

Absenteeism in the workplace: Impact, causes, and policies

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Introduction

Absenteeism in the office is a recurring problem that has caused resulted in legions of companies suffering great loss, both real and opportunity costs. Absenteeism, commonly known as a bottom-line killer, has an impact on the workforce's availability as well as the profitability of businesses. We'll look at what absenteeism is, what causes it, how it affects businesses, and 13 successful absenteeism policies in this guide.

Definition: Absenteeism

Absenteeism is defined as any failure to report to work or stay at work on time, regardless of the reason. This is typically unanticipated, such as when someone becomes unwell, but it can also be deliberate, such as during a strike or purposeful absence. The fact that the person was scheduled to work is essential to this statement. This means that vacation and personal leave are not included in the concept of absenteeism.

The most popular way to gauge absenteeism in the workplace is to use an absenteeism rate. This rate is computed by dividing the total of absent days by the amount of possible workdays in a given period. This absence rate is a vital HR metric. Excessive absenteeism, for example, may suggest issues with the workforce or corporate culture.

Consequences of Absenteeism

A United States of America study on absenteeism in the workplace revealed that organizations lose as much as \$225.8 billion annually in productivity losses, approximately \$2 per employee. Furthermore, in Europe, the cost of absenteeism in the workplace is estimated to be roughly 2.5 percent of GDP. This would result in a total cost of absenteeism in the European Union of \$470 billion, more than twice the expense in the United States.

If we dig deeper into the figures, we'll see that the cost of absence includes more than just the expense of replacing the missing employee. It also includes lost productivity as a result of the replacement, as well as lost productivity among coworkers and supervisors. According to an SHRM international survey, productivity loss in the United States ranged from 22.6 percent for scheduled absence to 36.6 percent for unscheduled absence. In addition, the supervisor's productivity dropped by 15.7 percent due to chores including managing absence, modifying workflows, and taking over certain responsibilities.

TABLE 2. Productivity Loss Due to Employee Absences

	U.S.	China	Australia	Europe	India	Mexico
Productivity loss due to replacement worker, by type of absence						
Unplanned absence	36.6%	26.0%	26.0%	31.6%	35.5%	31.4%
Planned absence	22.6%	17.8%	15.2%	15.2%	18.4%	14.3%
Extended absence	34.0%	32.8%	18.4%	21.4%	34.0%	25.6%
Average productivity loss	31.1%	25.5%	19.9%	22.7%	29.3%	23.8%
<i>n</i>	277-284	64-65	75	70-73	63-64	60
Co-worker productivity loss						
"Typical" absence	29.5%	27.3%	34.3%	24.0%	26.8%	40.3%
<i>n</i>	438	122	83	95	84	72
Supervisor productivity loss						
"Typical" absence	15.7%	17.7%	18.2%	17.0%	23.8%	26.0%
<i>n</i>	420	111	84	87	82	65
Note: Productivity loss due to replacement worker was calculated by type of absence: an unplanned absence, a planned absence or an extended absence. Differences may not be statistically significant.						
Source: Total Financial Impact of Employee Absences (SHRM/Kronos, 2014)						

On an individual level, high absenteeism can result in salary reductions, absence punishments, accidents when the employee returns to a less familiar work environment, and shifts in job attitudes. The employee develops a rationale or excuse for their absence. Apart from the individual, co-workers, workgroups, organizations, families, and even society may be affected.

The table below shows some of the adverse effects of workplace absenteeism on different people and entities.

Group	Negative consequences of absence
Individual	Loss of pay Discipline, formal and informal Increased accidents Altered job perception
Co-workers	Increased workload Undesired overtime Increased accidents Conflict with absent worker
Workgroup	Increased coordination problems Decreased productivity Increased accidents
Organizational management	Decreased productivity Increased cost More grievances Increased accidents
Family	Fewer earnings The decline in work reputation Aggravated marriage and child problems
Society	Loss of productivity

Absence may have a beneficial effect. The individual will be able to relax, and their stress level will be lessened. Co-workers have more employment variety, have the opportunity to learn new skills, and receive overtime pay for their extra responsibilities. The information base of organizations is enlarged, and the group becomes more dynamic and responsive to absenteeism, leading to the replacement of absenteeism.

Nurses, for example, are an illustration of the impact of absence on society. Nurses work in high-stress environments and have a greater rate of absence than other workers. Because of the reduction in caretaking ability, this has a real societal consequence.

Absenteeism Benchmark

In the United States and European Union, there is a wealth of accurate absence data. For example, the absenteeism rate in the United States is 2.8 percent, while it is roughly 4.7 percent in the European Union. The average percentage of workplace absenteeism in Canada is 3.5 percent, with 3.1 percent in the private sector and 5.1 percent in the public sector (Conference Board of Canada, 2015).

INDUSTRY (the United States 2019)	Absence rate
Private sector	2.7%
Agriculture and related industries	2.1%
Non-agricultural industries	2.7%
Mining, quarrying, and oil and gas extraction	1.7%
Construction	2.4%
Manufacturing	2.5%
Durable goods	2.5%
Nondurable goods	2.5%
Wholesale and retail trade	2.8%
Wholesale trade	2.4%
Retail trade	3.0%
Transportation and utilities	2.8%
Transportation and warehousing	2.9%
Utilities	2.4%
Information	2.6%
Financial activities	2.4%
Finance and insurance	2.4%
Finance	2.2%
Insurance	2.7%
Real estate and rental and leasing	2.5%
Professional and business services	2.4%
Professional and technical services	2.1%

Management, administrative, and waste services	3.3%
Education and health services	3.3%
Educational services	2.6%
Health care and social assistance	3.5%
Leisure and hospitality	3.0%
Arts, entertainment, and recreation	2.9%
Accommodation and food services	3.0%
Accommodation	2.9%
Food services and drinking places	3.0%
Other services	2.7%
Other services, except private households	2.5%
Public sector	3.4%
Federal government	3.8%
State government	3.5%
Local government	3.1%

The absenteeism rates are more significant in the European Union. This is based on the World Health Organization's most recent data (WHO). The WHO keeps track of how many days people are absent. We converted these to a rate based on the European average of 251 working days per year.

Country	Absence rate	Latest data
Austria	3.9%	2017
Belarus	4.5%	2017
Croatia	4.1%	2017
Czechia	6.1%	2016
Estonia	3.5%	2017
France	3.3%	2016
Germany	7.3%	2017
Hungary	3.3%	2016
Israel	1.5%	2017
Lithuania	4.1%	2016
Luxembourg	4.7%	2016
Netherlands	4.0%	2016
Norway	5.8%	2018
Poland	5.7%	2015
Slovakia	5.7%	2018
Slovenia	5.4%	2018
Spain	4.6%	2017
UK	1.6%	2017
Members of the EU	4.7%	—

The information presented above gives a good picture of employee absenteeism in different parts of the Western world. The rates of absenteeism in the United States and Europe are different. What has to be determined is what constitutes a reasonable absence rate. How low may absenteeism in our workplaces be?

What's an acceptable Absenteeism Rate?

To determine what constitutes a reasonable absence rate, we must distinguish between illness-related Absence and Absence due to other factors.

Absence due to illness is unavoidable. For example, every few years, we all catch the flu. If this is the case, we must remain at home to recover. This suggests that, though individual absence behaviour varies, we can easily detect absence in an organization on a group level.

As a rule of thumb, illness accounts for 1.5 percent of total absences. This means that on average, four workdays are missed per year due to illness. This has been observed in both work and school environments. In a 2012 research in the United States, illness-related absence averaged 1.24 percent from October to May, but it averaged 1.35 percent during influenza season. Similar rates can be found.

It's important to remember that this is a total percentage. A person's rate could be higher if he or she had terrible luck, developed bronchitis, and was sick for two weeks. When a large enough sample is used, 1.5 percent of absences are due to illness. As a result, everything exceeding the 1.5 percent threshold is most likely due to factors other than disease. Personal concerns, high stress levels at work, a strained relationship with the direct manager, or other workplace disputes are examples. It does not imply that the employee is to blame. The individual may be trapped in high-stress work with insufficient resources to perform successfully. However, most of the absences above 1.5% are preventable.

This suggests that an average aggregated absence rate of more than 1.5 percent for an organization is cause for concern and should prompt focused initiatives to lower absence to more acceptable levels. Job analysis and restructuring to make a job less stressful and more inspiring, a targeted intervention to enhance employee wellbeing, or an examination of stressors in the workplace could all be examples of this.

Causes of Absenteeism

A few things jump out when we look at the causes of excessive absenteeism in the workplace. Let's start with a country like Norway, which has a higher absence rate. According to 2009 research, an average of 6-7 percent of absence is reported regularly in Norway. The absence rate in the 10th percentile of the absence rate distribution was 3.1 percent, while the absence rate in the 90th percentile was roughly 11 percent.

Although this data is pretty old and fluctuates year to year, one contributing element is that the worker is covered for 100% of missed wages in Norway due to absence. Furthermore, more generous sick leave remuneration is associated with permanent increases in total sick leave per person employed, according to a study based on Swedish data from 1955 to 1999 (Henrekson & Persson, 2003).

The opportunity cost of not working

Surprisingly, worker protection may not be the sole reason for this effect. A one-percentage-point increase in a state's unemployment rate is linked to a 0.54-percentage-point decrease in mortality rates in that state. As a result, when the economy improves, smoking and obesity rise, while physical activity falls and diets become less healthful. Conversely, when unemployment is low, people's diets and exercise levels improve.

That does not, however, imply that sickness will increase during periods of economic expansion. A study conducted in the United States discovered a link between unemployment and absence. This is most likely due to an increase in employment demands as the economy deteriorates and a reduction in employee benefits, bonuses, and salary increases, as well as more safety and health monitoring (Shoss & Penney, 2012). This study demonstrates that absenteeism is a complicated and multi-faceted issue. An intriguing discovery is that people are less likely to be absent when the opportunity cost of not working is higher. Thus, even though intense work makes them sicker and more likely to die, a significant outlay of absence pushes them to go to work.

Gender differences in the absence

In absent behaviour, there are also gender disparities. Women experience higher rates of absence than

men. This is true on both a physiological and a sociological level. When children are ill, for example, the mother is frequently the one who stays at home to care for them. This leads to an increased absence frequency, which usually lasts only a few days. Men experience more from conditions in the neck and head (otorhinolaryngological), while women suffer more from psychiatric illnesses, including somatization and anxiety (Bermejo-Toro & Prieto-Ursúa, 2014).

Substance abuse

Absenteeism can also be caused by alcohol and drug abuse. Workers who reported misusing prescription drugs were about 7% more likely to report an absence in the previous month (a 200-300 percent increase over average absence levels) and were absent for an additional 0.25 days, according to the 2008-2012 National Survey on Drug Use and Health in the United States. High-risk drinkers were up to 22 times more likely to miss work than low-risk drinkers, according to an Australian survey of 13,582 workers. They were also more likely to be involved in accidents, injuries, and illness. It implies scope when more than 40% of the workforce consumes alcohol at unsafe levels, and alcohol-related absences are highly skewed among specific workforce subpopulations.

Depression

Depression has a massive influence on people all around the world. In the United States, the annual prevalence of depression is estimated to be 9.66 percent, with an average absence cost of \$390 per person. The projected cost of absenteeism for depression, on the other hand, was substantially higher, at \$5,524. (Evans-Lacko & Knapp, 2016).

Age

Age is another factor that influences absence. Older people have a lower likelihood of avoidable absence. This decreases their frequency of lack. However, with age, the risk of chronic conditions increases, leading to more extended periods of absence.

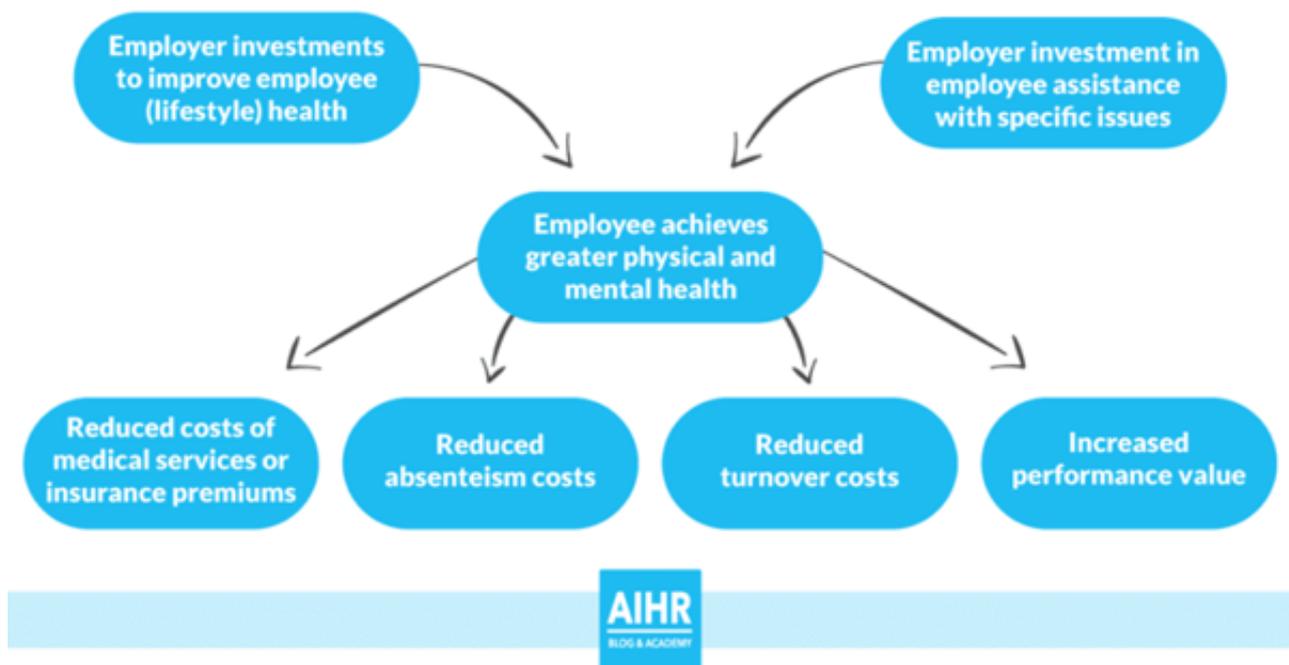
Five effective absenteeism policies

1. **During influenza season, washing hands reduces absence considerably.** If the Covid-19 pandemic has taught us anything, it's that we should wash our hands for at least 20 seconds. During the regular season, the results are mixed, but washing hands considerably reduces the rate

of illnesses during flu season. Placing signs reminding people to wash their hands when they enter the office, after using the restroom, or before eating lunch are all good ideas.

Program to Assist Employees (EAP). EAPs are designed to help workers get back on their feet. The goal of these intervention programs is to reduce absenteeism and improve health.

LOGIC OF EMPLOYEE HEALTH AND WELLNESS



1. **Health screening.** Employees can benefit from timely examinations for high blood pressure, diabetes, and colorectal cancer, which can help discover problems before they become dangerous. Employees benefit from these exams because they allow them to stay healthy and prevent absenteeism.
2. **Alcohol and Other Drug (AOD) management.** AOD policies are measures for preventing drug misuse, and they frequently involve written policies prohibiting smoking, drinking, and using drugs at work. While they may be beneficial in reducing high-risk drinking, they must be more thorough in order to have an influence on drug usage. Notably, isolated alcohol and drug testing do not appear to be associated with lower employee substance usage or absenteeism. (Pidd,

Kostadinov & Roche, 2015).

3. **Absence insurance.** Another approach to cut the expense of absenteeism is to get absence insurance. These can be effective approaches to reduce the cost of employee absenteeism if it increases dramatically owing to disease, (workplace) accidents, or other causes, depending on the geography and local restrictions.

Conclusion

As a result, absenteeism treatments are most effective when they are part of a larger human resource plan to address these challenges. This means that these interventions should never be implemented in isolation but rather in conjunction with other HR procedures such as performance management, learning opportunities, and engagement efforts.

<https://thehumancapitalhub.com/articles/absenteeism-in-the-workplace-impact-causes-and-policies>