



THE FINANCIAL CONSEQUENCES OF EMPLOYEE ABSENCES

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Absenteeism is the term generally used to refer to unscheduled employee absences from the workplace. Many causes of absenteeism are legitimate—personal illness or family issues, for example—but absenteeism also can often be traced to other factors such as a poor work environment or workers who are not committed to their jobs. If such absences become excessive, they can have a seriously adverse impact on a business's operations and, ultimately, its profitability.

"Unscheduled absences hurt," wrote M. Michael Markowich in a summary of an article he wrote for the September 1993 issue of *Small Business Reports*. "Most sick leave policies foster a 'use it or lose it' mind-set, and employees feel entitled to a certain number of sick days." Markowich went on to note that a survey of 5,000 companies conducted by Commerce Clearing House Inc. (CCH Inc.) found that unscheduled absences cost small businesses, at that time, \$62,636 a year, on average, in lost productivity, sick time, and replacement costs. Food for thought!

We have found that while many employers are aware of the legislative requirement around leave entitlements there is an element of uncertainty in relation to unpaid leave, whether there is an entitlement to it and how it can be managed. Generally it is the unpaid leave aspect that gets many business owners into hot water.

Many small business owners do not establish absenteeism policies for their companies. Some owners have only a few employees, and do not feel that it is worth the trouble. And others simply feel that absenteeism is not a significant problem, so they see no need to develop policies or make any changes to the few existing rules that might already be in place. We would suggest that written policies can give employers a framework to manage absenteeism together with the added legal protection from employees who have been dismissed or disciplined for excessive absenteeism

Research suggests that about 3 percent of the workforce exploit the system by taking more than their allotted sick time or more days than they actually need. And when they begin calling in sick on too many Monday or Friday mornings, who picks up the slack and handles the extra work? More importantly, who responds to your customer requests?"

So what can you do? Ensure you have systems, policies and processes in place to measure, manage and then address absenteeism. By doing this you are taking the first step in managing employee absence, minimising risk and limiting costs.

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