

MANAGING ABSENTEEISM



THE PROBLEM OF ABSENTEEISM



DIRECT COST OF ABSENTEEISM

- Hourly/daily wages
- Benefits (insurance, pensions, holiday pay etc.)
- pay for temporary help
- pay for overtime work
- HR administrative costs



INDIRECT COST OF ABSENTEEISM

- Costs to manage the effects of absence and replacement
- Replacement costs of new or temporary employees
 - Recruiting
 - Training
 - Onboarding
- Productivity loss (quality and quantity)
- Client service costs
- Employee morale



CALCULATING ABSENTEEISM

- $\text{ABSENTEEISM RATE} = \frac{\text{TOTAL NUMBER OF MAN DAYS LOST}}{\text{TOTAL NO. OF MAN DAYS AVAILABLE}} * 100$
- $\text{TOTAL NO. OF MAN DAYS AVAILABLE} = \text{AVERAGE NO. OF WORKERS} * \text{AVERAGE NO. OF WORK DAYS}$

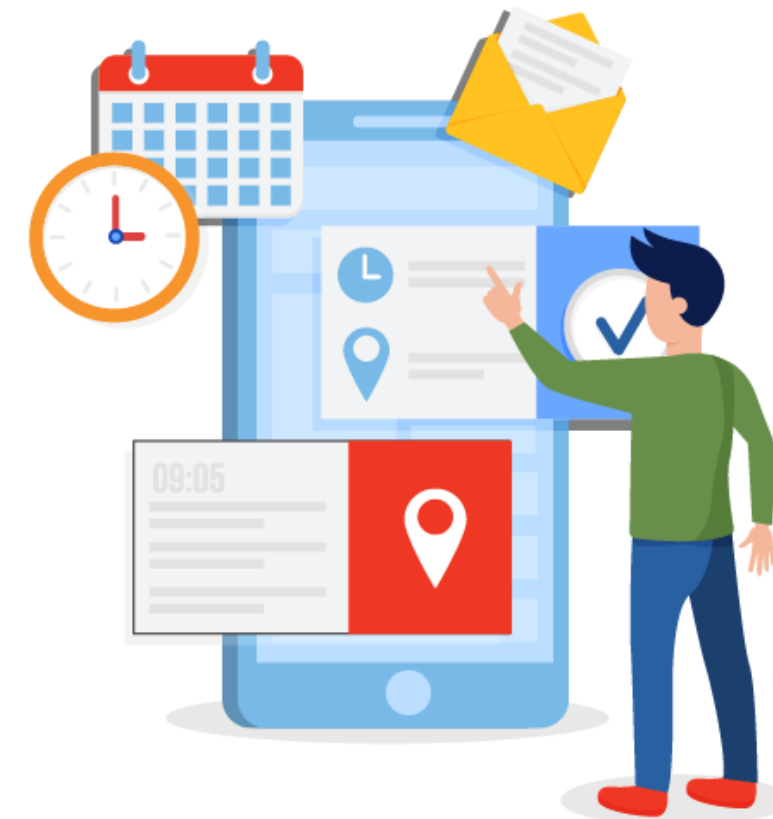
- AVERAGE NO. OF EMPLOYEES = NO. OF EMPLOYEES AT THE BEGINNING OF THE MONTH * NO OF EMPLOYEES AT THE END
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ABSENTEEISM RATE

- Study the case and analyze the data given
- Calculate the absenteeism rate on a monthly basis



JLM Food Services has been suffering business losses due to unplanned leaves by its employees in the _____ division. A detailed study revealed the following data for the month of June 2019.

Total employees in sales on June 1st -180

21 employees were moved from sales into other departments, 3 employees quit JLM Foods.

The following employees were absent from work:

3 employees – 3 days

4 employees – 2 days

4 employees – 2 days

2 employees – 2 days

5 employees – 1 day

1 employee – 7 days

3 employees – 3 days

The sales department works from Mon to Fri and alternate Saturdays

There was company wide holiday on 4th June and 23rd June on account of local festival.

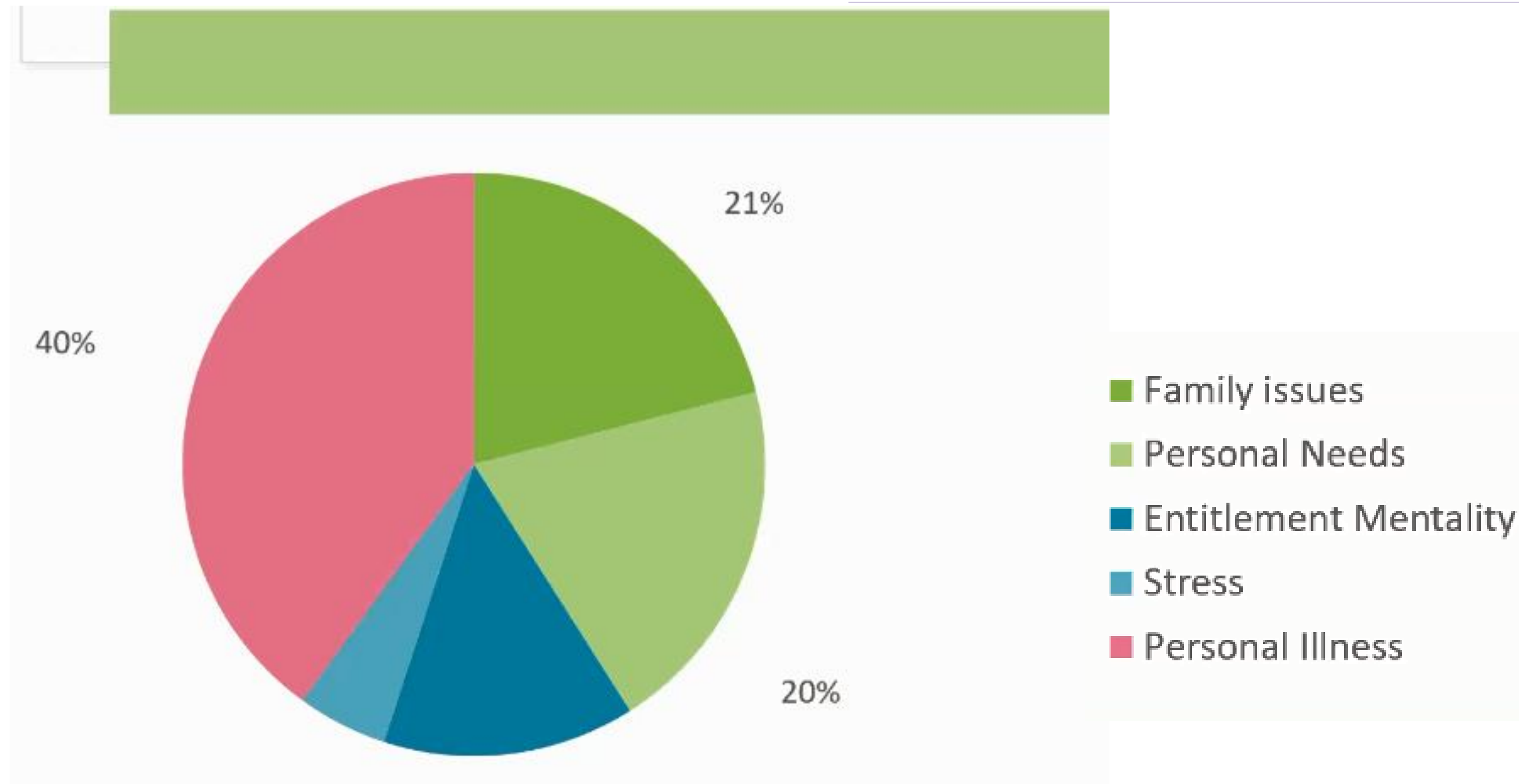
Calculate the absenteeism rate for the sales department for the month of June.

ABC CORPORATION CASE DISCUSSION

- High absenteeism rates in at ABC Corporation was leading to loss in productivity
- Absenteeism rates were 7.2% compared to acceptable limits of 2.5 to 3.5%.



REASONS FOR ABSENTEEISM



SUMMARY

- The problem of absenteeism
- Direct and Indirect costs of absenteeism
- Calculating absenteeism
- Absenteeism rate
- Case Discussion
- Reasons for absenteeism



THANK YOU!