Absenteeism, Poor Health and the effects in the Mining Industry

With such a strong emphasis on the shortage and retention of skilled workers, particularly within the mining industry, due consideration needs to be paid to the health of the workforce

Background

As we will explore later, poor health leads to increased absenteeism which typically leads to higher costs and lower productivity. A recent survey indicated that absenteeism represents 4% of payroll and is generally under reported. Absenteeism and poor health tend to go hand in hand and in many ways absenteeism should be seen as a risk marker for developing further exposure in areas such as workers compensation and disability claims. Historically the focus has been on the impact of poor physical health but, as has been widely reported, poor mental health is changing the claims profile.

In this article, we focus on the mining industry and examine the workforce risks and factors impacting on the health of the workforce and the need to develop a far greater understanding of the effects absenteeism and poor health have on an organisation and how, through assessing and managing occupational health risks through the lifecycle of employment, we can better identify and control the effects.

The early part of the twenty first century has seen Australia "riding the conveyor belts" of mining operations to drive economic growth, which has led to significant wealth through direct revenue and taxation and created employment, improved standards of living and a plethora of secondary ancillary industries in housing, maintenance, contract services and domestic airline services to remote mining operations. In the year to June 2008-09, the mining industry recorded a $47.2 billion increase in total income, a rise of 34.7%. This growth led to an increase in the total workforce - in February 2010, there were 169,400 people employed in the mining industry. *(Source: ABS, Labour Force, Australia, Detailed, Quarterly (6291.0.55.003)* Through 2012 and 2013, indicators show that investment in the mining industry has peaked and the size of the workforce has started to contract bringing with it a renewed focus on efficiency. This shift in focus and sentiment tends to have a flow on effect on health.

The compound effect of these factors suggests that finding ways to retain employees and keep them healthy is critical in supporting the drive towards increased productivity and efficiency. In the mining industry, health issues and absenteeism are highlighted in a different and more complex manner than in other, more urbanised industries. There are compounding factors such as fly in-fly out (FIFO), drive in-drive out (DIDO), variable rosters and remoteness that magnify absenteeism in ways not experienced elsewhere.

The ongoing Federal inquiry into FIFO/DIDO mining operations is exposing significant concerns around mental health and a deterioration of physical wellbeing leading to obesity, fatigue and sleep disorders. This is further compounded by the ability of the individual to adequately resource the medical and mental health services they require. Without intervention, both physical and mental health issues can rapidly deteriorate and lead to escalating absenteeism. The challenge for all Australian businesses is to implement strategies that support improved physical and mental health in the workforce and reduce absenteeism as a consequence.

The World Economic Forum's, 2012 Workplace Wellness Alliance report indicates that organisations, in their role as employers, have an even greater responsibility to nurture employee resilience. There is strong evidence that a healthy workforce is vital to a country's competitiveness, productivity and wellbeing. Over 50% of the working population spend the majority of their time at work, so the workplace provides a unique opportunity to raise awareness as well as guide and incentivize individuals to develop healthier behaviours. This has proven to have a multiplier effect, as employees integrate health and wellbeing into their families and communities.

Absenteeism

The 2012 Absence Management Survey reveals that on average, employees in Australia were absent from work for non-work related issues for 8.75 days per annum, with the cost of absence per employee, per annum at $2,861. Those involved in the mining sector could be quite right to argue that the per annum cost for 8.75 days absence per year would be far greater, given the wages and awards attributable to mine workers.

Overall, this represents a significant cost to employers, accounting for nearly 4% of total payroll. *(Source: Direct Health Solutions, 2012 Absence Management Survey).* The survey also acknowledges that some 40% of respondents felt that absenteeism was under reported in their organisation.

Australian companies lose an estimated $17 billion per year in productivity to absenteeism (Price WaterHouse Coopers report*, Workplace Wellness in Australia*, 2007), and in the US this figure rises to a staggering $74 billion (The Hidden Cost of Absenteeism, C. Hall 2010), suggesting perhaps that that investment in employee health and wellbeing is a critical part of sound business strategy.

It should be pointed out that a level of absenteeism is unavoidable - people do get sick, do get stomach bugs, headaches, colds, coughs and flu viruses and as a rule, where infectious or communicable diseases are concerned, workers should in fact be encouraged to stay at home rather than coming to work and increasing the infection rate. The need for employer driven intervention to address absenteeism is required when absenteeism is either caused or exacerbated by factors within the working environment. This applies equally to physical and mental health.

In order to understand absenteeism, it is worth looking at three key areas identified in "The total financial impact of employee absenteeism, Mercer 2008".

1. **Plans, policies & procedures - such as benefit level and attendance policies.**

In the area of absenteeism management, tailoring "off the shelf" plans, policies and procedures is a must in the mining industry, so that they better accommodate the unique employment requirements such as FIFO. Far too often, absence management is an afterthought and really only comes into focus *after* a worker's absence record comes to the attention of management. The expectations around attendance policies need to be managed from day one so that they don't inadvertently become a loop hole for days off.

Benefit levels, that is, rewarding individuals that take less days off, should be treated with caution. This approach can foster a culture of presenteeism (sick and at work!) and actually work against an organisation in that it may expose other workers to communicable and infectious conditions, who in turn may need to take time off work, thus amplifying the absenteeism problem.

2. **Absence Management and administration**

Careful monitoring and enforcement of policies and procedures is required to ensure that a level of expectation is set and that planning for a return to work can begin. Where extended absence is present (4+ days), strong consideration should be given to a return to work interview by HR or management so that a level of understanding around the absence can be gained. The reasons for this are fairly self-explanatory, however it may also elicit vital work information such as poor work design, roster or shift issues, conflict in the workplace or other factors that remain present after the return to work and may impact further on the individual, or manifest itself and deteriorate into workers compensation or disability claims.

3. **Tracking the underlying causes, which can be health related, tied to other outside circumstances, or affected by employees commitment to their managers and the organisation (workplace culture).**

The adage "*Information is Power*" is highly relevant when it comes to absence management and in many ways, absenteeism is very much the *canary in the coal mine*, in that it is the first warning sign that something is wrong in either the physical, mental or cultural makeup of the workplace.

The physical health markers that require particular attention for absence management consist of areas such as poor work design, fatigue and roster conflict. Mental health markers and workplace culture seem to go hand in hand and constitute factors such as poor reporting culture, bullying, poor job satisfaction or other external factors such as individual family, community or financial pressures or indeed the ability to cope with a FIFO environment.

The key for any organisation is to be able to capture and review absence data to elicit information around emerging and historical trends and issues that are likely to adversely impact upon both attendance and the health of employees.

There are further, unique challenges faced by the mining industry and this is due in part to some of employment arrangements not seen in other industries. Examples such as FIFO and DIDO are relevant, but so too are issues such as:

- Highly skilled occupations mean it is not necessarily easy to cover for an absence.

- Remote locations mean that access to temporary staff can be difficult.

- Issues surrounding both physical and mental health may be exacerbated with workers away from their families and support network, and indeed limited access to medical and health resources, which is particularly evident on FIFO operations.

- Absent workers impact upon the workers that remain on site. Often they are in set crew numbers where the ability to cover absent workers is less manageable and other risk elements, such as fatigue to remaining workers, needs to be considered.

This is supported in the 2012 absence survey, which states that 86% of respondents felt that 1-2 days (Short term) absence presented the greatest challenge and the reasons behind these include Cold/flu, Gastro, Headaches, and mental ill-health.

Health and Wellbeing

The area of workforce health encompasses a number of complex and compounding factors, which adds to the challenge of quantifying benefits and justifying related expenses. The 'Working toward Wellness' report, published by the World Economic Forum in 2007, is one of several recent publications that support the case for investment in such programs:

'…..the benefits from improving the general wellbeing of a workforce indicate a likely return of three to one or more…'

The challenge for organisations is that some of the answers to reducing absenteeism and improving health start well before the employee is engaged and extends throughout the employment lifecycle. Health risks, be they physical or mental, need to be constantly monitored and interventions adjusted to accommodate new risks as they present.

Approaches to managing absenteeism and poor health in the workplace

In addition to the 'administrative' approaches discussed earlier in this article, other strategies exist that can be deployed to positively impact on health risk throughout the employment lifecycle.

1. **Dedicated pre-employment or deployment medicals**

In my opinion, the purpose of a pre-employment medical can be broken down into 2 main areas:

    a. Identifying risks to the individual that will place them in a position whereby significant exposure will be experienced

    b. Job matching the individual so that they are afforded the maximum ability and protection to stay at work, gainfully employed, for as long as possible. If we consider some of the key issues in the media at present: skills shortage, ageing workforce, low productivity and increasing workers compensation claims, surely our aim must be to get the right person in the right role for as long as possible.

The pre-employment medical presents an opportunity to all parties, the candidate/employee and the organisation to actively engage in health discussions early. This assists both the worker and the organisation in maintaining health and reducing unplanned absences introduced through the impact the occupation has on the individual.

2. **Health Management**

If employers are truly committed to the need for managing absenteeism and navigating away from poor health issues, a dedicated health management focus is necessary. In itself, health management encompasses a large focus, including health surveillance, periodic medicals and health risk assessments, all of which provide a foundation for understanding the impacts the workplace is and can have on an individual both in the present and as they develop over time.

Areas such as job design and rosters present unique risks to individuals and when changes are made, new risk assessments should be implemented to understand what new risk factors they may present, so that they be adequately understood, monitored and evaluated. This also extends to mental health, where subtle changes in the work environment can cause psychological issues not presented previously.

An example of this is the relocation of a workshop from one location to another. This can often lead to uncertainty over employment for individuals and extend to issues such as a longer drive to the new location and the impacts this may have, not just financial and logistical, but also from a fatigue management perspective. Using this example, the option presents itself for a health risk assessment (HRA) around the relocation and a questionnaire for the workplace dealing with issues such as resilience and fatigue management. From here, the offer of EAP (Employee Assistance Program) counselling would go a long way to circumventing problems before they arise, and present themselves in either absence from work issues, or developing poor mental health problems.

In addition to the health interventions driven by occupational need, engaging workers through voluntary health and wellness initiatives is an excellent way to improve health and reduce absenteeism and gain further insight in to the health risks in the organisation. For example, if EAP uptake is prevalent in one isolated workplace, then management really needs to look more closely at the reasons why this may be and to look at introducing appropriate interventions. Examples here include resilience, conflict in the workplace and dealing with difficult people training.

3. Disability, workers compensation claims

Claims, particularly those that are reported as occurring over a period of time (as opposed to a single event) can also be a very useful source of information when evaluating the effectiveness of interventions targeted at absenteeism and health. In many instances, whether a claim is industrial or domestic in nature it is intertwined with the worker having a long history of absenteeism from the workplace for the same condition.

Learning from workers compensation and disability claims can assist an organisation in identifying health risks that eventually manifest themselves in compensable claims. Anecdotal evidence suggests that there is a $3:1 benefit to managing health conditions outside of the compensation arena and as such, organisations should be motivated to not just learn from their workers compensation claims experience, but also through the identification of those conditions that appear over time and develop into workers compensation.

4. Exit Medicals and interviews

I hear you ask, what can be gained from exit interview that can aid in absence management?

Quite often, departing workers may be more 'honest' in evaluating how they felt their occupation impacted upon their overall health and eliciting this information may be very useful for positively impacting upon new workers coming into a role within the organisation. For example, if interviews suggest a common theme around an inability to perform a role over an extended period of time is fatigue, then looking at a fatigue management plan for the role would be a good idea.

Building a defence in depth model

In health risk management terms, a layered health system is often called a defence in depth (DiD) approach, which has been gleaned from author James Reason's (1990) *Defence in Depth* accident trajectory model, or as it is more commonly known the 'Swiss Cheese model'.

Put simply, the *Defence in Depth* model, when used in an occupational health setting allows any organisation to build in layers of defence to safeguard against failure. Failure in this context can mean absenteeism and poor health, which lead into poor work outcomes, disability and injury claims.

To apply the *Defence in Depth* theory in an occupational health setting, organisations need to instil four critical health defence layers that can improve the ability to control health risks:

- Pre-Employment health screening
- Health Management (including health surveillance, health risk assessments & health & wellbeing programs)
- Injury Management / Rehabilitation (Workers Compensation)
- Exit medicals and interviews.

Each of these four key defence layers has the ability to 'catch, retard or retire risk' so that an error trajectory is not achieved and more importantly, the likelihood of a failure is reduced significantly. This philosophy was instrumental in the design of our health risk management software solution, 2CRisk.

Conclusion

Absenteeism and poor health coexist and if not properly identified and managed can have a significant impact on the individual worker and the workforce as a whole. In my opinion, by adopting a 'Defence in Depth' approach to Health Management throughout the employee lifecycle, there can be a significant return on investment by maintaining a healthy and productive workforce.

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