

Managing Absenteeism and Presenteeism in the Workplace

Best practices revealed. Keep an eye on morale.

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by *Sukanya Mitra*

The ancient Egyptian slave drivers had a motto: “The floggings will continue until morale improves.” In today’s workplace, the physical toll on employees may not be as daunting, but the psychological toll sure can be.

Do you know how much money your company loses when employees call in “sick” at the last minute? Try \$764,000! That’s according to the latest *CCH Unscheduled Absence Survey*, which reveals that this is the cost large U.S. companies are shelling out in direct payroll costs, and even more when “lower productivity, lost revenue and the effects of poor morale” are considered. The survey did not include the impact of scheduled absences or telecommuters.

Survey Background and Analysis

The unscheduled absence rate for 2007 was 2.3 percent, down slightly from 2006 when it was at 2.5 percent according to the CCH survey. Broken down in working hours, this means that for “every 100 hours of paid productive time, companies are also paying for 2.3 hours for unproductive time due to an unscheduled absence,” pointed out Pamela Wolf, Employment Law Analyst, with CCH, at a recent HR.com Web event. Wolf was joined by Brett Gorovsky, also an employment law analyst at CCH. Although this rate seems low at first glance, Wolf said when taken into account the economic costs to an organization can be enormous.

The Survey tracked rates, costs and reasons for unscheduled absences, programs used to control these absences, most and least effective programs, impact of morale on unscheduled absenteeism and “presenteeism.”

If your company suffers from high absenteeism, Wolf suggests measuring and tracking it to focus efforts to reduce absences, identifying “pockets” of absenteeism in particular groups within departments and developing objectives.

Causes of Absenteeism

Looking at reasons for unscheduled absences, the CCH survey found only 34 percent were for personal illness, but more than two out of three (66%) were for other reasons, including family issues (22%), personal needs (18%), entitlement mentality (13%) and stress (13%). “Employees are clearly struggling to balance personal needs with workplace demands,” said Wolf.

Another key finding of the survey was how important employee morale was in the workplace. The survey identified a strong link between employee morale and absenteeism. “For example, twice as many employers with poor or fair morale view absenteeism as a serious problem (44%), in contrast with 21 percent of employers whose firm has employees with good or very good morale,” said Wolf. Not surprisingly, absenteeism is higher in companies where morale is low. In 2007, the higher rate was 2.7 percent, and the average was 2.3 percent. The future of a company’s absenteeism is also conditioned by employee morale. The survey found one in three companies (36%) with low or poor employee morale expected an increase of absenteeism in the next two years, whereas only 19 percent of firms with good morale expected such an increase.

The Price of Unscheduled Absences

Companies often underestimate what employee absences can cost them. Because employee costs are often rolled into payroll, they are not always easily apparent and are thus often overlooked or given little importance, said Wolf. What was the cost of absences in 2007? “Unscheduled absences can cause large companies as much as \$764,000 in direct payroll cost,” revealed Wolf. “But that’s just the tip of the iceberg, when you consider some of the indirect costs, such as overtime paid to co-workers picking up the slack, pay for temporary workers, supervisory time and rearranging work schedules, customer dissatisfaction if quality of service is compromised, loss of productivity and decrease of morale among co-workers impacted by absences,” she added.

Presenteeism and Its Effects on the Workplace

Gorovsky, an employment law analyst at CCH, defined “presenteeism” as situations “when employees come to work impaired by an illness, injury or medical condition.” This is increasing in the workplace at a fast pace. Thirty-eight percent of firms admitted to having this problem in the CCH survey. Gorovsky notes that while full-fledged absenteeism is easier to measure, presenteeism is not because loss of productivity is much more hidden “since the employee is at the job but not performing at 100 percent due to that impairment.” Employees suffering from presenteeism still cost employers the same amount in wages and healthcare benefits as those working at full capacity.

Of those employers who said presenteeism was a problem at their firms, a whopping 87 percent said that sick employees were coming to work with short-term illnesses, such as colds or flu, “which are easily spread,” noted Gorovsky, “and likely to affect both visiting customers as well as co-workers on the job, further adding to absenteeism,” he added.

More than half (58%) of surveyed employers chalked presenteeism to chronic conditions (diabetes, heart disease, chronic back pain); while just under half (43%) noted it was due to mental health issues like anxiety and depression; and 39 percent said it was because of physical injuries such as sprains and broken bones, all of which can reduce productivity.

So why do employees haul themselves off to work when common sense tells them not to? The top three reasons for presenteeism, according to CCH researchers, are: (a) employees have too much work to do (65%); (b) no one is available to cover their workloads (56%) and (c) employees are reluctant to use vacation time for illnesses (55%), revealed Gorovsky.

From downsizing in the past, Gorovsky deduces that employees come to work with their impairments because they fear their employers may think they are less committed to their jobs or their fear of being fired because of no-shows. Some employees also feel guilt for overburdening their co-workers with their own responsibilities, while others dread coming back to the huge backlog of their own work.

There is also an economic component to this. “According to the Department of Labor’s (DOL) statistics for fiscal year of 2007, only 57 percent of private industry workers overall, had access to sick leave, as a result a number of employees come to work simply to avoid a loss of pay,” noted Gorovsky.

Absence Control and Work/Life Programs

Most companies must nip the situation at the bud if they want this developing problem to be curbed. According to the survey, nearly 66 percent of survey respondents offer flu shot programs to employees. This number has risen from 2006 (64%). Another option being offered by many firms are health maintenance programs, which include proper fitness, diet and hygiene classes. These are offered separately or as part of a wellness program or an employee assistance program.

Gorovsky suggested these tips for controlling absenteeism and presenteeism:

- **Use absence control programs**, such as “**paid leave banks**” (paid time off). This eliminates the differentiation between absence types, such as vacation, illness or personal leave. This also provides employees with more discretion, flexibility and control. The survey findings revealed that 69 percent of employers use paid leave banks or paid time off to control presenteeism.
- **Don’t discipline employees for legitimate absences such as illnesses** when they have depleted their regularly scheduled leave.
- **Allow employees to carry over unused sick days.**
- **Allow employees to telecommute.** The survey found 30 percent of employers use telecommuting programs to control presenteeism.

Employers must also make sure their managers and supervisors are sensitive to their employees’ illnesses and personal issues. To help, employers can provide health and wellness programs and childcare services.

Last Words

In order to succeed, Gorovsky said it is imperative that your HR department “is collecting and analyzing presenteeism trends within your organization, training your front-line supervisors and managers to review employees’ on-the-job performances and understanding the root causes of presenteeism in your organization, so you are choosing the most effective programs.”

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