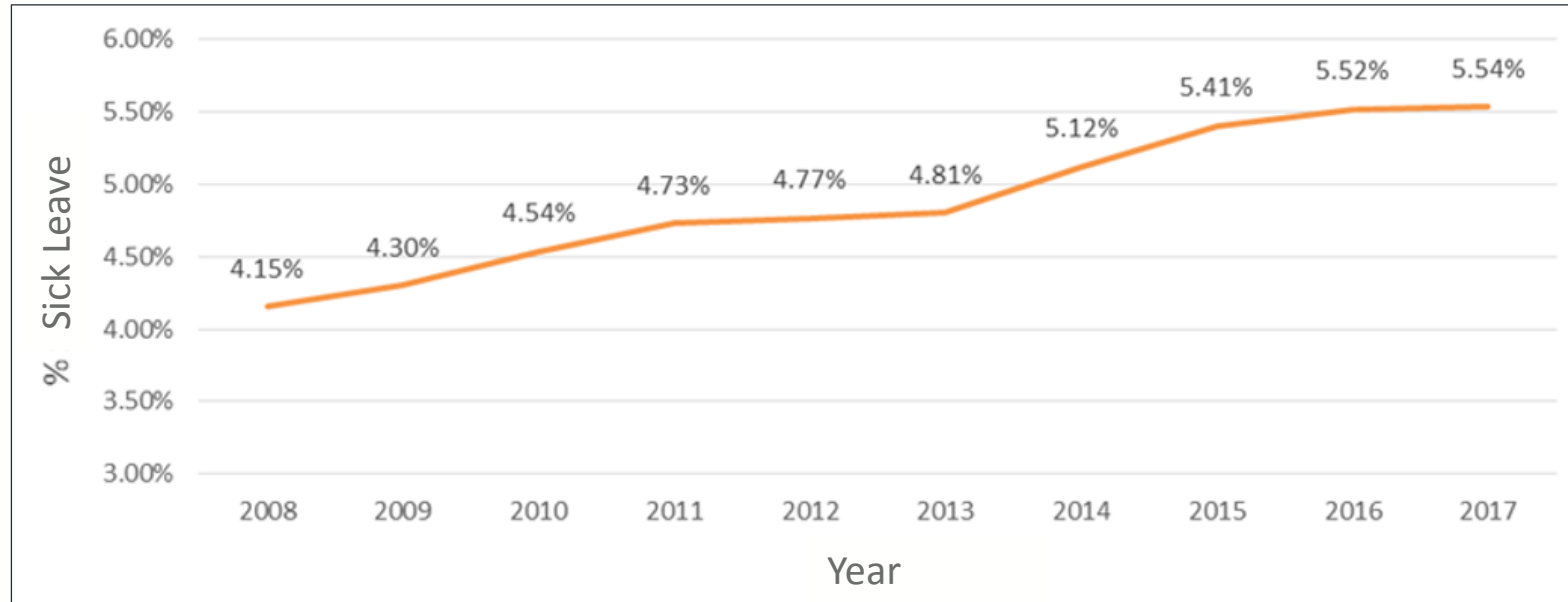
WITH

EVERYONE

— BEING THERE

# Sick Leave is on the rise

In 10 years time, absence due to illness increased by 30%



Evolution of the total absenteeism rate in Belgium between 2008 and 2017 (SD Worx)

# Working world changes drastically

Our society is changing rapidly in many different ways.

There are **two key trends** that have a growing impact on our lives and work.



## We are facing a Grexit

- Ageing working population
- Long-term absenteeism on the rise
- Growing number of high-risk positions
- Loss of valuable knowledge



## Increasing mental pressure

- Digitisation & globalisation
- Labour market flexibilisation
- Accelerated economies & innovations

**Result:** absenteeism in Belgium is on the rise

# 1 What are we talking about?

A Definition of Sick Leave

## Definition Sick Leave or Absenteism

“Unexpected absence of an employee directly attributable to illness”

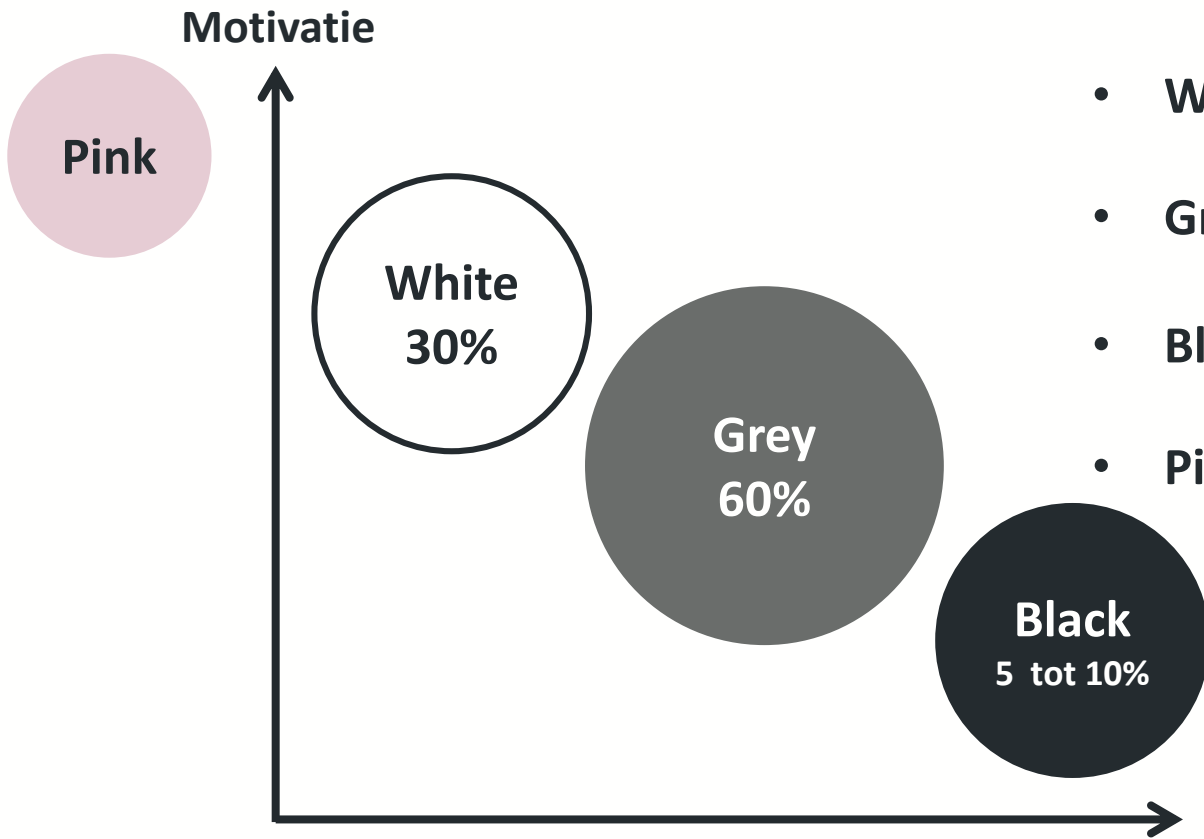
### ILLNESS

Health problem of physical and/or mental origin for which an official diagnosis was made.

### ABSENTEISM

Behavior to deal with a state or feeling of illness

# Types of Absenteism



- **White:** employee is noticeably ill
- **Grey:** legitimacy reporting ill is questionable
- **Black:** unauthorized, fraudulent absence
- **Pink:** Present, not productive due to illness or motivational causes



# Duration of absence

## SHORT

- **<1 month**
- Disturbing absenteeism
- Requires immediate and coordinated action

## LONG

- **> 1 month**
- Employee replacement is an option
- Preventive approach needed
- Requires reintegration after 4 months of absence

# 2 The costs of Sick Leave

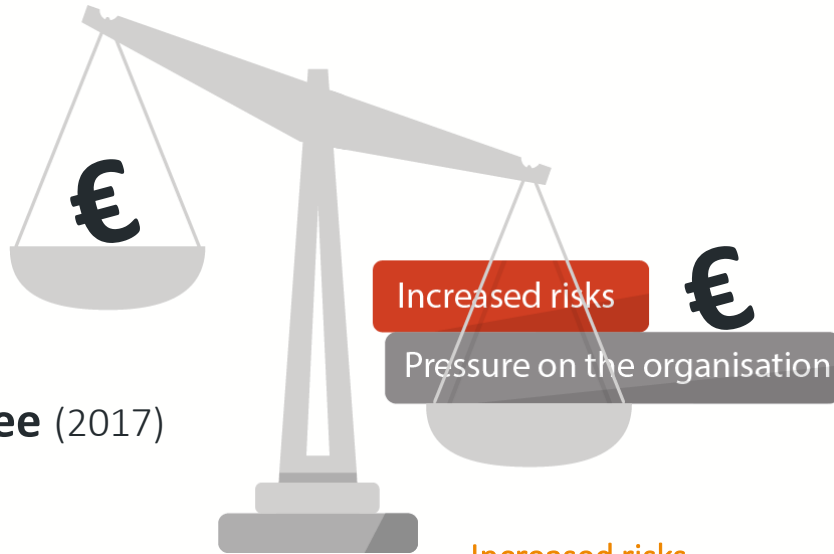
A Definition of Sick Leave

# The average costs of Sick Leave in Belgium

## DIRECT COST

**€ 1010**

per full-time employee (2017)



## INDIRECT COST

**€ 2525**

per full-time employee (2017)

### Increased risks

- Increased stress
- Decreased productivity
- Negative atmosphere at work

### Pressure on the organisation

- Increase in short-term absences
- Increase in long-term absences

## Direct Cost

What is the average direct cost for one employee in a hair saloon?

Days of absence within first month\* x 8,6%\*\* of wage = **DIRECT COST**

Example: 2,63 (Belgian average days of absence per 100 working days)  
x 8,6% of €2.300 (Belgian gross wage hairdresser) = **€ 520,214**

\*(within the period of guaranteed income)

\*\* (wage including: holiday pay, end-of-year bonus and employers's contributions)

## Indirect Cost

What is the average indirect cost for one employee in a hair saloon?

Direct cost x2,5\*

Example:  $2,63$  (Belgian average days of absence per 100 working days)  
 $\times 8,6\%$  of  $\text{€}2.300$  (Belgian gross wage hairdresser)  
 $\times 2,5$  } = **€ 1300,535**

\*2,5 = cost estimate of training, replacement, interim, administration, loss of productivity

# 3 Is it possible to avoid Absenteism?

**“Illness happens to you,  
absence is a choice.”**

Avoiding absenteeism=  
influencing behavior




# Tips & tricks

## Talk works

- Define the **rules & policies** regarding sick leave and illness report
- Pay sufficient attention to complaints and other signals of impending absenteeism
- Paying attention = entering into dialogue
- Make clear what the rules are
- Make clear what kind of behavior and work attitude you want
- Be empathetic, but businesslike

# Thank you!

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