

Employee Absenteeism: Causes, Effects and Solutions

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Many organizations are struggling to find the ideal remedy for increased unscheduled employee absenteeism. However, organizations are frequently discovering that their cultures are to blame. Frank Scanlan, spokesperson for the Society for Human Resource Management (SHRM), said unscheduled absences cost organizations hundreds of dollars per employee, decrease productivity and visibly affect the bottom line.

“I think it behooves an organization to try to create a positive work environment, and I say this often, but I think that it rings very true: Happy employees are productive employees,” Scanlan said. “So, it is in an organization’s best interest financially and just makes good business sense to try to create a culture where people want to be or where they want to work.”

According to the 2005 CCH Unscheduled Absence Survey, this year’s absenteeism rate is 2.3 percent, slightly down from 2.4 percent in 2004. But the average cost of absenteeism increased to \$660 per person per year, up from \$610 in 2004, which only includes direct payroll costs for paid, unproductive time. The cost of absenteeism is greater when lost productivity, temporary labor and dissatisfied customers are considered. In addition, according to the U.S. Department of Labor, the professions with the highest absence rates include sales and office occupations, education and health services, and public sector occupations.

Absenteeism results most often from health and personal reasons, but the fact is that only about a third of absences are caused by personal illness. The survey shows that more than half of unscheduled absences are justified by family issues, personal needs, stress and an entitlement mentality.

Although an organization’s culture is considered the most significant reason for increased employee absenteeism rates, the survey shows the increase also is fueled by a decrease in the number of sick days allowed in a year and because more employers are not allowing unused sick days to be carried over to the following year.

“I think that some organizations look at culture as a secondary or soft issue—they don’t necessarily see how it impacts the organization,” Scanlan said. “I think if an organization has a problem with unscheduled absenteeism and it is a chronic problem, it probably should take a step back and take a look at what the issues are and conduct an employee satisfaction survey.”

Employee satisfaction surveys and a continuous open line of communication improve employee engagement, therefore increasing employees’ participation and dedication to an organization. Scanlan said that conducting frequent employee surveys and providing feedback to the workforce is the best practice to start formulating a plan of action to cure prevalent employee absenteeism. The plan of action also should create a culture that will optimize a workforce’s productivity and increase an organization’s profits.

Scanlan said that he has seen an increased interest in family-friendly benefits as a way to reduce employee absenteeism rates. Family-friendly benefits include full-time or part-time telecommuting, flextime, compressed workweeks, job sharing and on-site childcare.

However, some U.S. organizations are looking to European organizations for employee absenteeism solutions because the problem was previously rampant for many countries overseas. For example, in 2002 the percentage of the Netherlands' working age population collecting disability pensions reached 9 percent. According to Henri Hendrickx, manager of the medical department at General Electric's plastics production facility in the Netherlands, in order to decrease absentee rates during the mid-'90s, the company utilized many different techniques and fostered a culture based on trust.

"In the past, absentee surveillance was the core responsibility of the medical department and we had a control system in place, which is when someone would call in ill and we would send someone to the home to check on the employee and see if he or she was sick or not," Hendrickx said. "We had to change our system. We had to eliminate this control system—we wanted to show our employees that we trusted them because this system was hurting our productivity and was very expensive."

The GE facility, which employs 1,500 workers, revamped its practices and formulated a two-way plan of action that is still evolving today. The plan includes extensive treatment and prevention processes that reduce absenteeism through management, observe employee recovery, smooth absence and reintegration transitions, and promote health awareness. "Since we have had a stable and low absentee rate for the past eight years, we continue to develop new initiatives," Hendrickx said. "We started Living Room Talks in February 2004 to improve and retain low absenteeism rates."

A Living Room Talk is a management-coaching program that promotes the discussion of current problems, management styles, alternative strategies and organizational issues. "The meetings take place once a month with the leaders of the facility, and all topics that are discussed are later analyzed," Hendrickx said. "The role of the medical department is mainly to coach the managers and provide them with background information and new ideas."

The facility's newest initiative is a lifestyle program, a three-step process that will be implemented over the next three years. According to Hendrickx, the medical department is currently creating health awareness and commitment with its workforce by a needs assessment survey and developing new programs using the survey feedback. During the next two years, new programs will be rolled out and improved or revamped if necessary.

Identifying the root of unscheduled absenteeism within an organization is the first step in developing an integrated management and prevention plan. Addressing absences and work-life issues is critical to reducing unscheduled absences as well as improving or retaining a workforce's productivity.

More and more companies are addressing absenteeism through various methods, and it seems to be helping reduce unscheduled absences, but it is important that the programs offered or instituted in an organization are geared to its environment and workforce, and are adaptable and sustainable.

"There are a lot of things that organizations can do, and a lot of them are really low-cost benefits that they can implement," Scanlan said. "But these benefits can have a substantial impact on how satisfied employees are with their jobs, and the more satisfied they are with their jobs, the less likely they are to call in last-minute."

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