

How to Reduce Unplanned Employee Absenteeism in Your Business

“MY LLAMA IS **SICK**. I CAN'T COME IN TODAY.”





Introduction

Truth is indeed stranger than fiction when it comes to employee excuses for missing work. A pet pallbearer? Best bowling game ever? The dreaded duck bite?

Though these explanations are rather hilarious, employee absenteeism is no laughing matter – especially for small-business owners.

According to a “Shiftwork Practices” study by Circadian, unscheduled absenteeism costs \$3,600 a year for each hourly worker. Do the math: If you employ 10 hourly workers, that’s \$36,000 a year erased from your bottom line!

One of the biggest reasons for this drain on profits: not understanding why it happens in the first place. CareerBuilder’s annual study on why employees “call in sick” provides interesting insight.



I poked myself in the eye while combing my hair.



WHAT'S INSIDE?

- Absenteeism defined
- Small business impact
- What’s your absentee culture?
- How to reduce absenteeism
- The Case for PTO
- Attendance management resources

Why Do Employees Call in Sick?



52%

MORE THAN HALF

of all employees
calling in **sick for work**
say they are **NOT** actually
SUFFERING FROM
AN ILLNESS

(Morneau Shepell survey)

The underlying theme: I need time for myself. We all have days when we'd rather not work, so you probably can relate. But be very cautious with your empathy. If you unintentionally allow regular "me time" absenteeism, chances are good you'll experience more and more of it.

And if excessive absenteeism is tolerated in your business, it won't be long before regular offenders infect your superstars. Employees with a good work ethic will notice soon enough that slackers get away with missing work regularly. When that happens, your A-listers have no choice but to pick up the slack. Again. And again. And again. If you're not aware of this environment, your primo employees slide into bad patterns, too. That would be bad for business, bad for your customers and bad for your bottom line.

But there is hope! This guide offers insight on how to foster a work environment that raises accountability and reduces the need for contrived alibis. First, let's talk about the basics: What absenteeism is and how it impacts your business.

What Is Employee Absenteeism?

Isn't it when someone misses work? Bingo. But, actually, there are two types of absenteeism: planned and unplanned.

Although you expect workers to miss a certain number of days each year, you're dealing with a different situation if that time is unscheduled, excessive or not properly captured. Scheduled absences, for example, consist of vacation or personal time. Normally, this type of time off is budgeted as a payroll expense and doesn't pose a problem. However, unnecessary costs are incurred when time is taken, but not deducted from an employee's bank of vacation days.

Unscheduled absences, on the other hand, may include arriving to work late, leaving early, taking longer breaks/lunches than allowed, or not showing up at all. In the typical workplace, unscheduled absenteeism can range

from 5 percent to 10 percent, meaning as many as one in ten workers is absent when he or she should be working. Though this varies by industry, with healthcare and retail experiencing the highest rates of absenteeism, unscheduled time off disrupts the flow of any business.

THE CATCH-22 OF HEALTH-RELATED ABSENTEEISM

If you have a dedicated staff – or lack a sick-leave pay policy – ill employees may show up to work when they should be home recuperating. Employees who rely on hourly wages often do whatever it takes to crawl into work to make sure they can pay the bills. Though it's true absenteeism has a greater impact on small businesses vs. larger ones, employees who come in sick run the risk of infecting coworkers, which may only compound the problem if the entire staff suffers a few days later. In addition, sick employees increase the risk of on-the-job injuries for all employees, especially if they are on medications that affect performance. To avoid this potential pitfall, you need a policy that encourages ill employees to stay home.



I ate cat food instead of tuna,
and I am deathly ill.



Impact on Small Businesses

Unplanned absenteeism affects small businesses more severely than larger organizations. Big companies have the ability to spread workloads among several employees, but small companies usually scramble when someone misses work due to the family llama being ill.

“ My cat is stuck inside the dashboard of my car. ”

If you own a retail or restaurant business with shift workers, you're most likely making calls to find someone to cover. If no one is available, the trickle-down impact can be severe. Basically, when someone misses a shift, you need to make changes to normal operations. This affects everyone, from employees covering the shift to customers who may have to deal with overstressed staff.

For businesses with non-exempt employees, it could mean pushing scheduled work back in a given cycle or asking other employees to pick up the slack, which could lead to missed deadlines or delivery bottlenecks down the road. In worst-case scenarios, it may mean having to eliminate services during the absence period, hiring temps, closing early or even over-hiring if chronic absenteeism is an issue.

The effects are most pronounced when work responsibilities are inter-reliant. For businesses that depend on line work or service-driven channels, unplanned absenteeism could slow operations considerably – or halt them altogether – without a full complement of staff.

“ I used a hair remover under my arms and got chemical burns. I couldn't put my arms down by my side. ”

ADDITIONAL CONSEQUENCES OF UNPLANNED ABSENTEEISM

- increased costs
- lower morale
- increased workloads
- frustrated managers and supervisors
- loss of productivity
- missed deadlines
- reduction of services
- decreased product quality
- increased training costs and loss of key skills and personnel
- increased supervisory and administrative costs
- increased risk for on-the-job injury due to fatigue
- high turnover
- negative word of mouth

Let's not forget the hidden soft costs, such as the amount of time spent annually by you and your managers making sure shifts are covered, clients are served and deadlines are met. And don't forget the impact of overtime. Paying shift workers time and a half on a regular basis reduces margins, and consistently asking salaried workers to work longer hours to meet deadlines may impact morale negatively.

Now that you know what absenteeism is and how it's affecting your business, it's time to dig deep and ask some tough questions about your company culture. Trust us, it's for your own good (and the health of llamas everywhere!).

“ I was experiencing traumatic stress from a large spider in my home. ”

Are You Encouraging or Discouraging Absenteeism?

Okay. Take a deep breath. Exhale. Good. Now, let's tackle some challenging questions about absence patterns in your company:

What are the primary drivers of employee absenteeism?

- Is it an employee decision?
 - I take time off because I can get away with it.
 - I really needed some time for myself.
- Is it driven by your workplace environment?
 - They work me to the bone here. I deserve time off when I feel like it.
 - My boss is a pain; she's so strict. I need to decompress once a month.
- Is it due to family/social influences (single vs. married with children vs. single parent)?
 - I'm the only one with kids. They can't expect me to work like I'm single.
 - I'm at the whim of my babysitter. I can't always make it to work.
- Is it driven by the lack of an absentee policy?
 - There's nothing in writing that says I can't call in sick.
 - It's not like they're going to fire me for missing a day.

Do health-related behaviors – smoking, alcohol, obesity, etc. – contribute to absenteeism?

- Do you have a wellness plan that encourages healthier choices?
- Do you offer incentives to participate in wellness programs?
- Do you ignore wellness altogether? If so, why?

What is your culture surrounding absenteeism?

- Is it tolerated because you believe everyone needs time off now and then?
- Is it abused because you don't know how to manage it any differently?
- Are employees aware you frown upon it, but it still happens?

Take the time to ponder these questions carefully. Look at your culture as a whole and with each individual employee and his/her specific situations. Is your policy too soft or too rigid? Who are the violators and why? Are there patterns you can address collectively and individually? How much of the problem is due to a lack of awareness and understanding regarding your absentee policy? Accountability only spreads when everyone – from ownership to managers to employees – understands that you take this seriously.

Honest answers to these questions will help you identify where you are today and where you want to be in the future. Next up: steps to help you bridge that gap.



I got stuck in the blood pressure machine at the grocery store and couldn't get out.



Now the Good Stuff: How to Reduce Absenteeism

Now that you've analyzed your company culture inside and out, it's time to consider steps you can take to affect change.

Number one with a bullet: communication. It's absolutely critical that you create two-way channels to share information – and understanding – between employees and management. Employees will buy in to your goal of reducing unexpected absenteeism once they understand it's a necessity for success. After all, when a company succeeds, employees benefit. And when employees believe their efforts contribute to that success, they will value those contributions even more. Here are four steps to building a culture of communication and accountability:

- 1. Address the issue with staff.** This is an all-hands-on-deck meeting so you can address one thing and one thing only: We have a problem, and I need your help to fix it. To break the ice, we suggest sharing some of the excuses displayed throughout this guide. Walk your staff through the process you go through to make sure a shift is covered, and then put a time/dollar value on your efforts:

Every time an employee calls out unexpectedly, I have to spend one hour finding someone to cover the shift. This happens on average twice a week, so that's 104 hours a year. At \$10 an hour (they'll know your time is more valuable than that, but go with it!), that's \$1,040 a year. I sure would rather put that money toward our holiday party/employee rewards/bonuses.

Customize the message to fit your business situation. Regardless of how you phrase it, make sure the meaning is clear: Time is money, and time is wasted when staff calls out unexpectedly.

- 2. Ask for feedback.** According to SHRM's 2016 Report on Employee Job Satisfaction and Engagement, "respectful treatment of all employees at all levels" and "trust between employees and senior management" were the top two contributors to satisfaction. So, encouraging staff to help you solve problems will positively impact their job satisfaction. Consider having team meetings and one-on-ones, because some people prefer to talk in groups but others prefer more private conversations. This requires a significant time investment on your behalf, but this level of engagement will yield critical information.
- 3. Focus on wellness.** This benefits your business in two ways. First, by providing educational opportunities about healthier lifestyle choices, you have an opportunity to reduce health-related absences. At the same time, employees who work overtime to cover for those who do call out can become mentally and physically exhausted. Fatigued employees run a higher risk of on-the-job injuries or absenteeism due to illness and general underperformance. Flip the script and get your entire team focused on healthy living.
- 4. Create an attendance policy.** Last, but not least, put it in writing. A formal, fair and firm policy lets you establish attendance rules, share them with employees and enforce them consistently. You can cover a lot of ground with a comprehensive policy, but at the very least, define late or missed work time, excused and unexcused absences, available paid and unpaid leave (including how it's accrued), holidays and other company leave, and the consequences for not following the rules. Make it perfectly clear that excessive abuse will not be tolerated.

By encouraging employee participation in the decision-making process, you'll have a much easier time gaining their approval of and ongoing support for the program.

The Case for PTO

Paid-time-off (PTO) programs eliminate the need for employees to get approvals for a certain category of absence (e.g., “sick day”). Instead, PTO provides employees a block of time to use however they wish. Whether they want to vacation with family, take Fridays off during the summer or nurse their llamas back to good health, the choice is theirs. Beyond offering a more flexible way to manage time off, a PTO system also provides greater confidentiality. Instead of going into detail about why they need the time off (and possibly causing certain legal obligations for employers), employees can keep the matter private and simply draw from their PTO “bank” whenever they desire.

“ I ate too much birthday cake. ”

Even if you allow employees to use time off from a PTO bank, it’s still important to document absence reasons, if known. Certain absences activate legal obligations, such

as time off for family/medical care, military service or jury duty. You also should document whether absences are planned or unplanned, and whether the employee followed company procedures for requesting or reporting the time off.

“ My grandmother poisoned me with ham. ”

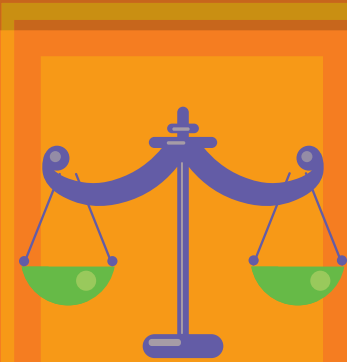
Benefits of Establishing PTO

- Employers have the ability to plan in advance and avoid scheduling gaps, as well as reduce the cost of hiring temporary workers.
- Morale and productivity will improve as employees feel less burdened by last-minute absences.
- Maintaining only one type of time-off plan means less tracking and administrative hassles for managers and supervisors.

LEGALLY PROTECTED ABSENCES

If an employee asks for time off for any of the reasons below, you may be required by law (depending on your business's size, location and other factors) to grant the time off without discipline or negative consequences:

- Birth, adoption or becoming a foster parent
- Medical or health-related issues
- Caring for a sick relative or partner
- Workers' compensation injury or proceedings
- Donating blood, an organ or bone marrow
- Religious holiday or practice
- Military service obligation
- Caring for a disabled service member
- Jury duty or witness responsibilities
- Voting in an election
- Certain volunteer work (e.g., firefighter or disaster recovery)
- Attending a child's school activities



Attendance Management Resources to the Rescue!

One of the primary reasons for unreported time off is the inability to accurately manage it. Supervisors are responsible for documenting when employees are not in the office, so consider leveraging the power of software or online services to manage employee attendance more effectively.

IT'S ESTIMATED THAT THE
average employee takes

3 DAYS

of UNREPORTED PTO

in one year's time

(Circadian, Absenteeism: The Bottom-Line Killer)

These simple and cost-effective software programs help you document, identify and address costly issues and patterns before they get out of control. With an objective and historical record of employee absences, you can take appropriate action to make sure you're always properly staffed and focused on the bigger needs of your business.

With attendance tracking software, you can view all employee absences on a single calendar for quick reference, set up a customized time-off accrual plan to suit your business and even allow employees to check their time-off balances from any computer or mobile device.

Similarly, scheduling software can reduce "no shows" and other issues, especially shift-driven service industries, because workers can access schedules 24/7 from their devices. The software allows you to drive the responsibility of shift-management down to the employee level. Instead of calling you with the bad news, it's the employee's responsibility to use the scheduling software to find a replacement in the event he/she is unable to work a scheduled shift.

Finally, Web-based time clock systems add yet another level of accountability and accuracy. Employees can carry a time clock in the palm of their hands 24/7 through a smart phone app or they can punch in via a designated computer station at your business. This flexibility allows staff to work remotely, if necessary, and managers to monitor who's clocked in and at what time. Better yet, the software allows you to see who is not on the clock so you can closely monitor regular offenders.

“ I accidentally got on a plane. ”

When you include software as part of your absenteeism-prevention strategy, your entire staff will realize you are empowering them as well as holding them accountable. That's a win-win!

FOR TRACKING EMPLOYEES' ATTENDANCE

51%

use **manual processes**
(or even worse)
nothing at all.

*(HRdirect: The Impact of Absenteeism
on Small Businesses in the US)*

Combat Absenteeism with TrackSmart!

Understanding that you have an absentee problem is the first step to fixing it. Developing a plan, monitoring it and course-correcting as you go will benefit your bottom line, you personally, your employees and, ultimately, your customers.

At the end of the day, [TrackSmart](#) from [HRdirect](#) wants your staff to be healthy, present and productive. Visit [TrackSmart.com](#) to learn more about online time and attendance-tracking resources that can help your business better manage absenteeism.



GET YOUR FREE TRIAL

