absenteeism in the workplace:

understanding and managing a critical issue.

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introduction.

Many factors must come together for a business to succeed. One of the most important is a healthy, reliable and productive workforce.

After all, your front-line workers represent you to clients and business partners while those behind the scenes ensure quotas are met, products and services delivered and accounts recorded.

You need employees with the right skills, experience and character traits to do their jobs well, but you must also be able to rely on your staff to maintain a good level of attendance. Ultimately, if they're not at work, nothing is getting done.

Absenteeism is easy to dismiss as an unavoidable cost of running a business but failing to track and manage this issue properly can have serious consequences (financial and otherwise) for your company.

In this guide, we'll take a detailed look at absenteeism in the workplace, why you need to take it seriously and how you can stop it from becoming a major problem.

what is absenteeism
in the workplace?

While the above question might seem easy to answer, your company's definition of absenteeism needs to go beyond something as simple as 'employees taking unscheduled time off work.'

It's essential to have a clear absence policy that goes into detail on this subject and outlines things like:

- acceptable reasons for absences
- are partial-day absences permitted?
- how absences should be reported, including whom the employee needs to contact and when
- how to get a sick note (if this is required in your country or organization)
- how you track absences and when you will conduct attendance reviews
- how much absent employees will be paid and for how long

You should also come up with what you consider to be an acceptable employee absenteeism rate across divisions. Absenteeism becomes a problem when employees' failure to attend work goes beyond the scope of what you see as normal or acceptable.

Tracking absenteeism on various levels makes it easier to spot trends. For example:

- Employee A has an absentee rate much higher than their coworkers. This is an individual problem and should be discussed with the employee.
- The average absenteeism rate of your delivery division has increased each quarter for this fiscal year. It may be time to send out opinion surveys to the delivery workforce and review the results in a meeting with management.
- Overall, company-wide attendance problems are causing disruptions in production. Corporate leadership should work with HR analysts to pinpoint where the problem lies, whether it's a cultural dynamic or overly rigid work schedules.

Excessive or chronic absenteeism — when one or more individuals regularly and intentionally fail to attend work without a valid reason — can pose a serious threat to your business, as we'll see later in this guide.

how common
is absenteeism.

Absenteeism in the workplace is a problem worldwide.

- According to the Bureau of Labor Statistics, employers in the United States had an average absenteeism rate of 3.2% in 2021, with 2.3% attributed to illness or injury. Rates varied across industries, with healthcare occupations recording the highest at 5.0%.

- In the fourth quarter of 2021, on average, over 1 million people were absent from their jobs in Spain.

- Employers in the UK lost almost 150 million working days in 2021 due to sickness absences of 2.2%.

One of the most valuable ways to understand absenteeism and, as a result, devise a strategy to manage it, is to study why people take unscheduled time off.

Your HR department should be collecting data on the most frequent causes of absenteeism in your workforce and tracking trends to gain insights that are relevant to your business.

absences from work by reason in the EU

(from Q2 2012 to Q2020, in million persons, age group 20-64, seasonally adjusted data)
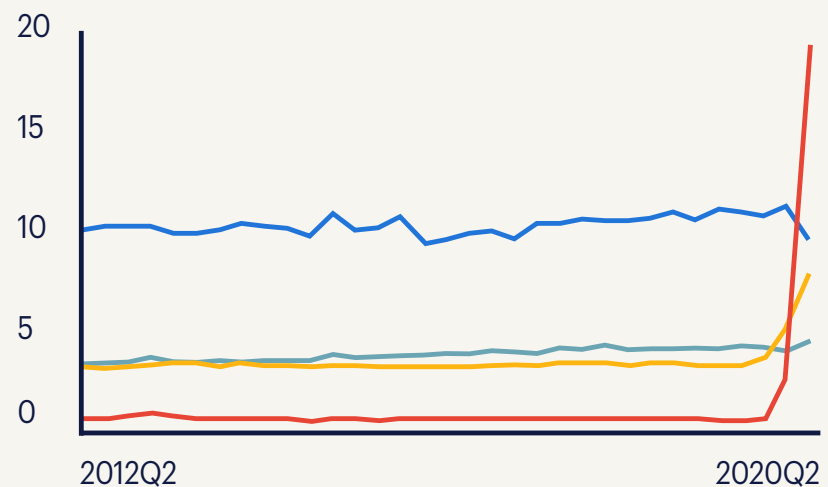
- holidays
- other
- own illness or disability
- temporary lay-off

source: eurostat 2020

You're likely to find most unscheduled time off requests fall within a few categories; however, the employee may not always provide their real motivation.

- illness:
  For many organizations, the most commonly reported reasons for absence from work are illness, injuries and related commitments like medical appointments.

- mental health challenges:
  Issues like stress, depression and anxiety can pose just as big a threat to employee well-being as physical illness.

- workplace harassment and bullying:
  Workers who are being harassed or unfairly treated at work may resort to taking time off to avoid the situation.

- caring responsibilities:
  Employees with children or elderly relatives to look after may need to take time out of work if their usual caring arrangements are disrupted.

- job hunting:
  A worker looking for a job elsewhere might be prepared to call in sick so that they can attend an interview or assessment day.

- lack of sleep:
  A 2022 Gallup poll estimates that poor sleep could be behind a significant number of unplanned absences, costing U.S. companies over 44 billion in lost productivity.

how absenteeism
can affect your business.

Excessive absenteeism in the workplace can have many negative consequences for your business.

From a financial perspective, there are various costs you'll need to consider when employees take time off, such as paying for temporary replacement workers and covering overtime expenses when others have extra work.

In addition, there are indirect costs to consider, like reductions in employee productivity resulting from understaffing and workers doing unfamiliar jobs. Managers, meanwhile, will need to deal with administrative tasks relating to staff absences and plugging gaps in the workforce.

Larger organizations may have more employees; however, proportionately, the cost, including productivity loss, can be just as damaging for smaller companies.

Gallup estimates that an unplanned absence of a full-time worker costs employers, on average, $340 per day.

Looking at broader issues like employee well-being and engagement, high absenteeism rates typically negatively impact morale, especially among those who must manage a heavier or more complex workload when their coworkers are off.

Finally, absenteeism affects each business differently; only you can determine which aspects are more detrimental.

For example, perhaps you can handle employee absences in the first two weeks of the month, while even a single unexpected call-off could interfere with production toward the end of the month.

Or maybe you have replacement staff for production workers but no way to cover a missing high-level manager.

That's why it's critical to consider each facet of your business when tracking direct and indirect absenteeism costs. Then, you can use the data provided to determine which situations require immediate action and which can be delayed.

managing absenteeism in the workplace.

Given how significant an impact this issue can have, what can and should you do to manage it? Discuss the following workforce strategies with your management staff and HR team to effectively control absenteeism in your organization.

develop a clear absence policy

Make sure every employee, from the newest hires to seasoned veterans, understands your position on this issue. Regularly update absence policies and make them easily accessible for all staff. This will ensure all employees know what you consider an acceptable reason for absence and what to do when they miss work.

encourage a healthy lifestyle

Follow the examples of companies like OpenCredo, Novo Nordisk and Nomura — first-place winners of Britain's Healthiest Workplace award — who have discovered that a happy, healthy workforce is key to getting things accomplished in the world of work.

The CDC estimates that chronic health conditions cost U.S. companies over $36 billion in lost-time absences. And obesity itself is responsible for billions of dollars in absenteeism costs globally, from 1.84 billion in Spain to 1.23 billion in India.

Workplace provisions you can provide to improve employees' health include:

- incentive schemes to walk or cycle to work
- healthy snacks and cafeteria choices
- ergonomic office equipment
- on-site gym and exercises classes
- nutrition and fitness programs
- employer-sponsored physical challenges
- robust benefits packages with wellness perks

share mental health resources

Mental health struggles are fast becoming an epidemic in the workforce, according to Gallup's recent State of the Global Workforce survey. Increasing numbers of employees report negative emotions, with stress and worry at the top of the list, 44% and 40%, respectively.

In a frank discussion on mental health concerns, the World Economic Forum outlined the need for employers to partner with their employees regarding these issues. Considering that workers miss approximately 200 million days a year because of mental health challenges, it's in the best interest of employers from an economic standpoint as well as a cultural responsibility.

If your company has an Employee Assistance Program (EAP), make sure employees are aware of it and know how to reach a counselor. To encourage open dialog and supportive communication, create dedicated channels or forums for staff to engage with managers and discuss sensitive issues impacting their attendance, such as workplace harassment or stress.

Finally, make sure your working environment isn't contributing to mental stress by focusing on a culture that values inclusivity, growth and sustainable work ethics.

evaluate job flexibility

While some absences may be prevented or even reduced through the above measures, others are unavoidable. These include taking care of sick children or parents and handling their unexpected emergencies. According to the Harvard Business Review, 'caregivers' make up 73% of the workforce. So, it's no wonder employees are facing stress between managing their children and caring for mom or dad.

You can help workers with these commitments by offering flexible scheduling or work-from-home opportunities. Consider how temporarily reduced hours, condensed working days or job sharing could empower your employees,reduce their stress and increase morale.

For example, according to Randstad's Workmonitor 2023, over 80% of employees in all age groups place a high priority on flexible working hours, while 71%, on average, desire remote work opportunities. The breakdown between the genders was close, with women only a few percentages higher on both types of flexibility.

offer growth opportunities

Employees are most happy when they're growing and learning new skills. And happy employees are less likely to take unscheduled time off. Randstad's Workmonitor 2023 survey found that among workers leaving their current jobs, 30% did so out of a lack of development opportunities.

While pay is still a primary motivator, many workers cited factors like a fulfilling work experience, empowerment and self-improvement as critical to enjoying and staying at their job.

Engage with your workforce to gauge opinions on career development, ensuring you follow through and that opportunities are available for each segment of your talent pool. Provide non-financial incentives and recognition for training journey successes. Finally, let your employees know you're prepared to look in-house for new job postings and are equally willing to invest in reskilling current workers.

You can effectively manage employee attendance within your organization if you're willing to allot time for research and follow through with appropriate strategies explicitly tailored to your people.

Teaming up with a knowledgeable specialist HR partner may be the first step. They can help you optimize flexible staffing, revamp recruitment methods or develop clear personnel policies and value-added benefit packages.

Contact Randstad to discuss how we can support your HR needs.

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