Absenteeism:

At Issue in the American Workplace

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Summary

The problem of employee absenteeism in the American workplace is costing companies Billions of dollars in lost productivity and revenue. The motivation behind an employee's decision to report for work or not report for work can range from obvious legitimate reasons to more complicated or culpable reasons.

Rates of employee absenteeism vary respective of company size, geographical region, and industry type. The best scenario for absenteeism is typically found in small manufacturing companies of less than 250 employees located somewhere within the eleven western states of the United States. The worst rate of absenteeism is typically found in large non-manufacturing businesses of greater than 1,000 employees located in the North east region of the United States.

Companies can have a positive impact on employee absenteeism through prevention programs and a policy of progressive discipline. These initiatives should be designed to counter innocent absenteeism as well as culpable absenteeism. Consideration must also be given to personal lifestyle issues that may be beyond the employee's control. These issues need to be handled in a very professional and empathetic manner in order not to embarrass the employee.

The key to any company policy such as this is consistency in implementing the program among all managers. Senior management must enforce the program at all times. Any lapse in follow through will render the program null and void in the minds of the employee.

This report will present the reader with a basis for better understanding employee absenteeism and provide a guide to curb or discourage absenteeism in the future. The goal of this paper is to help companies be more productive and profitable through the implementation of an absenteeism program that fairly considers the needs of the employers and the employees.

Introduction

1) Background:

Employee absenteeism is a global problem facing all companies. Although rates of absenteeism will vary respective of company size, company location, weather, industry type, and level of stress inherent in the job responsibility, the impact of this costly issue effects virtually all

businesses. The result of absenteeism is reduced employee productivity, reduced employee morale, and increased overhead costs.

This paper will clearly define the issue of absenteeism in today's work environment and offer program and policy recommendations for effectively dealing with this problem. The basis of this paper will be derived from written resources and personal interviews conducted with industry professionals.

2) Objective of this Report:

This paper will offer companies a series of guidelines for developing an employee absenteeism policy. The basis of this program will be to treat all employees equal and fair. Policy that is to be administered in a consistent and timely manner for the good of the employee and the company.

3) Methods:

A major portion of this paper will come from written articles published in business publications such as library articles, business magazines, articles published on the Internet, interviews with industry professionals and my personal experience as a manager of people over the past 12 years. This paper will also utilize statistics from the Bureau of National Affairs in Washington D.C.

4) Scope and Limitations:

The scope of this paper will be confined to companies, sources and publications within the United States. This issue does not require the inclusion of additional international data from foreign sources. This paper will consider the various types of absenteeism, motivation for such absenteeism and corrective actions designed to reduce such actions in the future.

5) Definitions of Key Terms:

Key terms used within this paper are listed below for consistent interpretation of this report.

- **Absenteeism**: Habitual failure to appear, especially for work or other regular duty. The rate of occurrence of habitual absence from work or duty. The American Heritage Dictionary of the English Language
- **Cognitive**: Of, characterized by, involving, or relating to cognition: "Thinking in terms of dualism is common in our cognitive culture." Having a basis in or reducible to empirical factual knowledge. The American Heritage Dictionary of the English Language
- **Culpable**: Deserving blame or censure as being wrong, evil, improper, or injurious. The American Heritage Dictionary of the English Language
- **Morale:** The state of the spirits of a person or group as exhibited by confidence, cheerfulness, discipline, and willingness to perform assigned tasks. The American Heritage Dictionary of the English Language
- **Motivation:** The act or process of motivating. The state of being motivated. Something that motivates; an inducement or incentive. The American Heritage Dictionary of the English Language

Findings of This Report

It was the Irish playwright Mr. Brendan Behan, who stated, "I was court-martialled in my absence, and sentenced to death in my absence, so I said they could shoot me in my absence."

Unfortunately, absenteeism is not a light-hearted subject. Rather it is a constant and serious problem facing companies in today's highly competitive environment. During 1996, this problem is expected to cost American companies Billions of dollars in lost productivity and revenues. To date research has gained only a small amount of insight into the processes that precede employee absenteeism. In order to effectively develop a strategy to overcome this problem, we must first understand the behavioral determinants that precede an employees conscious decision to be absent from work.

If absenteeism is a planned behavior, we must first assume that the act of reporting ill (or going to work) is preceded by an individual's intention to call in sick or go to work. In either situation the employee is influenced by his or her attitude (eg. Consequential response of the employer), social norms (eg. What peers and other people think of the employee's decision), and behavioral issues (eg. To what extent does the employee believe he or she is able to report sick or go to work).

a) Types of Absenteeism

The theory of absenteeism as a planned behavior can be classified under three different types of behavior. These types of planned behavior are identified as 'white,' 'gray', and 'black' situations. 'White' absenteeism is an honest behavior where there are evident health problems. 'Gray' absenteeism is questionable behavior based on symptoms with no evident health problems. 'Black' absenteeism is a dishonest behavior where there are no health problems whatsoever.

For the purpose of simplicity and clearer understanding of this issue, absenteeism will be identified in two distinct categories. These categories are innocent absenteeism and culpable absenteeism. Innocent absenteeism refers to employees who are absent for reasons beyond their control. Typical innocent reasons are blameless in nature such as sickness and injury. Culpable absenteeism refers to employees who are absent for reasons within their control. This form of absenteeism is considered culpable and worthy of blame by an employer.

For the most part, employers view absenteeism as legitimate and innocent in nature. Legitimate or innocent absenteeism occurs infrequently. Disciplinary measures for such occurrences are normally not required provided such activity does not become excessive and exceed industry norms.

b) National Statistics

The Bureau of National Affairs compiles a quarterly report showing the percentage rates of job absence. Sources of data come from a panel of human resource and employee relations executives representing companies throughout the United States. Fingerprints system is also used in this office to control job hours and the absence of workers. According to Paula Doyle, the

director of National Affairs, “We have had very positive feedback from the staff. The system allows us a fair way of analyzing staff members working hours. And, At the end of the month, a report is printed, which the vice chancellors receive”. The record of the workers absence are published respectively in every department director. This system offers five choices of working hours: 7 a.m.–4 p.m.,7:30 a.m.–4:30 p.m., 8 a.m.–5 p.m., 8:30 a.m.–5:30 p.m. and 9 a.m.–6 p.m. These options still adhere to the 40-hour work week requirement and include the one-hour lunch break. A schedule of timings is agreed upon between the staff members and the directors of every department.

The most recent report published by the Bureau of National Affairs was tabulated based on the responses of 303 different employers. Job absence rates identify the number of days absent as a percentage of scheduled workdays. The demographics of this study for January of 1996 are as follows:

Number of Employees

No. of Employees	% Resp.	Low	1st Qt.	Median	3rd Qt.	High
less than 250	30.8%	.28%	1.1%	1.5%	2.8%	9.8%
250 to 499	23.8%	.23%	1.4%	2.0%	2.4%	5.0%
500 to 999	20.5%	.23%	.8%	1.6%	2.8%	6.9%
1000 to 2499	15.7%	.39%	1.3%	2.1%	2.6%	3.4%
more than 2500	9.2%	1.0%	2.1%	2.4%	3.3%	5.0%

It is interesting that the lowest rate of absenteeism is found in small companies of less than 250 employees. The highest rate of absenteeism is found in large companies of greater than 1,000 employees.

Industry Type

Segment	% Resp.	Low	1st Qt.	Median	3rd Qt.	High
Mfg.	46.5%	.28%	1.2%	1.8%	2.6%	9.8%
Non Mfg.	32.4%	.45%	1.0%	1.7%	2.6%	4.7%
Finance	11.4%	.49%	1.0%	1.9%	2.8%	4.7%
Non Mfg.	21.1%	.23%	1.6%	2.2%	2.9%	5.0%
Health	1.0%	.23%	1.6%	2.2%	2.9%	5.0%

The fact that manufacturing had high rates of absenteeism must be weighed against the demographic proximity of most manufacturing locations. Manufacturing facilities are typically located in the Northeast and Midwest regions of the United States. Regions that are effected by seasonable weather conditions such as snow and ice. Companies with the highest rates of

absenteeism in the manufacturing segment improve by as much as 40% to 45% as monthly studies move away from the winter months.

Geographical Region

Segment	% Resp.	Low	1st Qt.	Median	3rd Qt.	High
Northeast	13.5%	.72%	1.9%	2.4%	4.4%	7.4%
South	42.7%	.23%	1.0%	1.8%	2.9%	9.8%
Central	33.0%	.28%	1.2%	1.6%	2.4%	4.7%
West	10.8%	.23%	1.2%	1.8%	2.2%	3.8%

The lowest rates of absenteeism are found in the western eleven states. Obviously, a more stable weather pattern plays a part in these statistics. The majority of businesses are located along the west coast states of the continental United States. The fact that the south region has high rates of absenteeism during the month of January is perplexing when considering the impact of seasonable weather conditions. Some would argue that this is due to an easy-going work ethic in the southern states. Later monthly versions of this report show a 45% decline in the rate of absenteeism in the highest quartile of the northeast region.

Rates shown in these tables are based on a formula of number of worker-days lost through absence for the month divided by the product of average number of employees times the number of scheduled work days. The result of this equation is then multiplied by 100 to yield the rate of absenteeism. Longer term absences of greater than four days or less than one full day are excluded from this report.

The above listed charts compare with a 1.9% average monthly median rate of absenteeism for all respondents for the first quarter of 1996. Segments most heavily impacted by employee absenteeism during the first quarter of 1996 were companies of 2,500 employees and greater (2.3%), non-business industries (2.2%), and the North east region (2.2%). Segments least impacted by absenteeism during the first quarter of 1996 were companies of less than 250 employees (1.6%), manufacturing (1.7%), and the west region (1.6%).

The best scenario for absenteeism would appear to be found in small manufacturing companies of less than 250 employees located in the west region. The worst scenario for absenteeism would appear to be found in large non-business entities of greater than 2,500 employees, located in the North east region.

With the above charted statistics as reference, where does a company draw the line between normal absenteeism and excessive absenteeism? In order to make this distinction, companies must maintain employee attendance records. These records must be reviewed on a frequent and consistent basis. Exceptions to the average frequency of absenteeism within the company must be identified in order to determine when the process of corrective action is required.

Potential strategies to curb employee absenteeism must be designed to respond to innocent absenteeism and culpable absenteeism. This may require two entirely different policies or programs. As previously stated, innocent absenteeism is when employees are absent from work for reasons beyond their control. Culpable absenteeism is when employees are absent from work for reasons within their control.

c) Prevention

Let's consider the possible options a company may consider when developing a strategy to counter employee absenteeism. First we will consider programs designed to curb absenteeism using the carrot portion of the carrot and stick analogy.

1) Apathy

This is an obvious option but not an effective choice. Things that go away by themselves have a habit of coming back by themselves. If absenteeism is not a concern of a company then this may be the simple choice.

2) Corporate health awareness programs

These programs focus on disease prevention through physical fitness programs. Such programs encourage employee involvement in physical fitness programs such as intramural sports, aerobic exercise, company sponsored sports events, and educational programs designed to maintain a healthy mind and body. A good example of this type of program is found at Prince Machine in Holland, Michigan. This is an extremely successful industrial company with a dominant share of its' served market in terms of annual business. Each employee is allowed equal share of personal and company time for the purpose of participating in physical fitness programs.

3) Employee counseling programs

This can be internal counseling within the company or counseling from outside the company. Typical counseling options include substance abuse, smoking cessation, personal lifestyle issues, and other personal or family related subjects.

4) Educational programs

PHD, Inc. in Fort Wayne, Indiana is an excellent example of a company that offers continuous educational choices to its' employees. These educational programs are taught in house during working hours by local college professors and range from accounting to finance to math and other subjects designed to help its' employees be more effective decision makers. PHD absorbs the entire cost of these programs. Their firm belief is that education may be expensive, but the cost of ignorance is even more expensive.

5) Employee Incentive Programs

Incentive programs are designed to appeal to the employees need for recognition and reward. Employees are cited and rewarded for excellent attendance. Abraham Maslow would have referred to this type of policy or program as appealing to the employees' ego or need for status among his or her peers. Typical incentive programs may be based on recognizing the employee for excellent attendance. This form of recognition can be in the form of a plaque, preferred parking space, dinner coupons, recognition in company newsletters, etc.

All of the above programs are designed to reduce employee absenteeism. The focus of these programs is prevention. To strengthen the employee's mind and body for the benefit of the employee and the employer. The result off such programs is a healthier employee, increased employee morale and increased employee performance, leading to reduced rates of absenteeism.

These programs can be effective in countering innocent absenteeism. They can also be effective in countering culpable absenteeism. But what if culpable absenteeism continues regardless of such programs? At this point companies may need to consider the stick portion of the carrot and stick analogy.

Once it has been determined that an employee is excessively absent, the employer must begin the process of documenting all available information regarding the employee's record of absences. Documentation must include a calendar record showing the employees' frequency of absenteeism from work, total numbers of days absent, and the reasons proclaimed for such absences. This activity should be an ongoing process by managers for each of their subordinates.

As the manager records each employee's record of attendance, he or she should share this information with each employee on a consistent basis. Regular communication of an employees' attendance record is an excellent method of discouraging culpable absenteeism in the future. This also avoids the perception by the employee of being 'blind-sided' by management.

After proper documentation is completed, the responsible manager should meet in private with the employee. The basic rules of this meeting must be as follows:

1. Bring the concerns of the employer regarding absenteeism to the attention of the employee.
2. State that the employer considers matters of attendance as a very important component of overall work performance.
3. All comments made to the employee must be non-threatening, work-oriented and never adversarial.
4. Stick with the known facts of the employee's absenteeism.
5. Provide the employee with a copy of his or her attendance record.
6. Review with the employee the frequency and causes of his or her attendance lapses.
7. Listen carefully to the employee's responses. Make no assumptions.
8. Discuss possible steps the employee can take to improve his or her attendance record.
9. Review with employee the company's policy on absenteeism.
10. Review with the employee the consequences of further absenteeism.
11. Document in writing the date of the employee meeting and the content of the meeting. This document should be placed in the employee's personal file for future reference.

Employees with excessive innocent or culpable absenteeism may be required by their employer to offer verification of their medical condition. Medical verification is a delicate situation that is subject to interpretation by the company's collective bargaining agreement. This assumes the company is under the influence of a collective agreement. The extent to which a company can inquire about an employee's medical situation is also dependent on state and local worker's rights laws, ethical issues, and personal privacy issues.

Employee lifestyle may also be a contributing factor to an employee's poor attendance record. Managers must consider personal constraints on the employee such as single parent status, divorce, difficulty in getting to work, health problems, etc. The employer must consider these potential issues part of the process of correcting absenteeism. Every effort must be made to accommodate the employee's hardships.

Any intrusion into the employee's personal rights must be reasonable based on the individual circumstances and directly in relation to the day-to-day operation of the business entity. Because of the delicate nature of such intrusions, it is critical that the company have a clearly documented absenteeism policy that is understood and consistently implemented by all levels of management and their subordinates.

d) Progressive Discipline

Progressive discipline is a policy used by many companies to discourage absenteeism in the workplace. This is typically a five part strategy of applying progressively stronger discipline of an employee in the case of excessive absenteeism. The basis of a progressive discipline policy is as follows:

1. Initial verbal counseling.
2. Written counseling.
3. Reduction of hours, job reclassification
4. Involuntary suspension.
5. Employee termination.

The basis of such a policy of progressive discipline assumes that the company's absenteeism policy is clearly understood by all employees and consistently applied and followed by all managers. Any inconsistent execution of policy will undermine the integrity of such a program in the minds of the employees. Integrity of any program is earned, rather than commanded.

Implementation of a policy of progressive discipline begins with the process of initial counseling of the employee. Initial counseling is a critical part of the corrective action process as it applies to absenteeism. Correcting the problem during this phase will avoid the more difficult phases leading up to employee termination.

1) Initial Counseling

Initial counseling includes meeting with the employee and reviewing his or her attendance record. This should occur immediately after the employee returns to work after a period of being

absent. If the employee's absence period is prolonged (greater than a day), the manager should stay in touch with the employee daily by phone.

Sustained employee absence of two days or more should be substantiated by receipt of a written medical assessment. The requirement of obtaining a medical assessment may be three days for some companies. This is an individual company decision. Medical assessment of the employee's condition will provide verification of the cause of absence and also indicate what steps the employee is taking to regain his or her health.

Initial counseling sessions should also include verbal warnings as part of the company's policy of progressive discipline. Such verbal warnings should always be documented in writing with a copy provided to the employee and the employee's personal file. If the problem of absenteeism continues after the period of initial counseling, the next phase of progressive discipline will be implemented. This phase of corrective action calls for written discipline.

2) Written Counseling

In the case that an employee's excessive absenteeism record persists beyond the initial counseling session, the next level of progressive discipline must be implemented. Written counseling is the next level of discipline when verbal warnings have failed.

During the course of written counseling, the manager personally meets with the employee to present him or her a written letter of concern. This letter is given to the employee with a copy to his or her personal file. If the employee's absenteeism continues to persist, the manager should once again meet with the employee.

During this second meeting, the employee is presented with a brief yet firmly worded second letter. This is a letter of warning advising him or her that unless attendance improves, further disciplinary actions will be taken inclusive of a change in employee classification or involuntary employee suspension leading eventually to possible termination. Once again this letter is copied to his or her personal file for documentation purposes.

3) Change in Classification

Part of this stage of the progressive discipline phase is to determine if the employee's work hours are consistent with his or her personal circumstances. This is a discretionary step on the part of the manager. Any change or reduction in work hours must be voluntarily accepted by the employee. This cannot be an ultimatum. Change in work hours or reduction in work hours can result in a reduction of pay. Actions such as this that leads to a reduction in pay cannot be considered part of the employee discipline process.

As previously stated, the employee's status or classification must be weighed against personal lifestyle issues such as divorce, family issues, physical or mental disabilities, etc. The employer must make every attempt to accommodate the employee in cases of personal lifestyle issues. A benevolent policy towards the employee is good for overall morale and the integrity of the employer.

4) Suspension

Another option during this phase of the disciplinary process is to involuntarily suspend the employee for a period of time. The period of suspension should be commensurate with the severity of the employee's absenteeism, credibility of the employee's explanation, personal work record, and length of company service. This is a subjective decision on the part of the company. Not an individual decision made solely by the manager. Suspensions can be a one or two part disciplinary procedure. The first suspension may be for a day or less. The second suspension may be for a day or more.

5) Termination

Employee termination is the last resort and undertaken only when all previously listed actions are exhausted. All efforts to reasonably accommodate the employee's needs have been met. Prior to dismissing the employee, each manager should consider the following questions.

1. Has the employee done everything possible to regain his or her health and return to work?
2. Has the employer provided every assistance possible such as counseling, support, or time off?
3. Has the employer considered employee lifestyle issues?
4. Has the employer communicated to the employee the unworkable situation resulting from his or her absenteeism?
5. Has the employer attempted to accommodate the employee by offering a more suitable position or reduction in hours?
6. Has sufficient time elapsed to allow for every possible chance for recovery?
7. Has the employer shown prejudice toward the employee in any way?

The process of dismissing an employee requires a great amount of time, effort and thorough documentation. Consistency and follow through is required during all stages of this arduous process. As stated previously, lapses or inconsistencies in executing any part of the process can render an employer's absenteeism policy null and void. Once it has been determined that all of the above listed points have been properly met, the decision to terminate the employee can be confirmed by first affirming the following two conditions.

- The employee's absences must be proven to be clearly excessive when compared to the national average and the company average.

- It must be proven that the employee has demonstrated no inclination to attend work on a consistent basis in the future.

The process of terminating an employee although unpleasant, is another key element of a comprehensive policy and program to curb employee absenteeism. As previously stated, policy must be fully implemented to maintain the integrity of any absenteeism program. My personal experience as a manager of people has taught me that companies do not terminate employees.

Employees terminate themselves through their actions or lack of actions. The company only confirms and makes final the termination.

Conclusion

Throughout the body of this report, the issue of employee absenteeism has been thoroughly reviewed. The issue has been clearly identified in terms of scope and demographics. In response to this information, preventative and corrective actions have also been detailed.

Absenteeism and tardiness both share the same negative impact on a company's employee morale. Neither should be tolerated. Both infractions require a written plan that details company policy to counter employee absenteeism. This policy should be stated in writing, clearly understood by all employees, consistently implemented by all levels of management, and mandated and enforced by Senior Management.

Statistics compiled by the Bureau of National Affairs identify rates of absenteeism respective of company size, type of industry, and geographical. The lowest rates of absenteeism are typically found in the west region of the United States among small companies in the manufacturing segments of business. Contrary to this finding is large companies in the North east region within the non-manufacturing segments of business.

There are a number of programs that can be implemented individually or collectively to reduce employee absenteeism. Programs such as health awareness, personal counseling, continuing education, and employee incentive programs, can be effective against innocent and culpable absenteeism. More devious forms of culpable absenteeism may require a policy of progressive discipline. Progressive discipline is typically a five part program calling for initial employee counseling, written counseling, reduction in hours or job reclassification, involuntary suspension, and if all else fails, employee termination.

Absenteeism is a serious and costly problem faced by companies throughout the world. This problem requires that all employees understand the consequences of such behavior from a company standpoint as well as a personal standpoint. All companies must approach this problem from a proactive position with employee prevention programs and progressive discipline programs. The lack optimalization of existing absenteeism record system is the factor which causing the hardness in getting reliable information to be applied to employee’s discipline. So, in order to discipline the workers, an adequate information technology is needed to achieve a well-form report.

Recommendations

Employee absenteeism is an issue faced by all companies large and small regardless of geographical location and industry type. Although this problem cannot be eliminated, it can be positively influenced by company policies and programs. In other way, information technology is also needed in facing this problem. A system such fingerprint system can also help a company to solve discipline problem such workers absenteeism.

The start of a company's absenteeism program must begin with a written policy regarding absenteeism that is distributed among and clearly understood by all company employees and managers. This policy must be implemented by the company managers, and enforced by Senior management. Any lapse in policy or procedure directly correlates to loss of program integrity in the minds of the employees.

Any absenteeism policy must consider a course of prevention and / or a course of progressive discipline. It is the recommendation of this report that companies choose a course or policy of preventative programs as opposed to a single policy of progressive discipline. Programs based on prevention such as health awareness, employee counseling, educational programs, and incentive programs are believed to have a primary impact on employee absenteeism and a secondary impact on employee morale. A program of progressive discipline should be reserved for more serious cases of culpable absenteeism where the employee does not respond to preventative measures.

By developing a series of preventative programs designed for the employees physical and mental well being, it is believed that cases of 'gray', 'black' and 'white' absenteeism will be reduced. The employee will be physically and mentally more healthy and less likely to report ill for work. The benefit to the company will be higher productivity, increased employee morale and a stronger balance sheet.

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