

Effect of Absenteeism in Organization

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Abstract

Employee absenteeism is a very critical problem in today's world. It has become of increasing interest for organizations to measure, understand and control absenteeism as much as possible.

In the present study, absences were regarded as voluntary or involuntary based on the reasons provided by the employees or supervisors. It was hypothesized that voluntary as opposed to involuntary absenteeism can be predicted by organizational commitment, job satisfaction, and their interactive effect.

Absenteeism is a vital issue that requires immediate attention by both employers and employees. Employees should enjoy the work they are doing and employers on their part should help them in whatever way they can to make their experience a pleasant one. Absenteeism is a habitual pattern of absence from a duty or obligation. Absenteeism among worker is not only important from the point of view of cost concept, but it is important from the point of morale of employees. Frequent absence from the workplace may be indicative of poor morale or of sick building syndrome.

Key Words: Distinctive, Benchmarking, Perceptual, Redressal, Absenteeism.

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1. INTRODUCTION

Absenteeism is defined as the failure of the worker to report for the work when this scheduled to work. It may be caused by the employee's inability to come to work, it has long been considered a significant problem in organization and it is a stubborn problem to which there is no easy cure. The job satisfaction is the primary cause of absenteeism. It can be defined as stress that leads to work exhaustion. The employees who quit without notice are also counted as absenteeism until they are officially removed from payroll. Absenteeism is becoming a serious practice in labour oriented industries; absenteeism of employees from work leads to backlogs, piling of work and thus work delay; it has been viewed as an indicator of poor individual performance. Absenteeism is one of the most widespread obstacles to productivity, profitability and competitiveness. It causes, late deliveries, dissatisfied customers and a decline in morale among workers expected to cover for absent colleagues. The indirect costs often exceed the direct while the absenteeism cause considerable losses to the company. It also effects its operations in terms of achieving its ultimate objectives.

According to Labour Bureau, Simla defines absenteeism: "As the failure of the worker to report for work when he is scheduled to work."

Filippo defines Absenteeism: "As a condition that exists when a person fails to come to work when he is properly scheduled to work."

The monitoring of absenteeism is a human resources function which is often neglected, and which also has employment relations implications if not properly managed; for example, **Allen, Jimmieson, Bordia, and Irmer, (2007)** states that high turnover and absenteeism rates often show poor management and/or conflict within the relationship with labour. It is the responsibility of the human resources department and the line managers to monitor and establish reasons for high absenteeism. Scheduled time off for employee vacations is an inevitable cost of doing business. In addition, costs related to unscheduled absenteeism can be reduced through wellness programmes, disability management and flexible time-off options. Employers cannot escape the salary costs of time off the job, but when they plan ahead they can often eliminate indirect costs such as hiring a temporary work.

Mullins (2005) states that organisations that create work environments that attracts, motivate and retain hard working individuals will be better positioned to succeed in a competitive environment that demands quality and cost efficiency. **Ekinici and Riley (2000)** also agree that it is critical to understand that interdependent relationship exists between employee satisfaction and customer satisfaction and that the organisation needs to focus on both these components. Example: paying someone else to work overtime or lost productivity.

The organisational culture and systems play a very vital role in the management of absenteeism. If a permissive culture in the system exists within an organisation regarding absence, employees will consider sick-leave as a benefit that needs to be utilised, or it will be lost. On the other hand, if unnecessary absence is managed by management and/or co-workers, the employee will think twice before abusing sick-leave (**Robbins 2003**). Organisations that provide liberal sick leave benefits are encouraging all their employees, including those who are highly satisfied, to take days off. Assuming that you have varied interests, you can find work satisfying and still take

interests, you can find work satisfying and still take off to enjoy a three-day weekend or tan on a warm summer day if those days are free and come with no penalties (Robbins 2003).

2. CAUSES OF ABSENTEEISM

The main causes of employee's absenteeism in the organization, the following are the main reasons/ causes for employee absenteeism as follows;

- Employees harassed by co-workers or management is one of the reason for absenteeism.
- Stressful meetings/presentation and workloads can cause employees to avoid going into work.
- Arriving late, leaving early and taking longer breaks than allowed to employees is considered form of absenteeism.
- Workers mostly prefer to spend money on the consumption of alcohol and enjoy after getting the wages, it is the reason for absenteeism during the first week of every month.

3. TYPES OF ABSENTEEISM

Absenteeism is of four types viz; (1) Authorized absenteeism, (2) Unauthorized absenteeism (3) Willful absenteeism, and (4) Caused by circumstances beyond one's control.

1. Authorized absenteeism: If an employee absents himself from work by taking permission and from his superior and applying for leave, such absenteeism is called authorized absenteeism.
2. Unauthorized absenteeism: If an employee absents himself from work without taking permission or informing and without applying for leave, such absenteeism is called unauthorized absenteeism.
3. Willful absenteeism: If an employee absents himself from duty willfully, such absenteeism is called willful absenteeism.
4. Absenteeism caused by circumstances beyond one's control: If an employee absents himself from duty owing to the circumstances beyond his control like involvement in accidents or sudden sickness, such absenteeism is called absenteeism caused by circumstances beyond one's control.

4. MEASURING ABSENTEEISM

Measuring employee absenteeism is extremely important for an organization because it helps to give a score or a number to the concept or it helps quantify the phenomenon. This in turn helps the organization make decisions to manage or control it. One of the ways very commonly used by organizations to measure absenteeism is through the use of Bradford factor. It is a method which helps to quantify the absenteeism of each employee. It gives a score to each employee. The score reflects the disturbance caused by those absences to the respective organization. Once the boss has the Bradford score for each worker, the employees whose absence rate is high can be identified. The Bradford score is calculated through the following formula: $S * S * D = \text{Bradford points score}$. S = the number of occasions employee was absent in the last 52 weeks. D = the total number of days of absence in the last 52 weeks. Research shows that when employees are frequently shown their Bradford scores, the absenteeism can be reduced to up to 20%.

There are other formulae as well which are used by organizations in order to calculate absenteeism rate of the employees.

1. Total paid and unpaid sick days (all employees) / # of employees in the 12 month period. The formula above helps calculate the average number of sick days taken per employee.
2. Total paid/unpaid days for leave for other reasons (all employees)/ # of employees in the 12 month period. The formula above calculates the average number of days that were taken for leave reasons per employee other than sick leave. This would include reasons such as maternity/paternity leave, bereavement, medical and emergency. This does not include the paid vacation.
3. (Total # of employees that took (5-20 days) sick leave/ # of employees in the 12-month period) *100 this formula calculates the percentage of sick leave usage.

5. CORPORATE PERFORMANCE

Researchers among themselves have different opinions of performance. It is believed that improving human resource management of the absenteeism improves corporate performance. It has in fact continues to be a contentious issue among organizational researchers (**Barney, 1997**). For example, **Jones (2006)**, states that performance is equivalent to the famous 3Es (economy, efficiency, and effectiveness) of a certain program or activity. However, **Daft (2000)**, says that organizational performance is the organization's ability to attain its goals by using resources in an efficient and effective manner. Quite similar to **Daft (2000)**, **Richardo (2001)** defined corporate performance as the ability of the organization to achieve its goals and objectives. However, financial performance of organizations is distinctive and an aspect of organizational performance. Financial measures enable researchers to construct trend analyses and benchmarking analyses. Perceptual sources include employee evaluations of organizational effectiveness or financial health and their overall level of satisfaction. These subjective assessments of performance frequently have been used in organizational theory to evaluate organizational effectiveness and overall employee satisfaction. Given the increasing pressure of organizations to satisfy multiple stakeholder groups, there is a need for more complex measures of organizational effectiveness in which overly simplistic single variable models are inadequate expressions of the real world, multi-goal existence of organizations (**Kirchhoff, 1977**).

Most practitioners seemed to use the term "performance" to describe a range of measurements including input efficiency, output efficiency and in some cases transactional efficiency (**Stannack, 1996**). Organization adopts different objectives and measurements for organizational performance. **Hamel & Prahalad (1989)**, however, argued that profitability was the most common measurement used for organizational performance in business organization.

Richardo (2001) emphasized that successful organizations were those with the highest return on equity and those who had established performance management system "aligning" every aspect of the organization from top management to the factory floor. There was an over-emphasis on financial criteria, pre-occupation with past performance. Performance measures were usually not linked to strategies and goals of the overall organization and they were inward looking and did not capture aspects of performance necessary to gain and retain customers or build long-term competitive advantage. **Zou & Stan (1998)** propose seven categories of financial, non-financial, and composite scales to measure export performance based on a review of the empirical literature between 1987 and 1997. The financial measures are sales measures, profit measures and growth measures, whereas the non-financial measures are perceived success, satisfaction and goal

achievement. Financial measures are more objective compared to the non-financial measures which are more subjective for organizational performance in business organizations.

Impact of Absenteeism on Individual Productivity

Absenteeism can affect individual productivity. Simply put, if someone works less, they're likely to be less productive. Employers should consider root causes, which include burnout, disengagement, as well as those that may require accommodations, such as child care or illness. Organizations should address these issues immediately. If an employee is frequently "checked out," it could be a sign of low morale and engagement and a lack of passion for their work.

Impact of Absenteeism on Team Performance

As missed work time increases, employees in the office are left making up for the work not performed by employees who are absent. According to the Society for Human Resource Management (SHRM), overtime is used to cover 47 percent of employee absences and co-workers are perceived to be 29.5 percent less productive when covering for absent employees.

Even supervisor productivity is impacted. According to SHRM, supervisors spend more than four hours per week dealing with absences and preparing for/adjusting workflow to keep things moving. In other words, one of the biggest negative impacts of absenteeism on the employee experience is the added workload that colleagues must take on for employees who are absent.

Impact of Absenteeism on Profits

Absenteeism can reduce profit margins in two ways.

- First, increased costs reduce profit margins unless revenues increase. For example, if organizations are spending more money on overtime pay and contract workers, direct costs go up and profit margins are likely to shrink.
- Second, absenteeism can decrease revenue if employees with specific roles aren't present. Employees who sell services or build and deliver a product – such as workers in manufacturing, software engineering, consulting or sales – simply have less time to hit their goals when absent, potentially decreasing revenue.

The impact of absenteeism is felt directly by individuals, teams and the organization as a whole, putting pressure on productivity and profitability. HR leaders can make a direct impact on organizational performance and employee morale by discovering and addressing the root causes of absenteeism and making strides to address those issues.

6. MEASURES FOR CONTROL ABSENTEEISM

The following measures can be adopted to control absenteeism:

- Adoption of a well defined recruitment procedure
- Cordial relationship between supervisors and workers
- Provision of reasonable wages and allowances and job security for workers
- Motivation of workers and social measures
- Improved communication and prompt redressal of grievances
- Liberal grant of leave
- Safety and accident prevention
- Provision of healthy and hygienic working conditions
- Development of workers education.

7. EFFECTIVE ABSENCE MANAGEMENT TOOLS

A number of different tools can help to their manage staff who is absent. These tools will benefit the organisation, but also boost staff well-being are as follows:

- **Monitoring:** Whether you need to tackle short or long-term absence, it's ideal to start with monitoring employee absences. You cannot manage absences effectively if you don't understand the situation you need to deal with.
- **Return to work interviews:** Deters non-genuine absences ensure an employee's carefully managed return to work. It also helps to identify any underlying health issues, enabling employers to implement measures to help workers avoid future absences.
- **Incentives for good attendance:** From cash rewards to extra days holiday may be provided. An increasing number of businesses now offer incentives to staff to boost good attendance and discourage absences.
- **Flexible working:** Flexible working opportunities help staff to achieve an improved work/life balance. This helps to reduce the chances of people developing stress-related issues.
- **Training:** Can help employees and managers identify and cope with stress, mental health problems and other wellbeing issues.

7. CONCLUSION

The study suggests that among the multiple causes of employee absenteeism, low motivation is also a very important cause of absence among employees. The employees should be provided with both, extrinsic and intrinsic motivation so that they look forward to coming to work rather than want to find excuses to be absent. Absenteeism has a negative impact on a company's employee's morale. To reduce employee absenteeism there were different types of programs were implemented, absenteeism is calculated by using various rates such as absenteeism rate, frequency rate, and severity rate. Though there are limitations, the personnel department is taking special care to frame certain policies and procedures that reduce absenteeism and increase the labour turn over.

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