

# Wellness in the Workplace

SURVEY REPORT 2013



Survey sponsored by



# About the Sponsors

## Southern Cross Health Society

Southern Cross Health Society opened for business in 1961. More than 50 years on the not-for-profit friendly society is New Zealand's leading health insurer.

With over 800,000 members, the business funded more than 150,000 elective procedures in the financial year ended 30 June 2013 – paying claims in excess of \$639 million.



Level 1, Ernst & Young Building  
2 Takutai Square  
Auckland 1010  
New Zealand

P: 0800 800 181  
E: [info@southerncross.co.nz](mailto:info@southerncross.co.nz)  
[www.southerncross.co.nz](http://www.southerncross.co.nz)

## Gallagher Bassett

Gallagher Bassett in New Zealand provide accident, injury and illness claims management services to corporate businesses, government departments, insurance companies, underwriters and agencies.

A wholly owned subsidiary of Gallagher Bassett Services, Inc., headquartered in Itasca, Illinois, it is one of the largest third party administrators globally, providing quality claims management, information management and risk control consulting services worldwide.



PO Box 91049  
Victoria Street  
Auckland 1142  
New Zealand

P: 0508 333 990  
E: [gbtpa@gbtpa.co.nz](mailto:gbtpa@gbtpa.co.nz)  
[www.gallagherbassett.co.nz](http://www.gallagherbassett.co.nz)

## BusinessNZ

BusinessNZ is New Zealand's largest business representation group, providing a wide range of services for member businesses.

BusinessNZ undertakes analysis and advocacy on behalf of the wider business, manufacturing, importing and exporting sectors, making representation to Government, local government and other decision makers on issues important to business.



Level 6, Lumley House  
3-11 Hunter Street  
Wellington 6011  
New Zealand

P: 04 496 6550  
E: [info@businessnz.org.nz](mailto:info@businessnz.org.nz)  
[www.businessnz.org.nz](http://www.businessnz.org.nz)

# Contents

Foreword	4
Executive Summary	6
1. Background to the Survey	8
2. Respondent Demographics	9
3. Absence Rates in 2012	11
4. Costs and Drivers of Absence	14
5. Factors Behind Absence	23
6. Health Insurance in the Workplace	27
7. Wellness, Injury & ACC	30
8. Policies and Arrangements for Older Employees	36

# Foreword



**Peter Tynan** – Chief Executive  
Southern Cross Health Society

As New Zealand's largest health insurer Southern Cross was delighted to participate in New Zealand's first Wellness in the Workplace

study. Given the nature of our business – which is looking after the health of New Zealanders – we have a genuine interest in working to understand the drivers of absence, how to maximise wellness as well as minimise illness and promote strategies to effectively manage absenteeism.

Unsurprisingly the survey shows that the main cause of absence is illness unrelated to the workplace (over 60%), however the second most common cause was caring for a family member or other dependent due to illness or injury (38%). This sends a strong indication that employers don't just need to think about the health of their employees, but also the health of their families. So while a high level of employee engagement is identified by employers as key to managing absences, so is offering flexible working arrangements for staff or extending health related offerings (such as health insurance) to families of employees.

Not only do surveys such as this provide businesses with extremely beneficial benchmarks, but they can also throw up some genuinely thought-provoking material. For example – that employers believe “sickies” account for 5% of all working time lost is a definite point to ponder.

It also very interesting to note that only a small proportion of enterprises have any policies or arrangements in place for older workers. Twenty years ago the median age of the labour force was 36; by 2006 it was 40; by 2016 it's expected to be 42-43, based on data from StatisticsNZ. What we need to take into account is that the health of individuals is a crucial factor in their ability to participate in the workforce. Health is the number one factor in making the decision to retire and this is something policy makers and business leaders increasingly need to be aware of.

I would like to thank all the businesses around New Zealand that contributed to this survey.



**Shayne Milsom** – Managing Director  
Gallagher Bassett NZ Ltd

New Zealand's human capital is critical to the long-term success of the country as it is the driver of high performing economies, bringing with it

lasting prosperity and wellbeing for the nation.

Gallagher Bassett is one of the world's leading claims management companies and the majority of our work globally involves the management of people injury.

We become involved in all aspects of helping people post-event but, as an ethical organisation, we are also concerned about prevention.

The occupational health and wellbeing of New Zealanders is extremely important to us and, as such, we are proud to co-sponsor this inaugural Wellness in the Workplace Survey.



**Phil O'Reilly** – Chief Executive  
BusinessNZ

The health and wellbeing of everyone in the workplace should be a key goal for all business.

People's wellbeing is critical in its own right and a fundamental component of doing business in the workplace.

Research into health, wellness, illness and absence has until now been lacking – the Wellness in the Workplace

survey helps fill the gap, providing useful data and benchmarks to employers, health professionals and others involved in workplace practice.

BusinessNZ endorses policies and practices that respect the primacy of personal wellbeing and enable healthy high-achieving business.

# Executive Summary

## A line in the sand for absence, workplace health and wellbeing in New Zealand

While prior research has examined some of the issues discussed, there has been no previous attempt to combine the quantitative aspects of absence with those relating to its costs and drivers and the wellness and wellbeing of employees. From time to time researchers have looked at parts of the puzzle but no-one so far has put all the pieces together so the whole can be viewed.

The Southern Cross Health Society – Gallagher Bassett – BusinessNZ Wellness in the Workplace Survey seeks to draw a line in the sand on the subject of work absence and workplace health and wellbeing in New Zealand.

## A pass mark for New Zealand but still work to do

New Zealanders pride themselves on a national rugby team that no matter what is achieved, still knows there is work to be done to ensure the performance bar is raised. The first Wellness in the Workplace Survey indicates that despite New Zealand's favourable showing compared with a similar UK survey, areas remain where New Zealand businesses can improve.

## Comparing the small with the large

We are a country of micro-small businesses although at the same time, most employees work in larger businesses. Smaller businesses have lower absenteeism rates and are less likely to have staff who take 'sickies'. A larger enterprise focus on addressing absence rates would, therefore, have a strong, positive flow-on effect through the wider economy.

Conversely, larger businesses typically have a better culture of encouraging employees who are ill to stay away from work, while smaller businesses are more likely to have ill staff turn up to work when they should be at home. Given the loss of one worker from a small business represents a comparatively larger share of its workforce, it is understandable why this happens. However, it means certain illnesses such as colds and flu have every chance of spreading, possibly affecting smaller enterprise operations over quite a period of time.

## Private-public comparisons

Comparing both the public and private sectors is important considering government spending is over 40% of New Zealand's GDP. Any gains from reducing absence and improving the health of New Zealand employees require both sectors to perform.

Unfortunately, one side is currently stronger than the other, with the private sector leading the way when it comes to headline results involving average absence rates, costs of absence and the relationship between illness and staying away from work.

That is not to say the private sector does not need to improve or that the public sector is performing poorly; but there are clear areas where the public sector could do better.

## Making employee wellbeing a higher priority

The good news is that nine out of ten enterprises consider improving employee wellbeing to be either desirable or a priority, although only a quarter see it as a top priority.

In light of the recent economic climate, it is no surprise that other priorities take precedence over improving employee wellbeing. However, with an improving economy, New Zealand's long-term problem of hiring suitable staff with the right skill sets will become more acute. Working in an environment where employee health and wellbeing are taken seriously may help to entice new staff and discourage other staff from leaving.

## Costs and evidence key to increased health insurance among employees

Only around a third of all businesses provide some or all employees with health insurance. There are significant differences by size of enterprise, with health insurance provision by small businesses being highly unlikely. Key factors in getting more businesses to provide health insurance would be a decrease in cost and further evidence that not only does health insurance assist in retaining staff, it also reduces absenteeism.

For businesses currently providing health insurance, the removal of FBT on employer-subsidised health insurance and the corresponding decrease in cost would greatly help in boosting staff coverage.

## ACC and third party providers

Around two-thirds of enterprises are satisfied with ACC's non-work or workplace injury management and with timeframes for getting staff back to work. However, business has highlighted some concerns about optimal timeframes and about ACC's failure to be sufficiently proactive in referring staff to specialist treatment, enabling problems to be resolved in a timely fashion.

There was a clear message from larger businesses regarding claims management; half with 50 or more staff wanted the right to choose between a third party provider and self-manage.

## A need to focus on New Zealand's older workers

With New Zealand's overall work force aging, businesses will increasingly need to look to older employees for their pool of available labour. However, only 12.6% of businesses have policies or arrangements in place for older employees. Even when results were broken down by broad size of business, there was no significant change in the overall result.

Businesses that do have some form of arrangement in place have introduced a variety of policies, including reduced hours of work, working time flexibility, lighter duties or a degree of focus on transition to retirement. Clearly, in the future, more businesses need to look at and adopt such options.

# 1. Background to the Survey

## Purpose and overview

2013 is the first year in which the Southern Cross Health Society – Gallagher Bassett – BusinessNZ Wellness in the Workplace survey has been held in this country.

The New Zealand survey is based on the CBI/Pfizer Absence and Workplace Survey that has been running on an annual basis in the UK for 25 years. Like the UK survey, the New Zealand version is intended to help employers benchmark absence levels among their own employees and identify how best to boost attendance and enhance employee health. It also provides policy makers with views on occupational health practice and absence in the workplace, about which information has often been lacking.

The survey was conducted during the month of June 2013. In total, 12 associations took part, sending it out to a proportion of their members. In addition, BusinessNZ sent the questionnaire to a number of its Major Companies Group members. Respondents were asked to report their absence data for the 12-month period 1 January to 31 December 2012 and provide details of their policies and practices for managing employee attendance.

In total, 119 responses were received from entities across the private and public sectors. In total, respondent entities employed 97,116 people, including 89,955 permanent staff, representing 5.67% of all employees in New Zealand<sup>1</sup>. By comparison, the UK survey received 223 useable responses, despite its population being over 14 times larger than New Zealand's, representing 4.1% of all UK employees.

## Prior New Zealand Research

There are relatively few sources of information available on the number of days away from work due to illness and injury in a New Zealand context.

Previous studies have looked at aspects of absenteeism and wellbeing in the workplace but there has been no overall attempt to provide a more comprehensive assessment of where New Zealand stands with respect to the connections between absenteeism, sickness, costs and related workplace issues and practices.

This report attempts to bring all these factors together to provide a useful picture of workplace wellness.

---

1 Based on 1,710.2 million filled jobs during the June 2012 quarter, according to the Quarterly Employment Survey, Statistics New Zealand.

## 2. Respondent Demographics

### Respondents by workforce size

While New Zealand is known as a country with a large proportion of micro-small sized enterprises, official data from StatisticsNZ show that employees are typically employed by relatively large-sized businesses (figure 1).

Therefore, given the make-up of New Zealand's enterprises by size and the types of questions asked, there was a stronger targeting of medium large enterprises in order to cover a higher proportion of employees.

**Figure 1:** New Zealand workforce: Proportion of employees by employee size count group (Feb 2012)

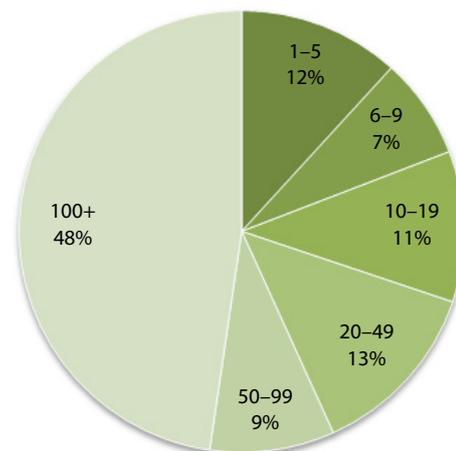


Figure 2 shows proportions broadly in line with the general population, indicating that close to half the responses came from enterprises employing 50 or more people.

**Figure 2:** Wellness survey: Proportion of employees by employee size count group. (2012)

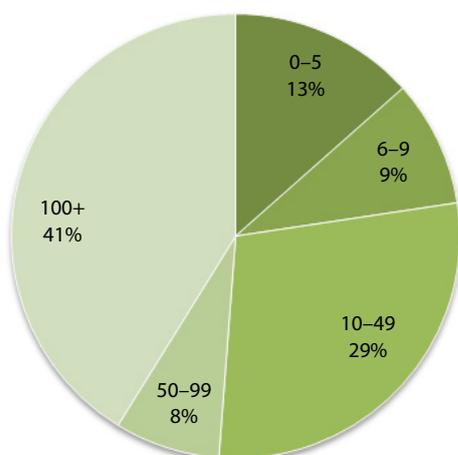


Table 1 shows both the average and median number of workers by size of business. Because the survey includes a number of respondents with a very high number of employees, the overall average of more than 816 workers per enterprise is significantly larger than the median number of 42.

**Table 1:** Average and median count of employees by business size (2012)

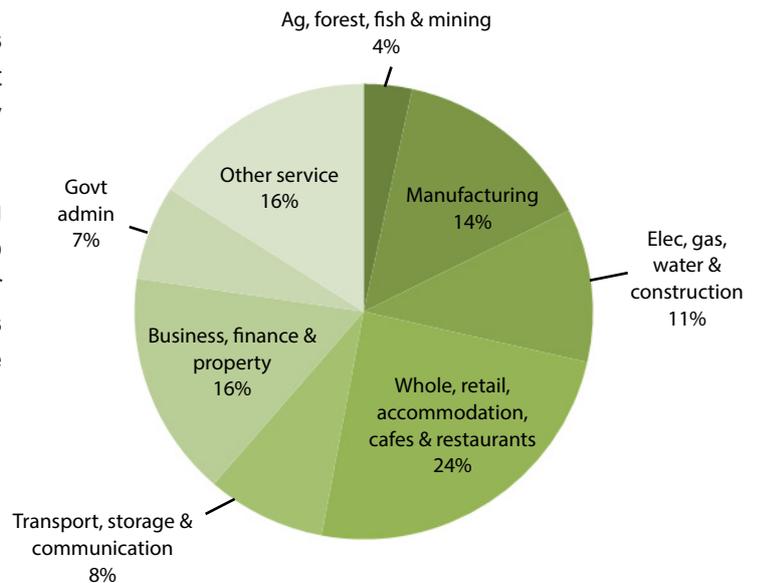
Employee Count	Number	Average	Median
1-5	16	3.9	4.0
6-9	11	7.5	8.0
10-49	34	25.4	23.0
50-99	9	73.4	70.0
100+	49	1947.9	350.0
Fewer than 50	61	16.5	13.0
Great than 50	58	1657.0	250.5
All	119	816.1	42.0

## Respondents by industry

Those responding to the survey came from various sectors of the economy (figure 3). The largest proportion was from the service sector, followed by business/finance and manufacturing.

In addition to the 111 private sector enterprises taking part, eight large public sector departments were also targeted giving a strong proportion of public sector representation. The eight public sector departments represented 28,850 staff or almost 30% of those covered.

Figure 3: Proportion of respondents by industry (2012)

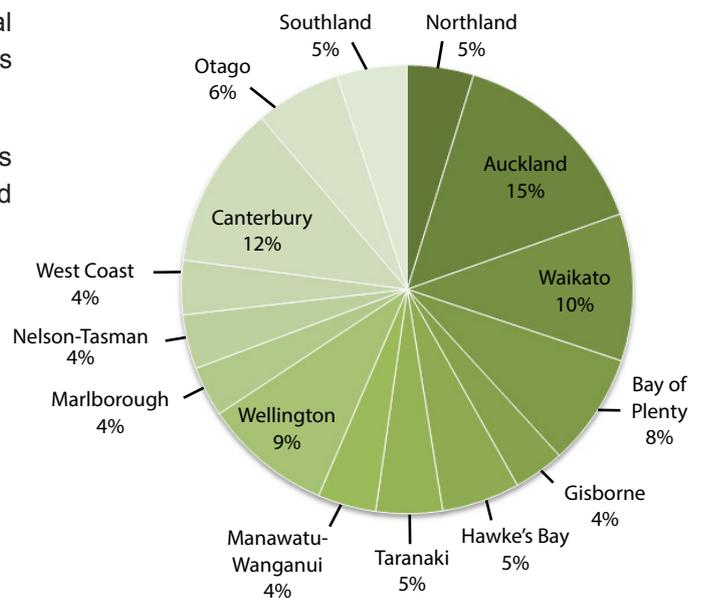


## Respondents by region

As the questionnaire was distributed by four regional associations and eight industry associations, responses came from all parts of the country (figure 4).

Unsurprisingly, the greatest number of responses came from Auckland, although there was still a good representation from the smaller regions.

Figure 4: Proportion of respondents by region (2012)



# 3. Absence Rates in 2012

## Key findings

- The average rate of absence in 2012 was 4.5 days per employee.
- Absence is higher amongst manual employees than among non-manual staff.
- Average levels of absence climb with enterprise size. While SMEs average fewer than 4 days per year, larger enterprises average well over that number.
- Average absence levels are much higher in the public sector (6.6 days) than the private sector (4.3 days).
- When the number of days lost on average is projected across the New Zealand workforce as a whole, around 6.1 million days were lost to absence in 2012.

## Time lost to absence averaged 4.5 days per employee

Employers were asked about the average number of days of absence per employee. Survey results in table 2 below show that overall absence was at 4.5 days on average per employee, compared with 6.5 days in the UK survey.

The 2012 results confirm the views expressed in a Treasury working paper<sup>2</sup> that 'the majority of people take less than five days sick leave each year'.

If we were to project the number of days lost on average across the New Zealand workforce as a whole, it indicates that around 6.1 million days were lost to absence in 2012.

New Zealand lost around **6.1 million** working days to absence in 2012.

**Table 2:** Absence levels: average days lost per employee (2012)

	Total	Private sector	Public sector
Manual	5.0	4.9	7.2
Non-manual	3.5	3.3	6.5
All	4.5	4.3	6.6

<sup>2</sup> Holt, Heather, The Treasury (Nov 2010): The Cost of Ill Health: New Zealand Treasury Working Paper 10/04.

## Ends of the scale

While the average value for New Zealand is lower than for the UK, it is important to examine the gap between the highest and lowest values. There is a sizeable difference between the best and worst performing enterprises, indicating scope for improvement. Four enterprises recorded no employee absences at all in 2012, although all were at the micro-small end in terms of size. For the worst performing, the highest reported average absence level was 19.5 days per employee, while ten enterprises recorded an average into double digits.

For the best performing quartile of respondents, the average number of days lost to absence was just 2.7 per employee whereas respondents in the bottom quartile reported losing an average of 9.2 – close to 3.5 times as much.

In future, therefore, it will be for enterprises with significantly larger absence rates to benchmark them; doing so would yield significant savings per employee, increasing productivity and making the organisation more competitive.

## The manual/non-manual gap

The UK survey has shown a long-established pattern of manual employees recording higher average levels of absence than non-manual employees. This makes intuitive sense, given the nature of manual work – especially jobs involving a lot of physical work such as lifting – and provides some explanation for the higher rate of absence. However, in the UK the gap between the two groups has slowly but steadily narrowed, with the absence rate for manual employees reducing over time.

The results of the New Zealand survey (table 2) show that for manual employees, the average number of days lost per employee is 5, compared with 3.5 days for non-manual employees. The 1.5-day differential is very similar to the differential of 1.3 days for the most recent UK findings.

## Size of enterprise differentials

With the high proportion of micro-small enterprises in New Zealand, table 3 breaks down average days of absence by size of enterprise. While there is no direct lineal pattern between enterprise size and average absence levels, a cursory look at the differences between those with fewer and those with more than 50 staff shows that in each of these categories, smaller enterprises tend to have lower absenteeism rates than larger businesses.

**Table 3:** Absence by size of business (2012)

Employee Count	Average days of absence		
	All	Manual	Non-Manual
1-5	3.7	3.0	4.2
6-9	3.0	3.8	2.1
10-49	3.9	4.2	2.3
50-99	4.3	5.2	3.3
100+	5.6	6.2	4.6
Fewer than 50	3.7	3.9	2.7
Great than 50	5.4	6.0	4.4

As the UK findings point out, a range of factors lies behind the values recorded. Employees in smaller enterprises are typically in a better position to be aware of how their absence may adversely affect both their work colleagues and the business as a whole. Consequently, absence trends are managed more closely and minimised where possible.

## Combined industry sector differentials

Figure 5 shows that levels of employee absence tend to vary according to industry sector, especially when certain sectors inherently involve greater risk in terms of accident or the spread of illness due to closer contact.

## Public sector = higher absence

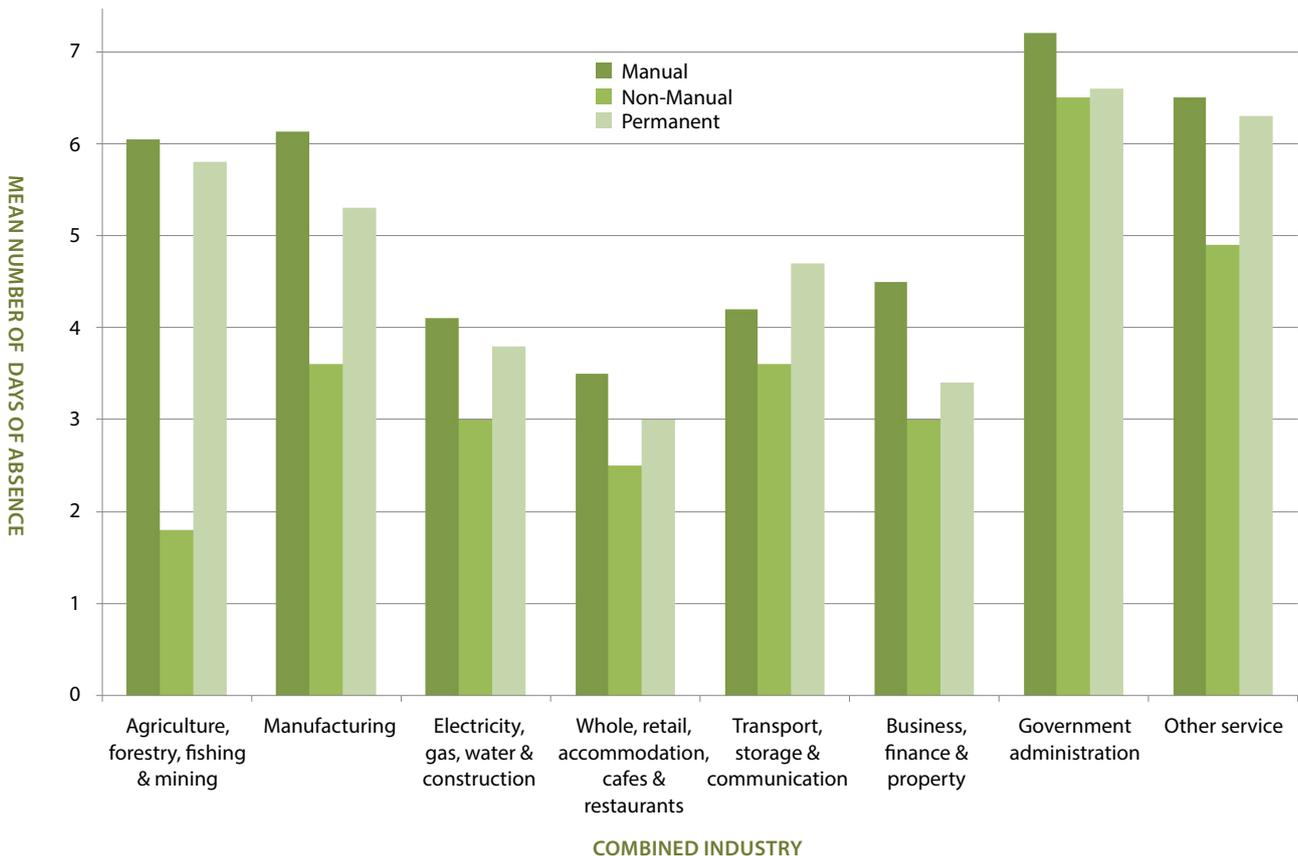
As with the UK findings, both table 2 and figure 5 clearly show that the public sector (identified as government administration) exhibits a higher level of absence compared with the private sector for manual, non-manual and permanent staff.

Public sector absence levels were 53.4% higher than in the private sector – at 6.6 days per employee compared with the private sector at 4.3 days. This overall differential of 2.3 days was almost identical to the UK findings of 2.2 days. This is a sizeable difference and backs up previous New Zealand research that showed 42% of public sector workers took six or more sick or domestic leave days a year<sup>3</sup>.

Therefore there is clearly work to be done to make the best possible use of public sector resources given the continuing pressure to lower costs and boost productivity.

3 Ibid, page 24.

Figure 5: Mean number of days of absence by combined industry sector (2012)



# 4. Costs and Drivers of Absence

## Key findings

- The median total cost for each absent employee in 2012 was \$837.
- The total median cost of absence per enterprise in 2012 was \$35,146, although significant variations exist by size of business.
- Absence costs vary by size of organisation and sector, with median costs per absent employee in the public sector 110% higher than in the private sector.
- The direct costs of absence alone amounted to \$1.26b across the economy in 2012.
- Non-work related illness and injury is by far the most widespread driver of employee absence, followed by caring for a family member/dependent due to illness/injury.
- Non-genuine sickness absence is believed to account for 5% of all working time lost to absence on average, at a cost of around \$283m to the economy.
- A disconnect exists between culture and reality when it comes to illness and staying away from work.

## Costs of absence

### *An absent employee typically costs their employer \$837 a year*

The survey asked respondents to quantify the total cost per absent employee, including the salary cost of absent individuals and replacement costs (e.g. through temporary staff or overtime worked by other employees).

Results show each absent employee cost a median total of \$837, a figure indicative of the cost savings to be achieved if employers can reduce the extent and duration of employee absences. By comparison, the latest value for the UK survey was £760, or \$1,462<sup>4</sup>.

**Table 4:** Absence costs by workforce size (\$) (2012)

Employee Count	Median cost per absent employee (\$)	Total median cost by size of business (\$)
1-5	625	2,000
6-9	334	2,676
10-49	839	19,295
50-99	742	51,923
100+	865	302,750
Fewer than 50	800	10,400
Great than 50	850	212,925
All	837	35,146

<sup>4</sup> Based on an exchange rate of NZ\$1 = UK£0.52.

### *Absence costs rise with enterprise size*

Table 4 shows the median total cost per absent employee, as well as the total median cost by size of business. For the former, costs tend to be higher the larger the enterprise. Certainly, those enterprises with 10 or more staff show a cost larger than those with fewer than 10. The higher costs for larger enterprises can be due to a range of factors, including higher average levels of remuneration and higher staff absence levels.

Although the UK findings displayed a different scale of small to large businesses, a similar pattern emerged of higher costs for larger enterprises.

The total median cost for all businesses was \$35,146 but this value masks quite large differences by size of business. At one end, costs are relatively similar for those with fewer than 10 employees, with values well under \$3,000. However, the cost increases significantly for larger businesses, capping at over \$300,000 for those with 100+ employees.

### *Costs by Sector*

For sub-sectors in the private sector, the highest median value was in manufacturing at \$1,145, reflecting how an absent employee can disrupt the production process. By contrast, the wholesale, retail, accommodation, cafe & restaurant sectors recorded the lowest median value at \$544.

The public sector recorded a significantly higher median cost per absent employee than the private sector – \$1,681 compared with the private sector median value of \$800, representing a difference of 110%, more than double the UK differential of 46%.

### *Direct costs of absence amount to more than \$1.26b a year*

Extrapolating the direct costs of absence over the entire economy, New Zealand's results show the average absence level per employee of 4.5 days amounts to a cost of around \$1.26b for the total economy<sup>5</sup>.

In the UK, total costs were estimated at £17b (or around \$32.7b). Given the UK economy is approximately 14.4 times larger than New Zealand's, on an equalised basis, New Zealand's total cost would come to \$18.1b, \$14.6b lower than the UK's.

### *Drivers of absence*

#### *Main causes of absence*

Respondents were asked to list the three main causes of absence during 2012 for both manual and non-manual employees.

Figure 6 shows the top drivers of absence in percentage terms. Unsurprisingly, the most common cause for both manual and non-manual employees was illness unrelated to the workplace, with well over 60% of employers pointing to this as a driver of absence.

Caring for a family member or other dependent due to illness or injury was the second most common cause of absence, identified by close to half (47.9%) of non-manual employees and over a quarter (27.7%) of manual employees. Interestingly, the UK survey found this cause of absence to be a much lower driver at only 15% and 17% for manual and non-manual employees respectively. What the New Zealand results tell us is

---

5 Based on Quarterly Employment Survey (SNZ) average weekly earnings for FTEs at \$1,038, and total employed of FTEs of 1,346,600. All figures were taken from the June quarter 2012 results.

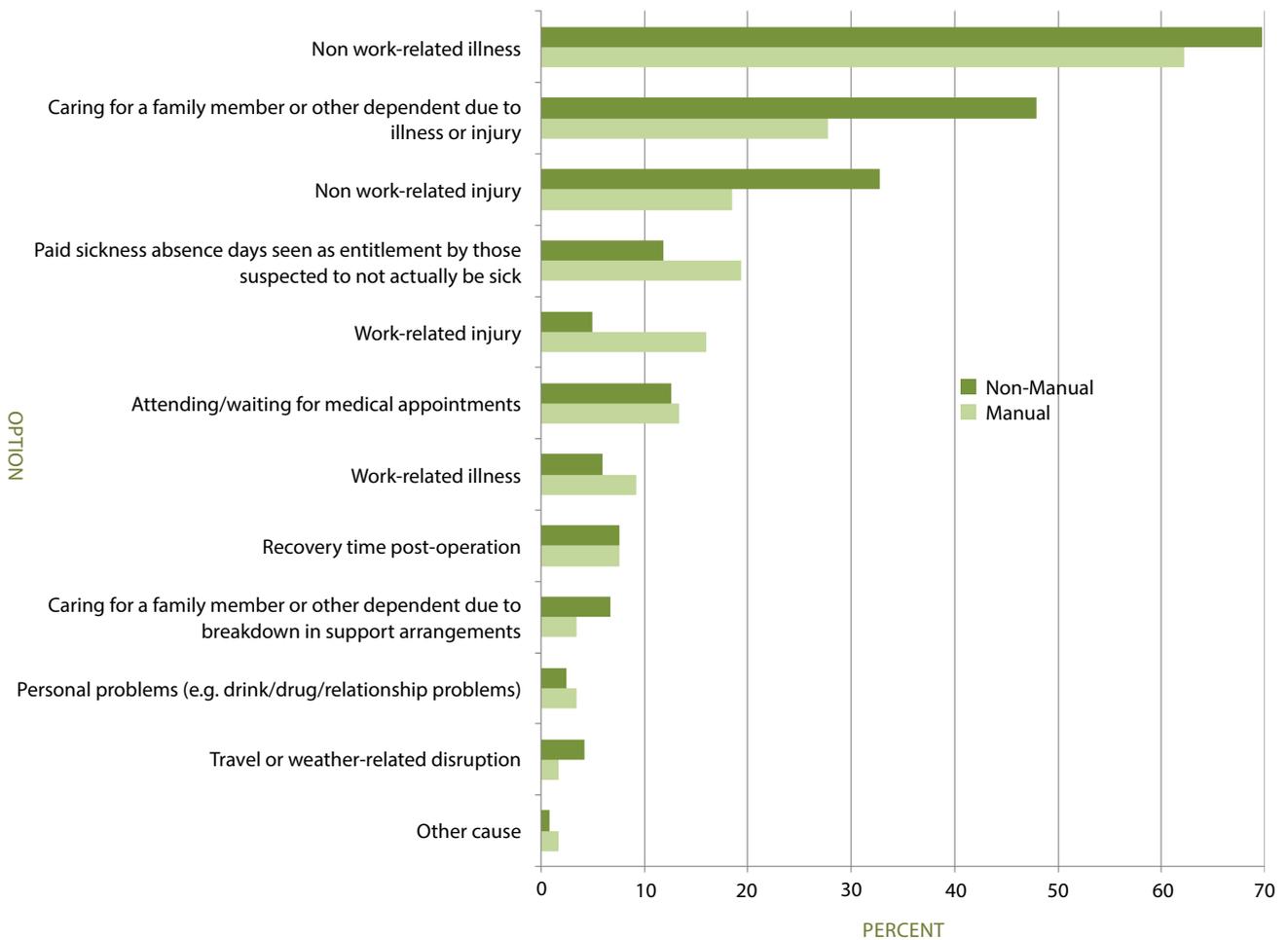
that an employer needs to identify what lies behind an employee's absence and therefore to consider what other support it may be appropriate to offer to improve attendance.

Non-work-related injury was clearly the third most common cause of absence for non-manual employees, whereas for manual employees, paid sickness absence days seen as an entitlement (19.3%) – by those

suspected as not actually being sick – and non-work-related injury (18.5%) vied closely for third place.

While employees' personal problems (e.g. drinking, drugs, relationship difficulties) were among the major causes of absence in the UK at around 18%, in New Zealand this factor was well down the list at around 3% for all employees.

**Figure 6:** Main drivers of absence (2012)



## Sickness entitlement

As indicated above, one concerning aspect of the New Zealand findings was the perception among a number of employees that days of paid sickness are an entitlement – in essence an addition to annual leave. Around a fifth of employers (23.9% of manual employees and 19.2% of non-manual employees) cited paid sickness absence days seen as an entitlement as one of the main causes of absence in their workplaces. This is very similar to the UK result where around a fifth of employees also viewed days of paid sickness absence as entitlement.

## Taking the proverbial 'sickie'

In relation to the employer perception that employees suspected of not being sick saw paid sickness absence as an entitlement, respondents were also asked to estimate what proportion of total sickness/absence was accounted for by non-genuine sickness absence – in other words, by 'taking a sickie'.

While it is impossible to gauge the exact level of non-genuine sickness absence, it would be fair to say that when account is taken of elements such as workplace culture and patterns of sickness absence (certain days of the week), it is possible to achieve a fairly reliable estimate.

**Table 5:** Approximate proportion of total sickness/absence due to non-genuine sickness absence

Total employees	Median
1-5	0.0%
6-9	10.0%
10-49	5.0%
50-99	5.0%
100+	12.5%
Total	5.0%

Table 5 shows that, overall, the median value came to 5.0% but with some noticeable differences by size of enterprise. The lower overall absence rates evident in micro-small businesses, combined with the high likelihood of employees turning up to work despite being ill (table 6 on page 21) means the median non-genuine sickness absence was zero. Also, given that in a micro-small sized business employees will typically know each other well, the opportunity for a non-genuine sickness absence would most probably be lower as other employees would likely compensate for a reduction in staff numbers.

At the other end of the scale, those with 100+ employees have the highest median rate at 12.5%. Absence findings for large businesses are the opposite of those for micro-small businesses; large businesses have a higher average number of days of absence (table 3) and a lower likelihood of employees turning up to work despite being ill (table 6). Therefore, it is reasonable to assume that there is some correlation between the higher number of non-genuine absences taken and the higher average number of days' absence per employee.

By comparison with the 5% figure reached in New Zealand, the UK average in their most recent survey was 16% – over three times higher. While this puts the New Zealand findings into context with offshore findings, extrapolating across the whole economy, it still equates to around 303,000 working days lost at an economic cost of around \$283m.

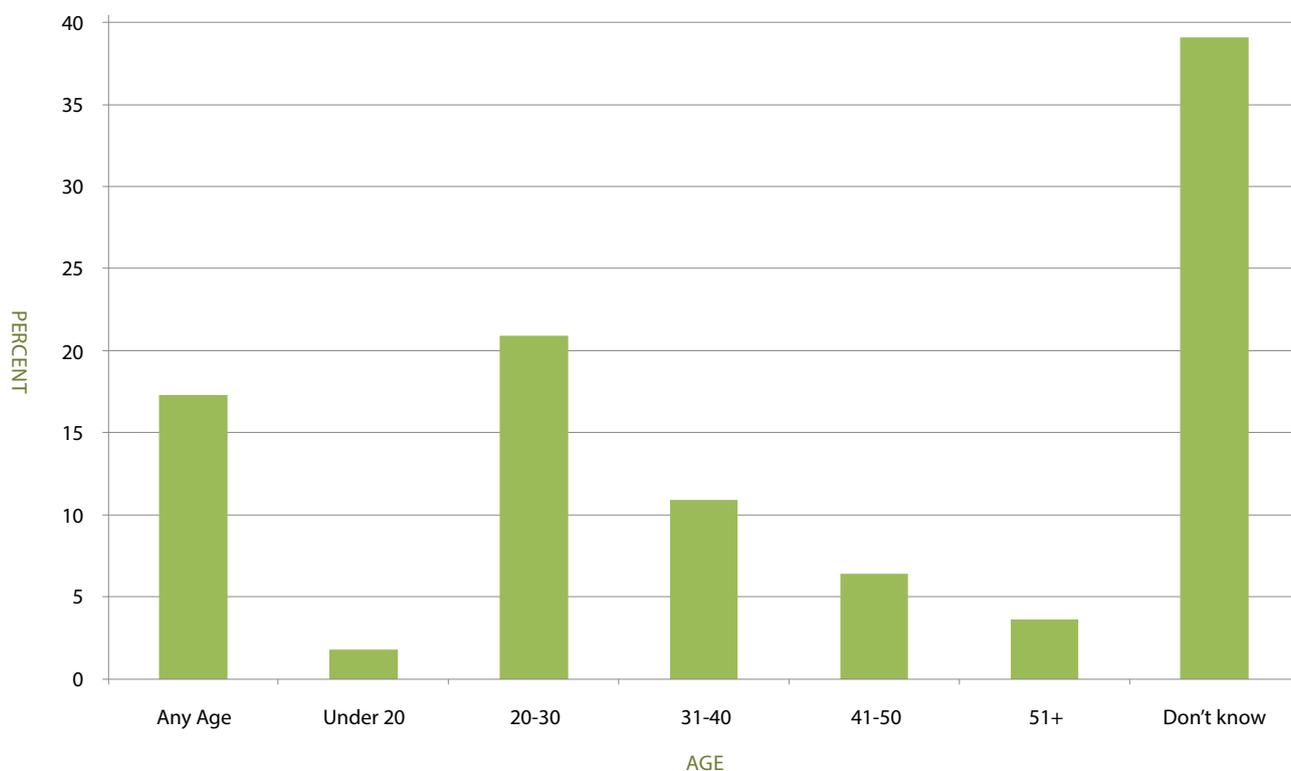
As noted, although New Zealand is a country of micro-small businesses, the majority of employees work in medium-large sized enterprises. Therefore, since absence and non-genuine sickness rates are higher for larger businesses, moves by such enterprises to address absence rates should have a strong, positive flow-on effect through to the wider economy.

### Non-genuine sickness/absence by age

Enterprises were also asked to state, to the best of their knowledge, the age brackets where they considered non-genuine sickness/absences to be most evident. Figure 7 shows that the highest proportion as not in a position to provide an answer (39.1%). Of those that did answer, the largest proportion by age group was considered to be in the 20-30 bracket (20.9%), followed by any age (17.3%). But it is important to note that 56.4% of respondents did not specify an age group.

The low value for the less than 20 age group is interesting, especially since the age groups from 20 onwards show a sliding scale. In other words, the older the employee, employers consider it less likely that non-genuine sickness time off will be taken. For the under 20 age group, a combination of a current tight labour market, where getting that first job is often difficult, combined with new workers wanting to make a good impression and perhaps many businesses simply not employing young people, no doubt contribute to the low percentage value.

Figure 7: Age brackets considered most evident for non-genuine sickness/absence with their business (2012)

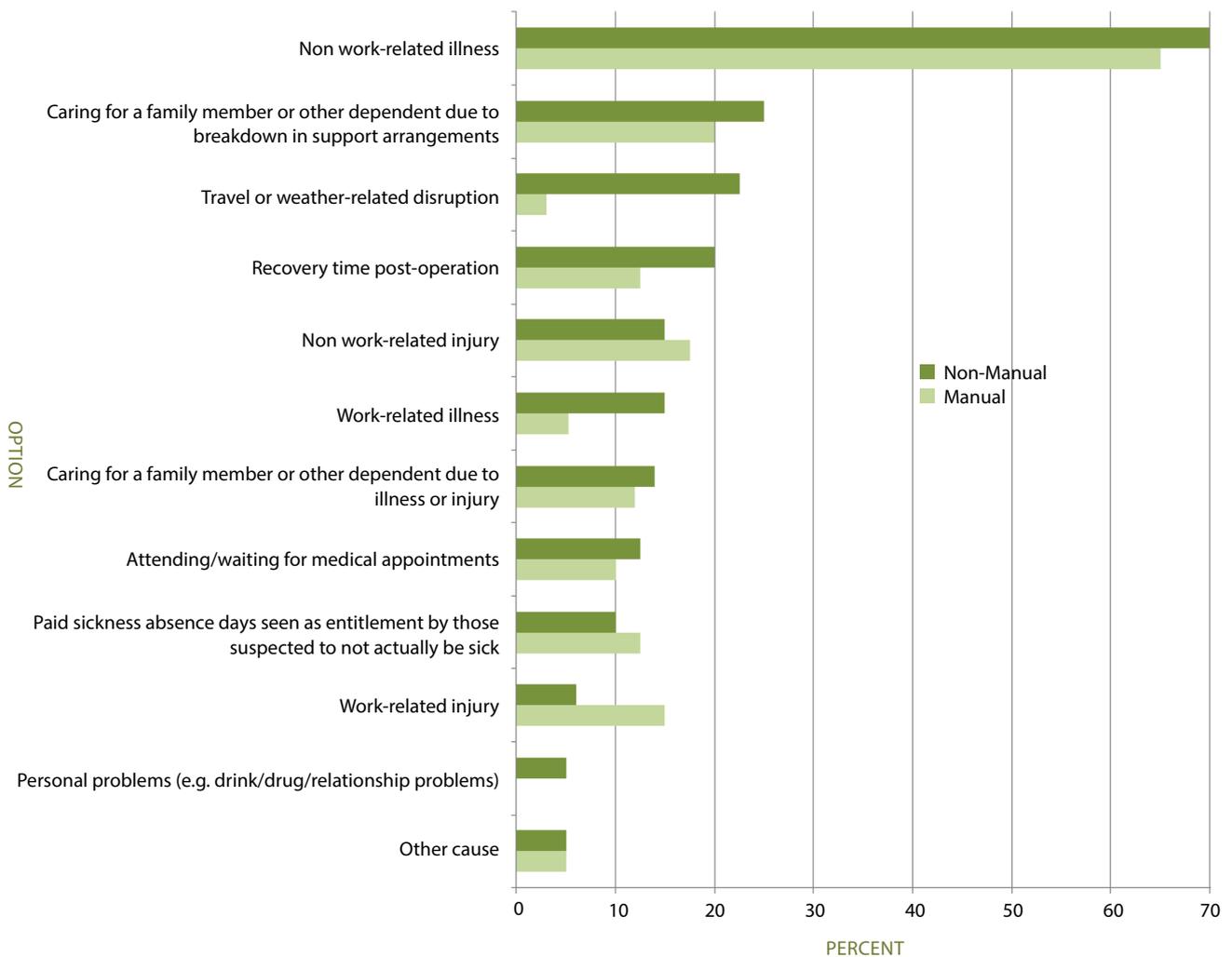


### Proportion of absence for each cause

On the broader issue of absence cause, figure 8 shows the median proportion of absence each cause accounted for where respondents had listed three main causes. As with the previous question, non-work-related illness led the way for both manual (65%) and non-manual (70%) employees.

Beyond the main cause, results were more evenly spread. For non-manual employees, caring for a family member or some other dependent due to a breakdown in support arrangements was followed by travel or weather-related disruption. For manual employees, caring for a family member due to a breakdown in arrangements was also in second place but followed by non-work related injury.

**Figure 8:** Median proportion of absence each cause accounted for (2012)



### Should I stay or should I go?

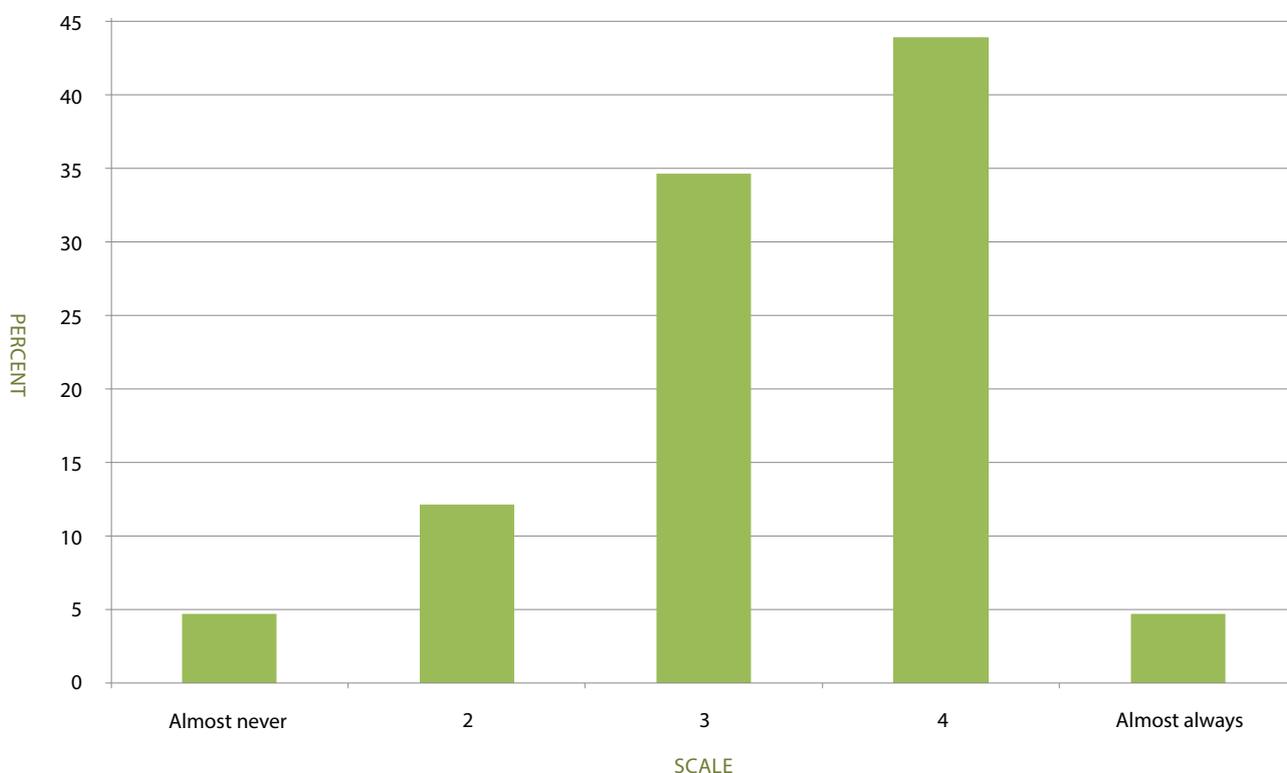
Enterprises were asked on a scale of 1 (almost never) to 5 (almost always), to what degree their staff typically turned up for work with some form of illness, even though in most cases, they should have stayed at home.

The mean value was 3.32, while the median was 3. While this would initially seem to indicate no strong direction either way, figure 9 below shows that the devil is in the detail. While 34.6% of respondents did not

have a view either way, close to half (48.6%) responded with a score indicating more often than not that ill staff who should have stayed at home would typically turn up for work.

By size of enterprise, table 6 shows that unsurprisingly, smaller businesses see the incidence of staff coming to work who should be at home occurring at a much higher level. There were also clear differences between the private and public sectors, where 83.3% of public sector respondents selected values of 4 or higher, compared with only 46.5% of the private sector.

**Figure 9:** Degree to which staff typically turns up for work, even though they should stay home due to some form of illness (2012)



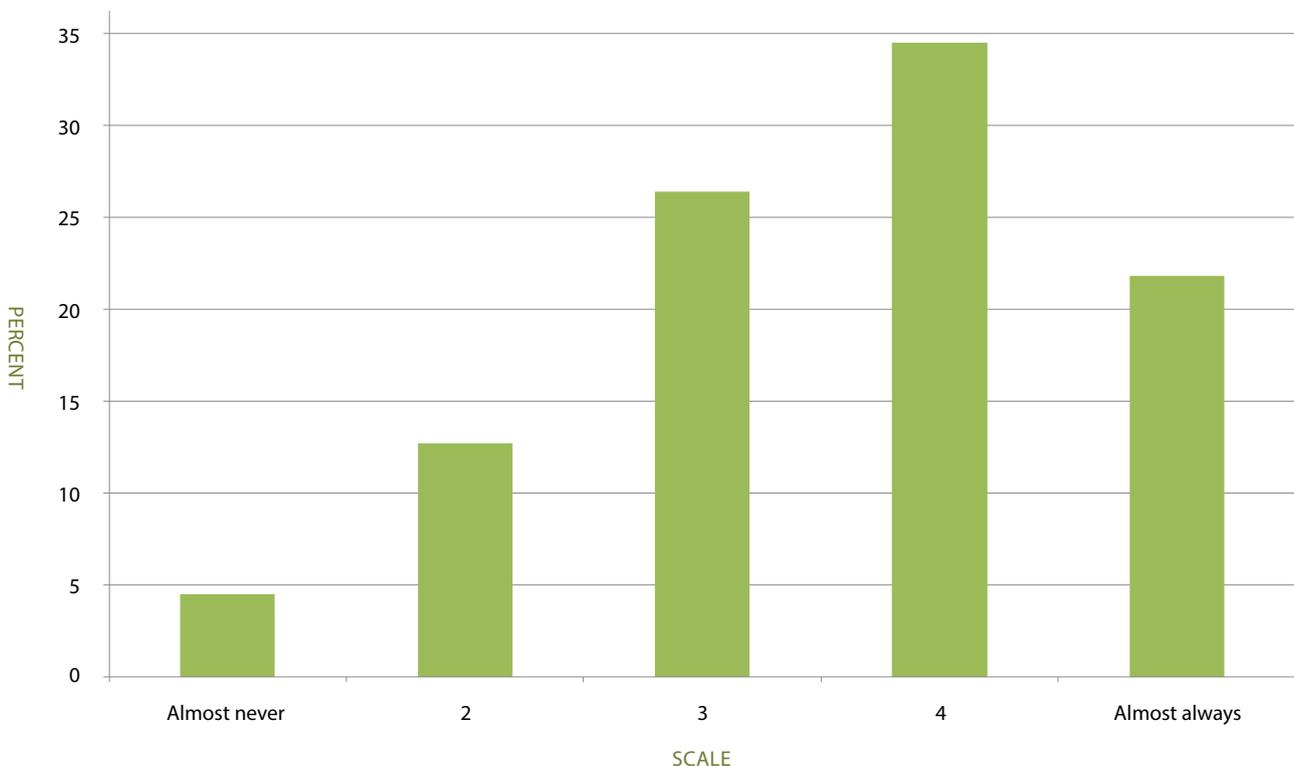
**Table 6:** Degree to which staff typically turns up to work even though they should stay home with some form of illness (2012)

Size of enterprise	Mean	Median
1-5	3.75	4.00
6-9	3.27	4.00
10-49	3.32	3.00
50-99	3.00	3.00
100+	3.22	3.00
Private sector	3.29	3.00
Public sector	3.83	4.00
Total	3.32	3.00

### Culture of the workplace

Enterprises were then asked whether they thought the culture of their business encouraged employees to remain away from work when they were ill. Again, on a scale of 1-5, figure 10 shows the overall result. What is interesting is that only 17.2% of respondents answered with a value of 2 or lower, whereas 56.3% answered with a value of 4 or more. While this result looks encouraging, results from the preceding question show the reality as quite different, with the largest proportion of employees turning up for work even though they were ill.

**Figure 10:** Culture of respondent business encouraging employees to remain away from work if they are ill (2012)



**Table 7:** Culture of respondent business encouraging employees to remain away from work if they are ill (2012)

Size of enterprise	Mean	Median
1-5	3.06	3.00
6-9	3.36	3.00
10-49	3.63	4.00
50-99	4.13	4.50
100+	3.65	4.00
Private sector	3.54	4.00
Public sector	3.88	4.00
Total	3.56	4.00

Table 7 above shows that the culture to stay at home is stronger for larger enterprises, again indicating that smaller businesses are often heavily reliant on staff being available to carry out their daily activities.

Given the loss of one employee from a small business represents a comparatively larger share of the total workforce, it is understandable that staff will turn up when they are ill, and that the culture of staying away when sick is not as strong as in larger businesses. However, this also means certain contagious illnesses such as colds and flu have every chance of spreading further among staff, which, for small enterprises, may adversely affect operations over a longer time period.

Also, while the gap in the mean between the public and private sectors is smaller, this unfortunately demonstrates a disconnect between public sector culture (employees to stay at home when ill) and what happens day-to-day with ill employees in the public sector often to be found at work. In short, many enterprises need to practice what they preach.

# 5. Factors Behind Absence

## Key findings

- Mainly minor illness was the dominant cause of absence for personal reasons, particularly for non-manual employees (84%).
- More than half of employers surveyed (56.3%) requested a medical certificate from at least one of their employees, although a strong correlation existed between the size of the business and answering in the affirmative.
- High levels of employee engagement were viewed as the most effective way to manage absence.

Businesses were asked what types of illness/injury most frequently caused absence for personal reasons in their enterprise. Table 8 shows the results for both manual and non-manual employees with minor illnesses the most prevalent, although more so for non-manual employees.

For manual employees, minor illness was followed by physical pain (34.5%) and injury (31.1%), symptomatic of the types of activities typically undertaken.

For non-manual employees, injury (26.9%) and physical pain (24.4%) came in second and third respectively but

not to the same degree as for manual employees for whom work/non-work anxiety/stress/depression were twice as likely as for non-manual employees.

In most instances, minor illnesses such as colds, stomach bugs and headaches are unavoidable, with the flu the only illness that can at least be mitigated by an enterprise offering staff a fully subsidised flu injection. And while to an extent general injury may also be unavoidable, physical pain – as in back pain and musculoskeletal disorders – can provide enterprises with the impetus to ensure a short term injury of this nature does not become a longer-term problem.

**Table 8:** Types of illness/injury that most frequently cause absence for personal reasons for manual and non-manual workers (2012)

Type	Manual Number	Manual (%)	Non-Manual Number	Non-Manual (%)
Mainly minor illness (e.g. cold, flu, tummy bug, headache)	73	61.3	100	84.0
Injury	37	31.1	32	26.9
Physical pain (e.g. sore back, neck, knee, arthritis, musculoskeletal disorders etc)	41	34.5	29	24.4
More Major illness (e.g. heart, blood pressure, respiratory, cancer, bowel problems)	20	16.8	18	15.1
Non work-related anxiety/stress/depression	10	8.4	20	16.8
Work-related anxiety/stress/depression	6	5.0	13	10.9
Other	3	2.5	0	0.0

Work and non-work anxiety, stress and/or depression are less frequently experienced than are other types of illness/injury. However, the UK study correctly points out that mental health has too often been located in the ‘Cinderella’ sphere of occupational health care. However, the widespread nature of such problems and the increasing national cost of treatment provide many businesses with the opportunity to work with agencies to deal with the difficulties faced by many staff.

## Doctor knows best

The *Holidays Act 2003* allows employers to request a medical certificate after just one day of employee absence if the employer has reasonable grounds to suspect the absence may not be genuine. But the employer foots the bill. In addition, after three consecutive days’ absence, whether or not these would usually be working days for the employee, employers can require a medical certificate at the employee’s expense regardless of the perceived genuineness of the illness.

Table 9 shows that overall, more than half of those surveyed (56.3%) requested a medical certificate from at least one of their employees. However, there was a strong correlation between the size of the business and answering in the affirmative. At one end of the scale, only 18.8% of those employing 1-5 staff said ‘yes’, as opposed to 79.6% for those with 100+ staff.

Obviously, the larger the enterprise, the more likely an employer is to ask at least one employee for a medical certificate if there is doubt about the absence. There is probably a range of factors that explains the differential. While it is perhaps no surprise that the group with the highest proportion of absence due to non-genuine sickness and that with the highest proportion asked

for a medical certificate were the same, other factors must also be taken into account. For example, larger businesses are more likely to have formal absence structures in place, mainly to ensure there is minimal misuse of sick leave entitlements.

**Table 9:** Percentage of businesses who have requested a medical certificate from a doctor if an employee has been away from work at least one day (2012)

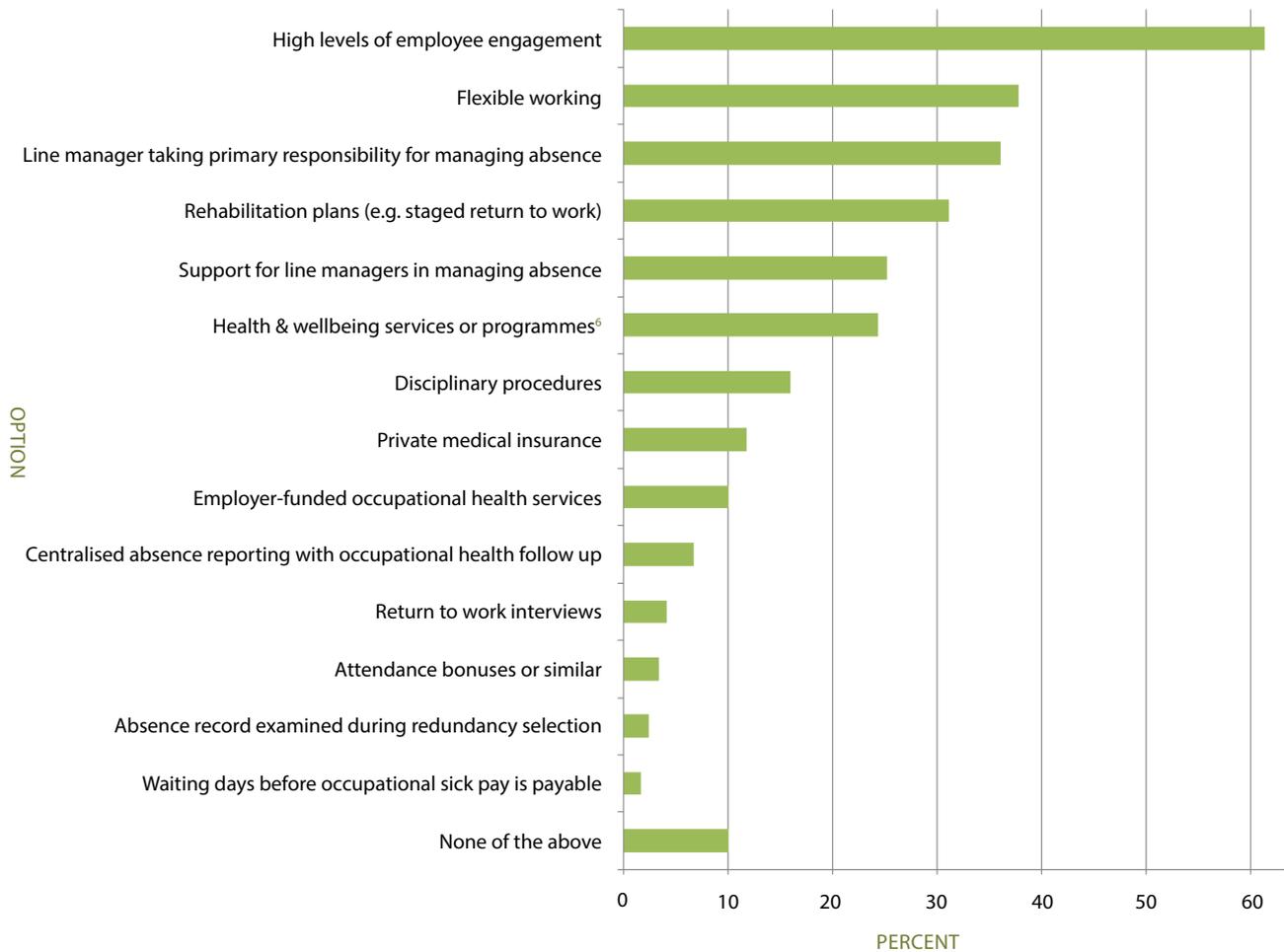
Size	Yes (%)	No (%)	Don't know (%)
1-5	18.8	81.3	0.0
6-9	36.4	63.6	0.0
10-49	44.1	55.9	0.0
50-99	66.7	22.2	11.1
100+	79.6	14.3	6.1
All	56.3	40.3	3.4

## How to manage absences – touch, pause, engage

Figure 11 shows the most effective options for managing absence levels. High levels of employee engagement (61.3%) are a clear top option, followed by similar percentages for flexible working (37.8%) and the line manager taking primary responsibility for managing absence (36.1%).

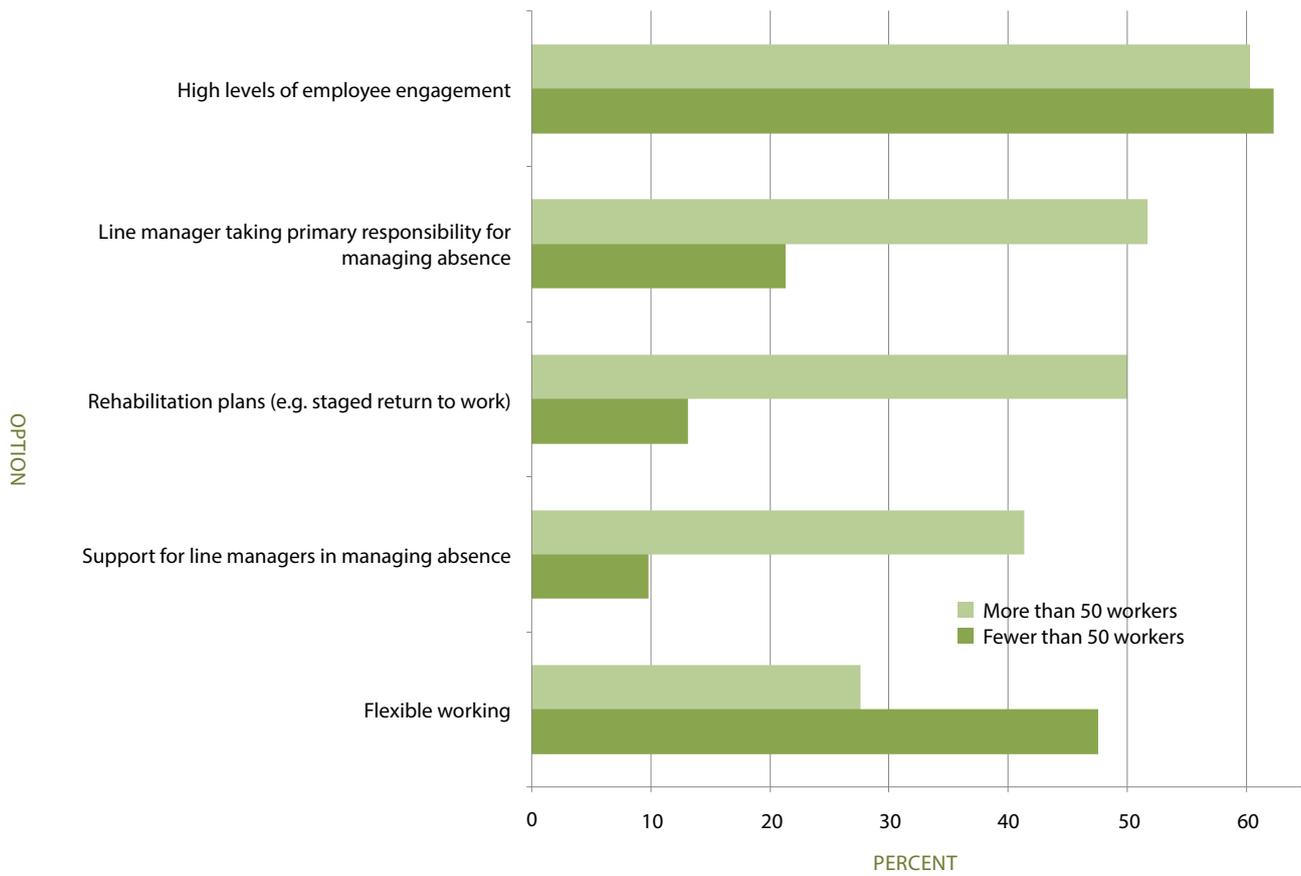
However, by broad size of enterprise, figure 12 shows that while firms with either fewer or more than 50 employees regard high levels of employee engagement as key, smaller businesses see flexible working options as the second most effective option. This is in contrast to larger enterprises that instead see line manager responsibility and rehabilitation plans as the second most effective option, with flexible working in fifth place.

**Figure 11: Most effective options in managing absence levels (2012)**



6 E.g., employee assistance, healthy living advice, gym memberships, sporting opportunities, fruit supplied in the office etc)

**Figure 12:** Top 5 most effective options in managing absence levels by size of enterprise (2012)



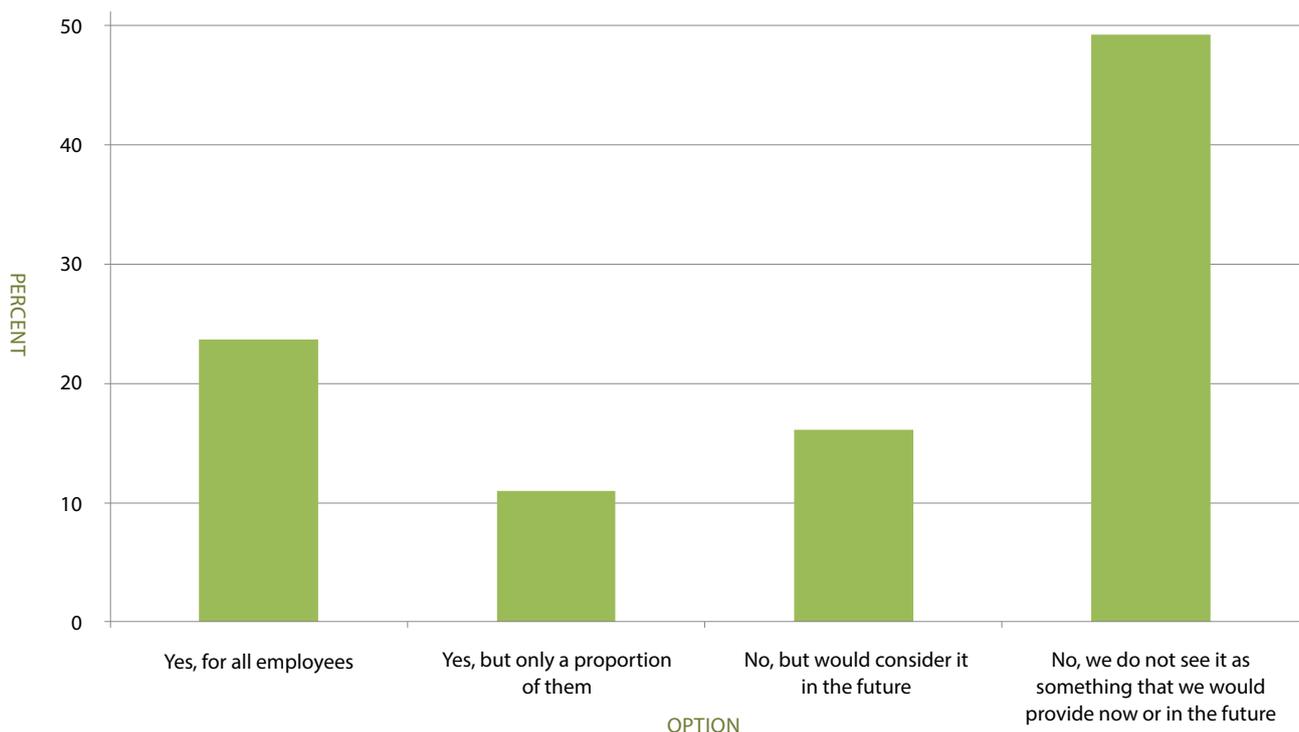
# 6. Health Insurance in the Workplace

## Key findings

- Clear differences in providing health insurance by size of enterprise were evident, with smaller enterprises not viewing it as something to provide either now or in the future.
- For those who do not provide health insurance, cost (29.4%) is the most common factor that would lead an enterprise to provide it, followed by evidence in terms of assisting in retaining staff (26.1%) and reducing absenteeism (25.2%).
- For those who provide health insurance but do not fully subsidise it, the removal of Fringe Benefit Tax (29.1%) on employer-subsidised health insurance was the top priority for increasing staff coverage, followed by a decrease in cost (25.5%).

Respondents were asked whether they provided health insurance for their staff. **Figure 13** shows the overall results, with 65.3% answering in the negative, and 34.7% answering in the affirmative.

**Figure 13:** Do you provide health insurance for your staff? (2012)



However, it is important to note that there were significant differences by size of enterprise. Table 10 shows some clear patterns emerging. First, larger businesses are the more likely to have some form of health insurance for their staff, while micro-small businesses do not and do not intend to in the future.

Medium-sized enterprises (10-49 employees) tend to be caught in the middle compared with larger and smaller enterprises, having the highest proportion that would consider health insurance and the highest proportion of medium to large-sized enterprises that still see it as something that in all likelihood, they would not introduce.

If enterprises are broken up by those with fewer or more than 50 employees, only 18% provide health insurance, compared with 52.6% of those with more than 50 staff.

At **29.4%**,  
**cost** was the  
 most common  
 factor for those  
 businesses  
**not providing**  
 health  
 insurance.

**Table 10:** Do you provide health insurance for your staff? (2012)

	1-5	6-9	10-49	50-99	100+
Yes, for all employees	12.5	0.0	14.7	44.4	35.4
Yes, but only a proportion of them	0.0	0.0	11.8	11.1	16.7
No, but would consider it in the future	6.3	18.2	29.4	11.1	10.4
No, we do not see it as something we would provide now or in the future	81.3	81.8	44.1	33.3	37.5

## Provision of health insurance – what would it take?

For employers who do not provide health insurance, a follow-up question was asked about the factors that would cause them to consider providing it. **Table 11** shows the most common factor as being a decrease in cost (29.4%), although evidence that it would assist in retaining staff and reduce absenteeism were close behind at 26.1% and 25.2% respectively.

## FBT and costs at heart of increasing health insurance coverage

For those who do provide health insurance, a similar question was asked to the effect that if they did not fully subsidise the health insurance, which factors would cause them to consider increasing coverage.

**Table 12** below shows that the removal of Fringe Benefit Tax (FBT) on employer-subsidised health insurance was the top priority (29.1%), followed by a decrease in the cost of health insurance (25.5%).

**Table 11:** Factors that would cause an enterprise to consider providing health insurance for their employees (2012)

	Number	Percent
A decrease in the cost of health insurance	35	29.4
Evidence that it assist in retaining staff due to perceived value as a benefit	31	26.1
Evidence that it reduces absenteeism	30	25.2
Removal of FBT on employer subsidised health insurance	27	22.7
Receiving more information and knowledge about health insurance	5	4.2
An approach by a health insurer to discuss policies, benefits and wellness programmes	1	0.8
Other	13	10.9

**Table 12:** Factors that would cause an enterprise to consider increasing health insurance coverage for their employees (2012)

	Number	Percent
Removal of FBT on employer subsidised health insurance	16	29.1
A decrease in the cost of health insurance	14	25.5
Evidence that it assist in retaining staff due to perceived value as a benefit	10	18.2
Evidence that it reduces absenteeism	8	14.5
An approach by a health insurer to discuss policies, benefits and wellness programmes	2	3.6
Receiving more information and knowledge about health insurance	0	0.0
Other	5	9.1

# 7. Wellness, Injury & ACC

## Key findings

- Nine out of ten enterprises considered improving employee wellbeing as either desirable or a priority.
- Around a quarter of enterprises considered improving employee wellbeing as a top priority over the next 12 months.
- Micro-small sized businesses are very unlikely to have a wellness programme in place, compared with 61.2% of those with 100+ workers.
- Almost two-thirds (65.5%) of enterprises have some form of policy in place to deal with workplace stress.
- Counselling (46.2%) and flexible working (32.8%) are the main practices enterprises use as part of their stress management policy/arrangements.
- Nearly two-thirds of enterprises are satisfied with ACC's non-work or workplace injury management and the timeframe for getting employees back to work.
- Of those not satisfied with ACC, concerns were expressed about appropriate timeframes for staff getting back to work and that ACC is often not proactive enough in referring staff to a specialist.

---

## Achieving wellbeing at work – priorities

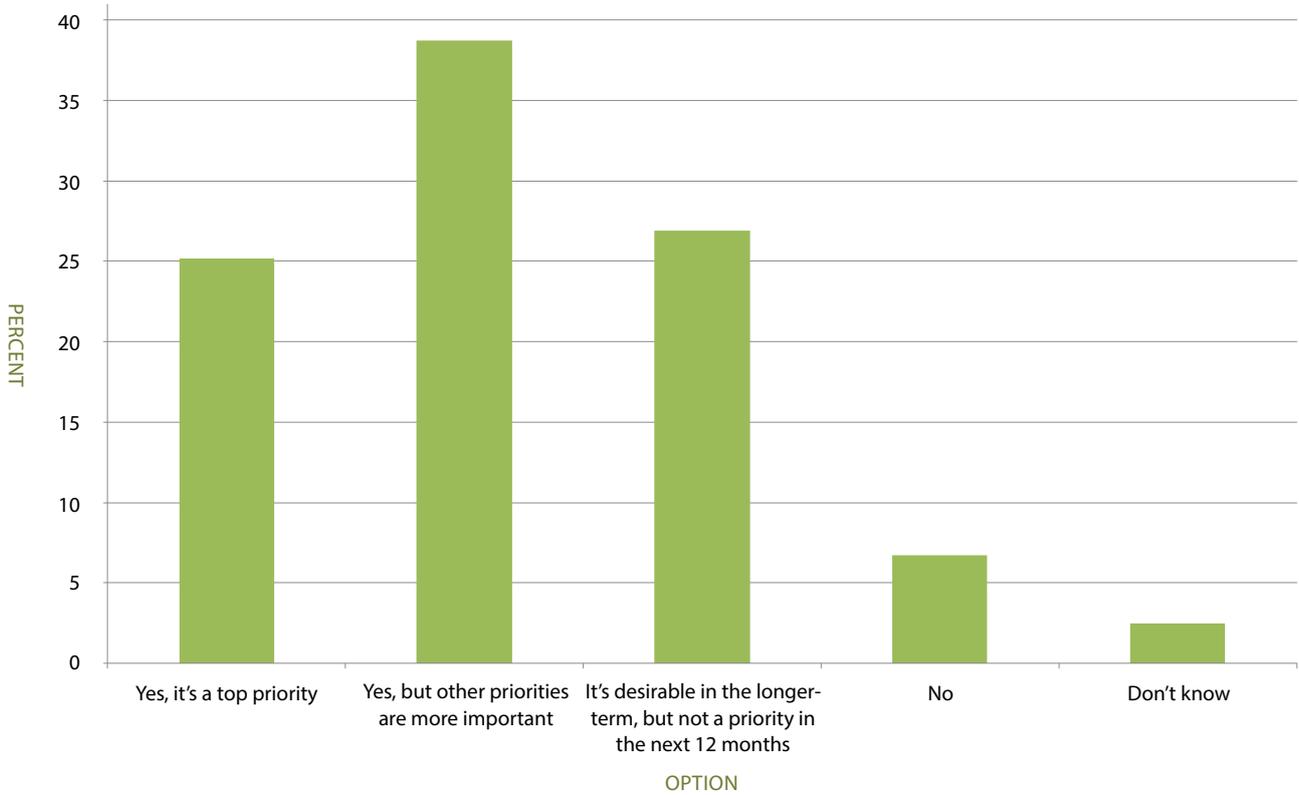
As a way to reduce absenteeism, many employers are recognising the need to have arrangements in place for improving employees' wellbeing.

As [figure 14](#) shows, 63.9% of businesses considered improving employee wellbeing to have some level of priority over the next 12 months, while over 90% considered this at least to be desirable. However, in relation to other priorities, only a quarter (25.2%) considered employee wellbeing a top priority.

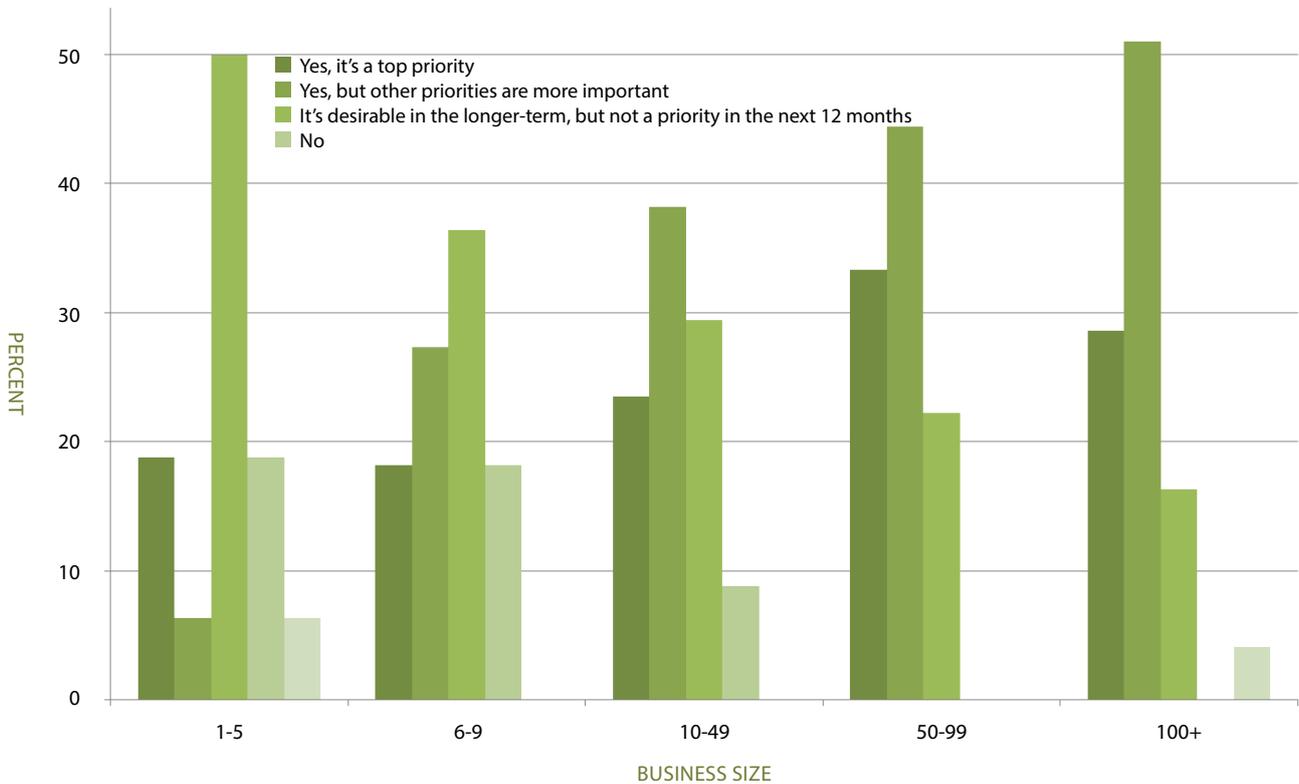
Views on employee wellbeing as a priority tend to reflect business size. [Figure 15](#) below shows that while employee wellbeing is on the list of priorities for larger businesses, micro-small businesses see it as a desirable priority in the longer-term but not in the next 12 months.

Given the recent difficult economic climate, it is perhaps no surprise that for many enterprises other priorities take precedence over employee wellbeing. But as the economy improves, New Zealand's long-term problem of finding staff with the right skill sets will self-evidently increase. Taking employee health and wellbeing seriously may help to entice new staff and discourage staff from leaving.

**Figure 14:** Considering improving employee wellbeing to be a priority over the next 12 months (2012)



**Figure 15:** Considering improving employee wellbeing to be a priority over the next 12 months by size of enterprise (2012)



## Corporate wellness programme split

Table 13 outlines the main findings on whether businesses currently have a corporate wellness programme in place. Overall, 39.5% said they did, although as with employee wellbeing as a priority, there were strong variations by size of enterprise.

**Table 13:** Currently have a corporate wellness programme in place (2012)

Type	Yes (%)	No (%)	Don't know (%)
1-5	0.0	100.0	0.0
6-9	9.1	90.9	0.0
10-49	32.4	67.6	0.0
50-99	55.6	33.3	11.1
100+	61.2	38.8	0.0
Private sector	36.9	62.2	0.9
Public sector	75.0	25.0	0.0
All	39.5	59.7	0.8

No micro-small business stated that it currently has a wellness programme compared with 61.2% of businesses with 100+employees. Since, as noted, very small businesses will likely have informal structures in place, formal corporate wellness programmes will, given available resources, tend to be something for larger businesses able to put together programmes beneficial for their employees. The private/public split shows three quarters of the public sector surveyed with a wellness programme, compared with something over a third of the private sector.

## Stress points

Most western-style countries are becoming increasingly aware of health issues and the impact work and lifestyle choices can have on staff wellbeing and performance at work. As a consequence, they are looking for ways to deal with employee stress in order to minimise lost working time and improve overall wellbeing.

Enterprises were therefore asked whether they had any stress-management policies or arrangements in place for their staff. Table 14 below shows close to two-thirds (65.5%) with either a formal or informal policy. However, there are business size differences, those having fewer than 50 staff tending to adopt more informal arrangements, compared with a more equal mix for those with 50+ staff and who answered 'yes'.

**Table 14:** Policies or arrangements in place for stress management (2012)

Option	All	Fewer than 50 staff	50+ staff
Yes, a formal policy	27.7	18.0	37.9
Yes, informal arrangements	37.8	39.3	36.2
No	29.4	37.7	20.7
Don't know	5.0	4.9	5.2

With the wide range of measures enterprises can undertake to help employees manage stress, respondents were also asked to name the most effective options for managing staff stress levels.

Counselling (46.2%) was the most frequently used practice, followed by flexible working arrangements (32.8%) and job/organisation redesign (17.6%). In the UK findings, counselling was also the top stress management policy at 86%, followed by occupational health support (81%) and flexible working (69%).

Figure 16 shows results from those with fewer or more than 50 staff. Counselling (65.5%) is strong for larger enterprises but flexible working (29.5%) is the key policy for smaller enterprises, although closely followed by counselling (27.9%). Of the remaining policies, about a fifth of all larger enterprises make use of a further five types of stress management, typically involving more formal arrangements.

## ACC – I can get some satisfaction

Much of New Zealand's non-work and workplace injury management is tied in with the country's Accident Compensation Corporation (ACC). Therefore, a reliable, effective and efficient ACC has positive effects for the large proportion of enterprises that deal with the organisation.

As a follow-up to the question about types of illness/injury prevalent in their business, respondents were asked whether they were satisfied with the ACC's non-work or workplace injury management and the timeframe for getting employees back to work.

Figure 16: Practices business use as part of their stress management arrangements by size of enterprise (2012)

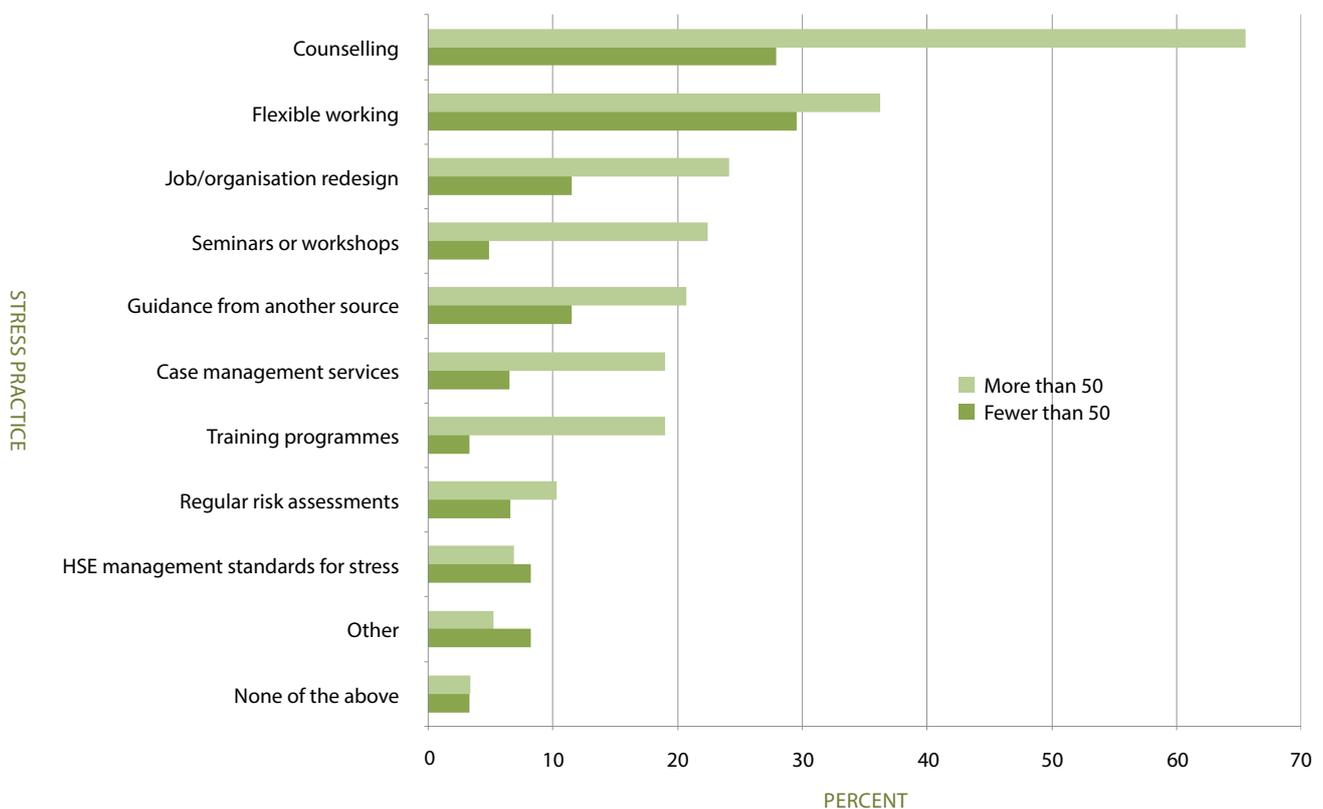
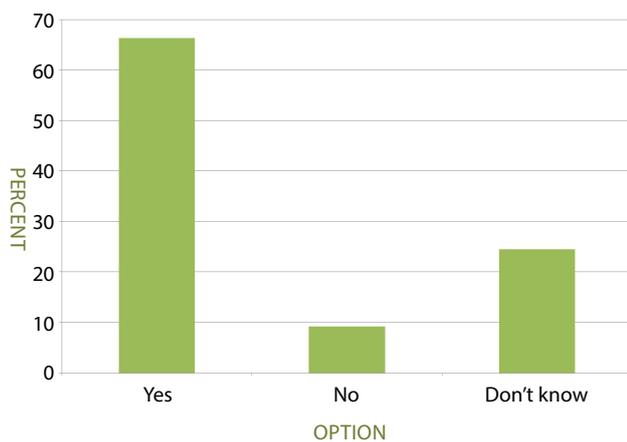


Figure 17 shows that nearly two-thirds of enterprises responded that they were satisfied, while only 9.2% said they were not. Close to a quarter (24.5%) did not know and table 15 shows that these tended to be the smaller-sized enterprises.

**Figure 17:** Satisfaction with ACC non work or work place injury management provided and timeframe taken getting employees back to work (2012)



**Table 15:** Satisfaction with ACC non-work or work place injury management provided and timeframe taken getting employees back to work (size of business) (2012)

Size	Yes (%)	No (%)	Don't know (%)
1-5	27.3	0.0	72.7
6-9	30.0	20.0	50.0
10-49	66.7	10.0	23.3
50-99	66.7	0.0	33.3
100+	85.4	9.8	4.9

Table 16 shows that by combined industry, results were fairly even, with around two-thirds to three quarters of respondents in each sector satisfied with ACC. However, for those with a larger proportion of manual employees – namely in agriculture/forestry/ fishing/mining and manufacturing – about a quarter of respondents were not satisfied with ACC, significantly higher than in other industries.

**Table 16:** Satisfaction with ACC non work or work place injury management provided and timeframe taken getting employees back to work (combined industry) (2012)

Size	Yes (%)	No (%)	Don't know (%)
Agriculture, forestry, fishing & mining	75.0	25.0	0.0
Manufacturing	64.7	23.5	11.8
Electricity, gas, water & construction	69.2	7.7	23.1
Wholesale, retail, accommodation, cafes & restaurants	60.9	4.3	34.8
Transport, storage & communication	71.4	14.3	14.3
Business, finance & property	71.4	0.0	28.6
Government administration	60.0	0.0	40.0
Other services	66.7	6.7	26.7

Of those not satisfied with ACC, ten respondents gave reasons. Their concerns varied but a few specific themes came through. Timeframes for getting staff back to work were highlighted, with some believing staff were given more time off than was necessary while others felt staff were sent back before they were ready with the employer having no light duty options to offer. Respondents also felt that ACC is often not proactive in referring staff to a specialist so that any physical problem can be resolved in a timely fashion.

### Split choices on claim management

Businesses were also asked whether they would like to choose who manages their claims, for instance a third party provider or having the ability to self-manage. **Table 17** shows no clear majority, with 38.8% saying yes, followed by 34.5% indicating they didn't know. A little over a quarter (26.7%) said no.

However, when split between those with fewer and those with more than 50 staff, employers with 50 or more showed a noticeable drop in the proportion of 'don't knows', most probably due to their better understanding of the likely benefits and costs of being able to choose. In addition, the proportion of those who stated 'no' was very similar across the board.

**Table 17:** Choice on who manages accident claims (2012)

	Yes (%)	No (%)	Don't know (%)
All enterprises	38.8	26.7	34.5
Fewer than 50 staff	27.6	25.9	46.6
50 or more staff	50.0	27.6	22.4

When broken down by combined industry (**table 18** below), there was some variation across the eight sectors, although any conclusions are clouded by the larger proportions of businesses that simply do not know.

**Table 18:** Choice on who manages accident claims (combined industry) (2012)

Size	Yes (%)	No (%)	Don't know (%)
Agriculture, forestry, fishing & mining	50.0	25.0	25.0
Manufacturing	41.2	23.5	35.3
Electricity, gas, water & construction	30.8	23.1	46.2
Wholesale, retail, accommodation, cafes & restaurants	46.4	21.4	32.1
Transport, storage & communication	30.0	50.0	20.0
Business, finance and property	36.8	31.6	31.6
Government administration	62.5	0.0	37.5
Other services	23.5	35.3	41.2

# 8. Policies and Arrangements for Older Employees

## Key findings

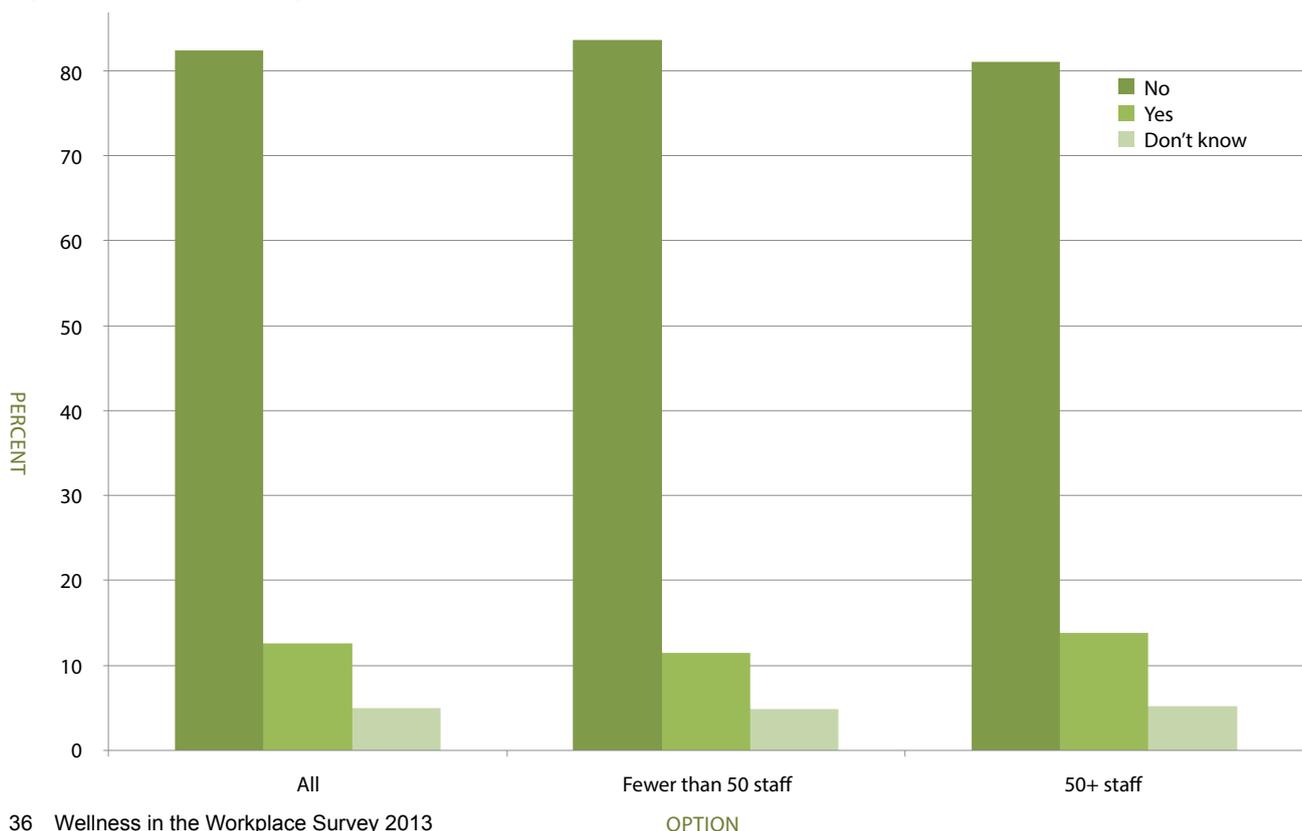
- Only a small proportion of enterprises have any policies or arrangements in place for older employees.
- Of those that do, reduced hours of work, flexibility in working time, lighter duties and a degree of focus on transition to retirement are their most common policies/arrangements.

It is well documented that like other Western countries, New Zealand's overall work force is aging with the median age of the labour force to reach 42-43 by 2016. This means businesses will increasingly look to older employees for their pool of available labour. However, as with any other employees, older employees often have characteristics and expectations that reflect their stage of life. Therefore, it is important for businesses to encourage greater labour market participation at an older age by fostering an environment that encourages older employees to remain in the workforce.

In light of the above factors, it is somewhat concerning to note, in figure 18, that only 12.6% of businesses have policies or arrangements in place for older employees. Even when broken down by broad size of business, there is no significant change in the overall result.

Of those business that do have some form of arrangement in place, comments typically revolved around reduced hours of work, flexibility in working time, lighter duties and a degree of focus on transition to retirement.

**Figure 18:** Policies or arrangements in place for older workers (2012)



**For further information  
on this survey contact:**

Stephen Summers  
Economist  
BusinessNZ

Level 6, Lumley House  
3-11 Hunter Street  
Wellington 6011  
New Zealand

Phone: 04 496 6550  
Fax: 04 496 6555  
[ssummers@businessnz.org.nz](mailto:ssummers@businessnz.org.nz)  
[www.businessnz.org.nz](http://www.businessnz.org.nz)