The Business Impact of Absenteeism

Absence is more than empty space. It affects labor costs, overtime, productivity and employee satisfaction. Consider how the following can derail the achievement of business goals by diminishing employee engagement and increasing costs:

1. About four-fifths of organizations use overtime as a way to provide coverage for at least some absences. The total cost of that overtime is 2% of payroll.
2. Average productivity loss due to replacement workers, an indirect cost of absence, is 31.1%.
3. Supervisors spend an average of 4.2 hours per week (a tenth of their workweek) dealing with absences. That’s equivalent to 210 hours per year per supervisor.

What to Do?

1. Put programs in place that encourage attendance, such as creating flexible schedules that consider employee preferences, allowing them to meet personal commitments without sacrificing productivity. Soliciting employee input and clearly communicating fair policies around flextime will help drive buy-in and adoption.

According to the Working Mother Research Institute, companies on their Best Companies for Hourly Workers list – including Best Buy, Marriott, Mercy Health System and GM – offer flextime to nonexempt employees, and 68% of eligible workers use it. In fact, many employers are finding that, by adding this flexibility, they are boosting employee engagement and attracting top talent. How does a flexible schedule impact productivity? Sixty-six percent of those who have summer schedules say it increases it.

Expect Results

With the right communications, tools and processes, organizations are finding that they can identify and address the root causes of unplanned absences, respond to absenteeism in a more timely manner, and make better decisions to ensure business continuity and control unnecessary costs.

The bottom line: There are many ways an organization can benefit by engaging employees in the process, while providing managers with better insight and oversight into absences. The total cost of that overtime is 2% of payroll.

2. In the event of unplanned absences, new options like mobile devices now allow employees to communicate unanticipated events, such as a child’s sickness or family emergency, in a more timely manner. This can help relieve the stress of lengthier, manual notification processes for the employee and enable managers to find suitable replacements more efficiently.

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3. Accurate records of time and attendance can help organizations anticipate when absenteeism may spike. Various reporting tools that analyze this data can help managers pinpoint specific supervisors or work groups that experience higher incidences of unplanned absences.

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2. 2013 Working Mother Best Companies for Hourly Workers.