Employee Absenteeism - Indian Industry Perspective

Prof. Neetu Randhawa
Assistant Professor – Indira School of Business Studies, Pune

Abstract : The purpose of this paper is to review literature on employee absenteeism as a form of withdrawal behavior apart from turnover. Studies that deal with exam psychometric properties of absence measures are reviewed, along with the link between absenteeism and personal, attitudinal and organizational variables. Various studies that have been conducted between absenteeism and turnover are examined. Reviewing of programmatic efforts to reduce employee absenteeism is done.

In this paper emphasis is placed on the indices generally used by investigators to measure absenteeism. Absenteeism is not a new phenomenon. It is the manifestation of a decision by employees to remain absent from their place of work, at a time when it is required by management they be present. Many research reports have revealed that there has been a phenomenal increase in employee absenteeism in some industrial sectors.

Absenteeism becomes a major problem for management when employees take leave without prior intimation. There are many reasons quoted by employees for remaining absent. Factors contributing to absenteeism include individual and environmental factors. The various reasons quoted are: sickness, accidents, occupational diseases, poor production planning, and bad working conditions and inadequate welfare conditions, lack of trained laborers, insecurity of employment, lack of interest and so on. The individual reasons may vary from company to company depending on the Organizational Culture. Attitude of employees and influence of external Organizational factors (market forces, social activities that influence industrial culture etc).

High rate of absenteeism is neither good for employees nor for employers. There are many variables in an organization that are responsible for absenteeism. This research highlights ways to reduce absenteeism in employees in the Indian industry.

Key Words: Employee, Absenteeism, Industry, Costs, Management System, Incentives, Turnover, Stress, Job Satisfaction.

1. Introduction


Direct and Indirect effects are consequences of employee absenteeism which are widespread. For instance higher costs are a result of absenteeism that can be caused directly or indirectly. Direct cost of sickness that causes absence of employees include statutory sick pay and loss of production. It is difficult to measure indirect costs, such as low morale amongst staff covering for those who are absent as their work increases, but these also influence the overall levels of output (leaker, 2008). Disruption of work flow and reduction in product quality are some of the other effects associated with absenteeism (Klein, 1986).

The impact absenteeism has on firms or even on a nation’s economy is enormous, taking into account the costs associated with it. A better understanding of the determinants of absenteeism can be valuable for firms and policy makers (Stormer & Fahr 2010). An employee’s unscheduled absence from the workplace is generally referred to as Absenteeism. There are many legitimate causes of absenteeism e.g.: family issues, personal illness but reasons reasons can also be traced to other factors such as poor working environment or workers who are not interested in doing their job. If absences of employees become habitual it can have serious adverse impact on a business’s operations and ultimately its profitability.

The labor department in India has defined the absenteeism rate as the total man shifts lost because of absences as a percentage of the total number of man shifts scheduled. Hence to calculate rate of absenteeism we require the number of employees scheduled to work and number of employees actually present. Absence may be authorized or unauthorized, willful or caused by circumstances that are beyond one’s control. It is generally
observed that low pay, poor benefits and high workloads will be the major causes. However after a number of employee surveys conducted absenteeism has been identified as a symptom of low job satisfaction, substandard working conditions and consistent negative and unjust treatment received by supervisors. It has been observed by many human Resource specialists that repetitive, boring jobs along with uncaring supervisors and/or unpleasant workplaces are more likely causes for workers to stay away from work.

People such as malingerers who are not interested in working can also have a negative impact in the organization. Such people need individual attention from their supervisors and management. AS a famous saying goes, Prevention is better than care, when such a problem occurs it is always better to review recruitment procedures to identify how such employees were recruited in the first place. If a business owner or manager has to cure excessive absenteeism, it is important to find and then eradicate the causes of discontent amongst employees. If the employees find their supervisor/Management or Job unpleasant-very unpleasant, they look for legitimate excuses to avoid work and stay home and come up with all sorts of excuses.

It is important to have an effective absentee control program which would locate the causes of discontent and modify or then eliminate them completely. A proper investigation is needed to look into the real reasons for absenteeism. There are a few questions that can be considered if an improvement needs to be made in absenteeism figures:

- Why is the present absence policy not effective?
- When and in what areas is excessive absenteeism occurring
- What are the true causes for employee absences?

It is a general assumption that low pay, poor benefits and higher workload may be the main reasons. However, in a number of surveys conducted it is observed that low-job satisfaction, poor working conditions and consistent negative treatment by supervisors/management are some of the major causes. If an employee feels that the organization is indifferent to their needs, they are more likely to be demotivated. Once a manager can figure out the real reason for absenteeism of employees under him, it is important that he talks to him through open communication, and changes the employee’s way of reacting and responding to discontent. If this is not taken care of the whole cycle would begin again. Without improvement in these areas, high rate of absenteeism is likely to continue.

1.1 Measurement of Absenteeism

To calculate rate of absenteeism, the no of people required to work against the number of people actually present is required. The following method can be used:

Ex:

1. Average no of employees in the workforce: 200
2. No.of available workdays during period : 20
3. Total no. of available workdays(a*b): 4000
4. Total no of lost days due to absences: 93
5. Absenteeism percent(d(divided by)c)* 100 : 4.65%

Across most industries 3% absenteeism is considered standard, and number beyond 5% has to be considered as serious.

1.2 Peculiar Features of Absenteeism

On the basis of various studies undertaken the following observations were made:

- Employee absences is lowest on pay day, it increases following payment of wages and bonus received. It has been observed that once an employee receives pay, he/she would either go out to have a good time, or go to their native place.
- It is observed that employees below 25 years of age have a more casual attitude and are likely to remain absent more often in comparison to employees above 40 years of age who are more responsible and mature.
- Night shift employees are more likely to stay absent rather than day shift employees. This is because employees working during night shift experience great discomfort.
- Absenteeism in India is seasonal. It is generally higher during March-April-May and also September-October.

1.3 Causes of Absenteeism

It cannot be overlooked that the rate of absenteeism in our Indian Industries is very high. It was observed by a statistical study of absenteeism in the Indian Industry that an Industrial worker is still a part time peasant. Hence workers only come to
cities looking for jobs after they have harvested their crops. They are still very insecure with Industrial jobs.

The labor investigation committee (1946) conducted a survey and came up with the following reasons for absenteeism in Indian Industries:

- Sickness and low vitality
- Means of transport – where transport facilities are not easily available
- Hours of Work – Long working hours affect efficiency
- Night Shift – causes great discomfort to employees
- Rural Exodus – workers tend to go back to villages to harvest crops hence rate of absenteeism increases
- Accidental – workers get injured while working
- Social and Religious Functions – workers join family for such occasions and go back to villages for short periods.
- Drinking and Amusement – workers find it difficult to get up and go for work after an evening of drinking and amusement
- After Pay Day – workers like to relax after they have received their pay
- Nature of work

1.4 Personal Factors

These are further divided into Sub Factors:

a. Personal Attitude: Employees with strong workplace ethics will respect their work and contribute to the organization in a positive manner. These employees will refrain from remaining absent for no reason on the other hand employees who are not serious about their job or low work ethics will remain absent more often.

b. Age: Younger employees tend to be more casual and avoid taking on responsibility. The older employees because of their experience are more mature and understand the importance of being ethical to the organization hence refrain from being absent unless, absolute necessary.

c. Seniority: Employees who have been longer with an organization are more accustomed to the culture and working environment therefore, would not remain absent for no reason.

d. Gender: It is seen that since women have to balance work and home they do not hesitate from remaining absent if demanded by family.

1.5 Workplace Factors

1. Stress: Too much work and deadlines take a toll on employees. This increases stress, hence employees resort to excuses to stay home and unwind.

2. Work Routine: It can get monotonous to do the same job over and over again. Employees get bored, hence they avoid coming for work and look for more interesting things to do.

3. Job Satisfaction: If employees are not utilized to their full potential, dissatisfaction creeps in. This is turn leads to absenteeism.

1.6 Some Strategies to Curb Absenteeism

Strategies which can be used are:

a. High collaborative Organization Culture
b. Look for problems that may affect attendance and performance of employees.
c. It is very important to develop an open communication culture across the organization at all levels.
d. Employees should be encouraged to speak out and voice their concerns so that they can be dealt with.
e. Cooperation with union representatives can be helpful
f. Regular meetings with employees in attendance should be held where employee’s suggestions should be heard.
g. Management should be more open and transparent.
h. There should be involvement, commitment and awareness by all levels of staff.
i. Get to know employees, without prying into their personal lives.
j. Develop a comprehensive and collaborative continuous program throughout the organization.
k. Employees should be counseled on a regular basis.
l. There should be greater involvement of supervisors and employees should be made accountable.
m. An effective career development and management program should be introduced.
n. Employees should be encouraged to give prior notice for leave.
o. Get to know about different community programs that could be recommended to an employee if he/she has a need for assistance.
Each employee should be made to feel important and valuable.

It has been reported that a couple of organizations followed the above methods in order to curb absenteeism. It was noticed that the rate of absenteeism reduced from 34% to 20% within a period of 6-10 months. It is important though that there is a committed management force that would carry forward this strategic function with accuracy and fidelity. It has been seen that by following an open communication culture there is considerable reduction in absenteeism.

2. Research Problem

Aim of this research is to study absenteeism in 2 different Indian Industries.

3. Research Objective

Objective of the study:

- To get to know the profile of employees
- To understand the level of absenteeism in Indian Industries
- To understand the level of absenteeism in Indian Industries
- To study the attitude of employees in regards to absenteeism in these companies

4. Review of Literature

Lack of presence of an employee for planned work is defined as Absenteeism (Johns, 2002, Kristensen, Juhl, Eskildsen, Nielsen, Frederiksson, Bisgaard, 2006). Absenteeism is a prevalent problem in the Industry. Various studies have revealed that only a handful of workers are responsible for substantial portion of absenteeism in an organization (Bhatia 1980).

Absenteeism affects utilization of HR, productivity, profits, investments and workers themselves. Its consequences are huge since even a day lost is a resource lost. Hence, an increasing rate of absence adds up to the cost of production of an industry and hampers industrial absenteeism cannot be measured accurately (Bhatia 1984). However absenteeism is too complex to permit exact remedial measures with so many factors affecting absence rates, it is impossible to find one solution to it all.

In order to be able to calculate, an employee is considered scheduled to work, when work is available and employee knows about it and when the employer also knows that the employee will be available. While calculating absenteeism, public holidays and days when the organization is shut are excluded. When an employee is not available on a scheduled work day he is said to be absent.

In today’s era where there is tough competition absenteeism is becoming a very serious financial burden for many organizations. Absenteeism, low performance levels, distrustful behaviors are that influence the productivity and efficiency of organizations (Orucu & Kaplan, 2001). These behaviors are the cause of high costs to companies hence, need to be monitored and dealt with properly. A study conducted by Rosenblatt and Shriom (2004), predicts personal factors such as age, education, position to be linked to frequent absenteeism and accounts for about 50% of the variance in absence frequency.

One of the most studied demographic factors for absenteeism is age. Most studies have shown that younger employees are more likely to remain absent due to their casual attitude whereas older employees exhibit a lower absence rate as they are more mature and responsible and committed to their job. (Martocchio, 1989, Kristensen 1991, Harrison and Martocchio, 1998). A negative relationship between absenteeism and tenure was found by Hackett (1990). Lambert (2006) stated that permanent employees feel more secure in their job hence would not hesitate to remain absent from work. It is important to educate employees and enhance their level of commitment and responsibility to attendance. Rentsch and Steel (1998) found that higher the education level, lower the rate of absenteeism would be.

In an organization, absenteeism affects the morale and discipline of the entire group of workers. It disturbs the production schedule and leads to losses. By remaining absent for longer periods an employee suffers loss of wages which in turn affects his own standard of living and also his family members. Thus absenteeism is seen as a serious problem, affecting not only the Industry, but also individuals who indulge in it frequently (Murthy, 1954).

5. Employee Absenteeism in Indian Industries

IT INDUSTRY – WIPRO TECHNOLOGY LIMITED

Wipro Technology Limited is multinational information Technology Services Corporation, headquartered in Bangalore, India. In India it is the 3rd largest IT services company with more than 1lac employees worldwide. It has interests varying from IT, Consumer Care, Lighting, Engineering and Healthcare businesses. The chairman of the board is Azim Premji.
In 1947, Wipro started as a vegetable oil trading company from an Oil mill in Amalner, Maharashtra, India founded by Azim Premji’s father. Azim, a graduate in Electrical Engineering from Stanford University took on the leadership timeline after his father died.

1945 - Incorporation as Western India Vegetable Products Limited
1947 - Establishment of an oil mill at Amalner, Maharashtra, India
1960 - Manufacture of laundry soap 787 at Amalner
1970 - Manufacture of Bakery Shortening Vanaspati at Amalner
1975 - Diversification into engineering and manufacture of hydraulic cylinders as WINTROL (now called Wipro Fluid Power) division in Bangalore.
1977 - Name of the Company changed to Wipro Products Limited
1980 - Diversification into Information Technology
1990 - Incorporation of Wipro-GE medical systems
1992 - Going global with global IT services division
1998 - Wipro first software services company in the world to get SEI CMM level 5
1999 - Wipro's market capitalization is the highest in India
2000 - Start of the Six Sigma initiative, defects prevention practices initiated at project level. Wipro listed on New York Stock Exchange.
2001 - First Indian company to achieve the “TL9000 certification” for industry specific quality standards Wipro acquires American Management Systems’ global energy practice. Becomes world's first PCMM Level 5 Company. Premji established Azim Premji Foundation, a not-for-profit organization for elementary education. Wipro becomes only Indian company featured in Business Week’s 100 best-performing technology companies. 2002 - Wipro acquires Spectra mind. Ranked the 7th software services company in the world by Business Week (InfoTech 100, November 2002).

Wipro Technologies named Asian Most Admired Knowledge Enterprise second year in a row. IDC rates Wipro as the leader among worldwide offshore service providers
2005 - Wipro acquires mPower to enter payments space and also acquires European System on Chip (SoC) design firm New Logic
2006 - Wipro acquires Enabler to enter Niche Retail market 2007 - Wipro acquires US's Info crossing for 600mn 2008 - Wipro acquires Gallagher Financial Systems to enter mortgage loan origination space.
2009 - Wipro stops Connectivity IP and closes New Logic Sophia-Antipolis R&D center Wipro Technologies deals in following businesses.

5.1 SWOT Analysis of Wipro Technology Ltd.

a) Strengths
   - Good Skilled manpower
   - Service lines have diversified skills base
   - Client satisfaction & Delivery Capabilities
   - Market philosophy is Multi domestic
   - Extra mile commitment
   - Good Research and Development initiatives
   - Technological partnership with other software companies
   - Low cost advantage
   - Reduction in cost of services

b) Weakness
   - Company is not proactive
   - Underdeveloped huge domestic market
   - Small player in global market
   - Limited domain
   - Limited no of services provided
   - Clients not trusting the capabilities of Indian Software Cos.

c) Opportunities
   - The global market is huge and opportunity for huge potential in domestic market
   - Y2K Crisis

d) Threats
   - Domestic market has competition by other Indian companies
   - Presence of big companies in global market
   - Rate of exchange

5.2 Causes of Employee Turnover in WiproTech Limited
1) **The Economy:** When an employee is giving an exit interview the most commonly quoted reason for leaving the job, is a better and higher paying job elsewhere. Some minimum wage workers have left jobs only because another employer is ready to pay them 50 cents more for an hour. Obviously, if an economy is good, the availability of alternative jobs plays the role in turnover, but this is generally overstated in exit interviews.

2) **The Organization Performance:** An organization who is in economic difficulty will also raise the specter of impending layoffs. Workers then prefer to look for better opportunities.

3) **Organizational Culture:** A lot has been written about Organizational Culture. It should be noted that the reward system, the strength of leadership, the ability of organizations to elicit a sense of commitment on the part of workers, and its development of a sense of shared goals, among other factors will influence factors like job satisfaction as turnover intentions and turnover rate.

4) **Job Characteristics:** Some jobs are more attractive than others. Its attractiveness will be affected by various characteristics, including its repetitiveness, challenge, danger, perceived importance and capacity to elicit a sense of accomplishment. Status of the job is also important along with other factors.

5) **Unrealistic Expectations:** Many job applicants have unrealistic job expectations and lack of knowledge when expectations are not realized, workers become disillusioned and they quit.

6) **Demographics:** In particular situations turnover is associated with demographic and biographical characteristics of workers. But to use lifestyle factors (smoking) or past employment history (many job changes) as an explicit basis for screening applicants, it is important for legality and fairness to job applicants to verify such bio data empirically.

Titan Company Ltd. (formerly Titan Industries Ltd. and Titan Watches Ltd.) Indian designer and manufacturer of watches, jewellery, precision engineering components and other accessories including sunglasses, wallets, bags, belts, fragrances and helmets. It is a joint venture between the Tata Group, and the Tamil Nadu Industrial Development Corporation. Titan is the world's fifth largest wrist watch manufacturer and exports watches to nearly 32 countries around the world. Some of the well-known brands of Titan include Fast rack, Sonata, Raga, Edge, Octane, Xylus, Nebula, Zoop, Titan Eye+, Tanishq, Gold plus, Zoya and Skinn.

Titan was established in the year 1984, becoming the third Indian watch manufacturer after HMT and Allwyn. Titan formed a joint venture with Timex Group, which lasted until 1998, to set up a distribution network across India. Titan is the 5th largest Watch Manufacturer Company in the World.

### 6.1 Causes of Absenteeism

1) **Working conditions Maladjustment:** A worker will not be happy working with an organization if working conditions are poor. They would prefer staying away from work.

2) **Social and Religious Ceremonies:** Workers are distracted due to social and religious ceremonies and given them preference over work.

3) **Unhealthy working Conditions:** Workers are very unhappy with poor and intolerable working conditions. Excessive heat, noise, either too much or too less lighting, poor ventilation, dust, smoke etc cause poor health of workers. These conditions cause workers to be absent.

4) **Poor Welfare Facilities:** Poor welfare facilities include poor sanitation, washing, bathing, first aid, ambulance, rest rooms, drinking water etc. If these facilities are not provided workers stay away from work.

### 6.2 Measures to Minimize Absenteeism

Absenteism affects an organization from various angles. Following measures can be used to minimize absenteeism level as it would be difficult to completely eliminate it.

- Provide welfare measures and fringe benefits, balance employee needs.
- Based on the organizations financial position, provide higher wages and allowances.
- Provide safety and health measures.
6.3 Suggestions

- Management should provide support, guidance and encouragement to employees and should intervene in day to day activities of employees.
- Leave facilities should be conveyed to all employees at the time they join the company.
- Regular training and development sessions should be conducted for employees.
- Conduct regular medical examination for employees to improve work environment and reduce absenteeism.
- Absenteeism of employees can be kept in check with regular performance appraisals.

Although Titan is the world’s largest plant for watches, it is also a victim of absenteeism. There are various reasons for absenteeism in this Organization such as domestic problems, lack of coordination amongst colleagues and others. However, absenteeism can be curbed and minimized by implementing healthy working conditions etc. Hence, it can be concluded that people are assets of an organization and they should be treated with respect.

7 Findings

During this study I have found that an organization should adopt the following strategies in order to reduce absenteeism:

- Benefits: Offer employees affordable medical packages. Employees who are healthy are happy and the organization should be able to provide affordable healthcare for their spouses and families as well. An added bonus could be holidays, sick leave. On site crèches would be very helpful for employees who work long hours or are single parents.
- Higher Pay: Regular raises and paying well over minimum wages would be very helpful to employees.
- A Set Schedule: In certain sectors, like retail, food services employees are forced to work six days a week, at times even 10-12 days at a stretch. Employees do not get a chance to rest. It would be beneficial to give them a day off after every 5 days of work.

8. Suggestions

- Emphasis should be given for rehabilitation of chronic absentees.
- Salary should be increased once in 2-3 years to reduce absenteeism and encourage positivity.
- Positive employer and employee relationship needs to be improved.
- It should be made compulsory to take authorized leave from supervisors.
- Company should provide a safe and healthy environment and recreation facilities to employees that will help reduce boredom and motivate employees towards their work.

9. Conclusion

Absenteeism is an unavoidable menace which most organizations have to tolerate and manage. There is no fool proof successful formula to eliminate this issue once and for all. Rate of absenteeism is about 5 to 10% in most Organizations. Employees remain absent from work for various reasons. Management needs to be more sensitive towards the need of employees. The causation of monotony towards work is a big challenge and it should be properly handled by giving employees time off sending them on holidays, and not over burdening them with work.

Practicing Job Rotation and Multi-Tasking strategies also help minimize the feeling of inertia or monotony. In this study it is also observed that
the wages of employees were not attractive. Management should take care and pay employees fairly, so that employees are motivated and work harder. Although money is not the sole factor which influences work behavior, it can certainly boost their morale towards work to some extent.

10. Bibliography:

1) BHATIA, S.K (1980): THE EFFECT OF COUNSELING IN TACKLING HABITUAL ABSENTEES, Indian Journal of Industrial relations, 16, P. 389


