
Absenteeism In Small Scale Industry - A Study of Causes, Cost and Control

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Abstract

The manpower is the main means to study the organizational health, since it is connected with all organs of an organisation. Absenteeism is one of the important indicators of organizational health. It creates various problems and has a number of direct and indirect effects on production, costs, discipline and efficiency. Left unchecked, high absenteeism usually develops into very serious business problems including morale issues, high costs and high turnover. Research in this field can be of much Practical utility to employers, management, workers and the government. The small-scale employers can use this information for policy-making and control of absenteeism, so as to have the best utilization of human resources.

Absenteeism is often mentioned as one of the main and actual problems of small-scale industries. Whenever, the employers and management are asked to mention a few important problems, this problem is invariably mentioned. It creates various problems and has a number of direct effects on production, costs discipline and efficiency. It is an evil to the employer as well as to the employees. The loss due to Absenteeism is more to the employers and community than to the individual worker. Absenteeism is a major barometer of employee morale. Left unchecked, high absenteeism usually develops into very serious business problems including morale issues, high costs and high turnover. When employees are absent, it can hurt the business. This is especially true if the business has only a few employees. Absenteeism creates disruptions. An employee who is absent much of the time may not be a good investment of employment money.

It is important to note that there is no commonly accepted definition of the term

"absenteeism". Absenteeism is referred to herein as failure of employees to report for work when they are scheduled to work. Employees who are away from work on recognized holidays, vacations, approved leaves of absence, or leaves of absence allowed for under the collective agreement provisions would not be included. Similarly, the workers not present due to strike are not included.

The cost of absenteeism is greater than the direct payment of wages and benefits paid during the absence. Organizations must also consider the indirect cost of staffing, scheduling, re-training, lost productivity, diminished morale, turnover opportunity cost. The indirect costs often exceed the direct cost of absenteeism. Many organizations set aside approximately 3% of budget for absenteeism. This makes an average of about eight (8) days a year per employee.

If absenteeism is above the budgeted figure or certain employees exceed the average in the organization then this could indicate that

organization has an absenteeism problem. However, even if absenteeism is below the budgeted or average days per year a problem may still exist for individual employees or for individual departments. A focused effort will likely yield improved attendance.

Objectives

Following are the main objectives of the present study :-

- To study the extent of absenteeism in small-scale units in electronics industry.
- To study the causes and factors having effect on absenteeism, in small-scale sector.
- To find out the relative importance of these factors for absenteeism, in small-scale sector.
- To study the costs of absenteeism to the organisation.
- To suggest measures to control absenteeism.

Methodology

The present study is based on the data collected from 50 small-scale units of electronics industry, located in NCR Delhi. The primary data were collected with the help of a pre-drafted questionnaire and interview. The questionnaire listed a number of factors, which are supposed to have effect on absenteeism. The respondents were asked to give the relative importance of these factors. The employers and employees were also asked to give their opinion about the extent of absenteeism in their units. The records were also analyzed to find out the extent of absenteeism. Percentages were

calculated based upon the responses. Chi square techniques was also used. 50 units, 50 employers and 150 employees were covered in the survey. Of the 150 employees, 24 were managers 17 clerks, 59 skilled workers and 50 were unskilled workers. The hypothesis to be tested were that there is no relationship between:

1. Absenteeism and Sex
2. Absenteeism and Marital Status
3. Absenteeism and Rural / Urban Background
4. Absenteeism and Religions of the employees
5. Absenteeism and Age
6. Absenteeism and Duration of Job
7. Absenteeism and Family Background

Profile of Units

The 50 small - scale units studied were located in Azadpur (04), Mayapuri (04), Naraina (16) and Okhala (30). An analysis of the units on the basis of the year of establishment showed that 42 percent were established between 1980 and 1985 and another 42 percent between 1985 and 1990. Of all the units 58 percent were joint stock companies and 32 percent partnership firms. Of all the employees 80 percent were regular while 19 percent were females. Category wise distribution of the employees showed that 16.7 percent were managers, 11.92 percent clerks, 38.05 percent skilled workers, 33.33 percent unskilled workers. The mean size of the employment was 29 while median size was 24 employees. The mean and medium size of the capital was rupees 15.2 lakhs and 9.61 lakhs respectively. Table 1 shows the work force by nature of job and sex.

Table 1
Work Force By Nature of Job and Sex

S.No.	Nature of Job	Men		Women		Children		Total	
		Total	%	Total	%	Total	%	Total	%
1.	Regular	962	80	268	95	Nil	Nil	1230	81
2.	Casual	241	20	14	05	Nil	Nil	255	19
		1203	100 (81.11)	282	100 (18.99)	Nil	Nil	1485	100 (100)

Source : Field Survey

Profile of the employers

Literacy level of the employers' respondents indicated that 36 percent were graduate and another 64 percent were technical and professional degree holder. The mean and median age was 41.6 years and 41.36 years with a standard deviation of 6.77 years. 88 percent of the employers were less than 50 years of age. Around 90 percent of the employers were from upper caste.

Profile of the employees

Of the 150 respondents 86.67 percent were male while the remaining 13.33 percent were females.

The average age of the employees was 29.67 years. The mean age for managers were 36.25 years while for skilled workers it was 2.66 percent were with professional background. As much as 21 percent were illiterates while another 48 percent studied up to primary level only. Only 20.67 percent were with graduation or post graduation qualifications. The majority of the employees i.e. 70 percent were married while 10 percent were either divorced or widow. Only 40 percent were having more than 2 children. 52.67 percent of the respondents were with urban background. Table 2 shows the urban rural background of the employees. While Table 3 shows the duration of the service of the sample employees.

Table 2
Urban / Rural Background of the Employees

S.No.	Employees Background	Manager	Clerks	Skilled Workers	Unskilled Workers	Total
1.	Urban	22 (91.67)	12 (70.59)	30 (50.85)	15 (30)	79 (52.6)
2.	Rural	02 (8.33)	05 (29.41)	29 (49.15)	35 (70)	71 (47.3)
		24 (100)	17 (100)	59 (100)	50 (100)	150 (100)

Source: Field Survey

Table 3
Duration of the Service of the Sample Employees

S.No.	Duration of Service	Number of employees	Percent to Total	Cumulative Total
1.	Up to 1 year	30	20	20
2.	1 - 3 year	75	50	70
3.	3 - 5 year	16	10.67	80.67
4.	5 - 7 year	17	11.33	92
5.	7 - 9 year	08	05.33	97.33
6.	9 year or more	04	02.67	100

Source : Field Survey

Extent of Absenteeism

Absenteeism is not confined to Indian industries only rather it is a universal fact. The difference is only in terms of its magnitude. But absenteeism in Indian industries is a real problem and it varies widely 4 to 25 percent. It varies from industry to industry and region to region. Since absenteeism is a major barometer of employee morale, absenteeism above 5% per week is very serious (3% may be the

standard goal of industry). The extent of absenteeism in Electronics Small Scale Industry is shown by Table 4. The responses of the sample employees were used to study the extent of absenteeism. Around 33.33 percent of the employees were absent for less than 10 days, 30 percent were absent for 10 days or more but less than 20 days. Therefore, 63.33 percent were absent for less than 20 days. Only 6.67 percent were absent for 40 days or more.

Table 4
Absenteeism in Small Scale Industry

S.No.	No. of Days Absent	Number of Workers	Percent
1.	0 - 10	50	33.33
2.	10 - 20	45	30.00
3.	20 - 30	25	16.67
4.	30 - 40	20	13.33
5.	40 and Above	10	06.67
		150	100

Source : Field Survey

It is normally presumed that category and type of skill will have effect on absenteeism pattern. Chronic absentees are more in unskilled and semiskilled work force compared to the average group. Analysis of absenteeism on the basis of category of employees indicated that a sizable percentage of managers (62.5 percent) and clerks (47.06 percent) were absent for less than.

Table 5
Absenteeism Among Different Categories of Employees

S.No.	No. of Days Absent	Manager	Clerks	Skilled Workers	Unskilled Workers	Total
1.	0-10	15 (62.50)	08 (47.06)	18 (30.51)	09 (18)	50 (33.33)
2.	10-20	06 (25)	06 (35.229)	20 (33.90)	13 (26)	45 (30)
3.	20-30	02 (8.33)	02 (11.76)	11 (18.64)	10 (20)	25 (16.67)
4.	30-40	01 (4.17)	00 (00)	07 (11.88)	12 (24)	20 (13.33)
5.	40 & Above	00 (00)	01 (5.09)	03 (5.09)	06 (12)	10 (6.67)
		24	17	59	50	150

Note : Figures in parentheses show percentage to the columns total.

Source : Field Surveys

10 days in a year (Table 5) while maximum per cent of skilled workers (33.90) and unskilled workers (26 per cent) were absent between 10 and 20 days. 12 percent of unskilled workers were absent for 40 days or more. Therefore, absenteeism was relatively more for operative employees as compared to the office employees. It might be due the fact that operative employees have to do much physical and hard work and therefore, more strain and fatigue. Their working conditions are also inferior.

Causes of Absenteeism

The absenteeism is caused by a number of factors and it is an outcome of large number of variables such as social, economic and cultural background of the workers, their ideas and attitudes, the working conditions. To find out the causes of absenteeism and their relative importance in causing absenteeism, the employees were asked to give ranking to different possible causes of absenteeism. The employees were asked to give ranking to different possible causes of absenteeism. The employees responses are given by Table 6.

Table 6
Reasons of Absenteeism and Their Relative Importance in Small Scale Units - Employee's Views

S.No.	Reasons of Absenteeism	Ranking / Number of Workers					
		1	2	3	4	5	6
1	Health Problems of Family Members	80	30	20	10	--	10
		(53.33)					
2.	Personal and Health Grounds	30	75	40	05	--	--
			(50)				
3.	Religious Ceremony & Functions	--	20	60	50	20	--
					(40)		
4.	For Agriculture Operations	20	17	20	60	20	12
					(40)		
5.	Maternity Reasons	20	08	02	10	60	50
						(40)	
6.	Academic Reasons	--	--	08	15	50	77
							(54.33)
		150	150	150	150	150	150

Note : Figures in parentheses show percentage to the rows total.

Source : Field Survey.

Factors Affecting Absenteeism

Survey of literature on absenteeism revealed that factual factors such as sex, age, education, duration of service, wage level, etc. and attitudinal factors such as job satisfaction, morale, attitude towards management, nature and type of leadership and supervision, caused absenteeism. The employees were asked to give whether these factual factors have effect on absenteeism or not. Their responses are shown by Table 7

Table 7
Factors Affecting Absenteeism -- Employee's Response

S.No.	Factors	Is Absenteeism Affected by (% age)	
		Yes	No
1.	Marital Status	40	60
2.	Age	30	70
3.	Distance from Work Place	10	90
4.	Level of Skill	10	90
5.	Status of Job	05	95
6.	Literacy Level	02	98
7.	Nature of Job	10	90
8.	Working Conditions	15	85
9.	Regularity of Job	25	75
10.	Religion	21	79
11.	Age	15	85

The majority of the employee respondents had the feeling that these factors did not have much effect on absenteeism i.e. they did not cause absenteeism. Only 40 percent of the employees opined that marital status has effect on absenteeism while it was 30 percent (age), 25 percent (regularly of job), 21 percent (religion), 15 percent (sex), 10 percent (levels of skill) and 2 percent (literacy level).

To study the relationship between absenteeism and these factors, chi square technique has been used. Table 8 has showed ehi square values.

Table 8
Chi-Square Values Between Absenteeism and Other Variables

S.No.	Variables	Chi-Square Value	Degree of Freedom	Conclusion
1.	Sex of Employees	4.447	4	Not Related
2.	Marital Status	0.401	8	Not Related
3.	Rural / Urban Background	6.337	4	Not Related
4.	Religion	6.740	12	Not Related
5.	Age	13.486	4	Related
6.	Family Background	14.153	12	Not Related
7.	Duration of Job	3.250	4	Not Related
8.	Number of Children	0.645	4	Not Related

Source : Field Survey

Absenteeism and Sex

A view of Table 9 revealed that the percentage of males i.e. 36.59 absent for 0-10 days was more than the percentage of females' absentees, 15 percent. But in the category of 10-20 days, the percentage of females and 29.23 percent for males. In the high order absenteeism exceeding 20 days the percentage of absenteeism for males, was less than females. It can be concluded that female employees were more prone for longer days absenteeism. It may be due to ill health, marriage, maternity and other household duties.

Table 9
Absenteeism and Sex of Employees

S.No.	No. of Days Absent	Male	Female	Total
1.	0-10	47 (36.15)	03 (15)	50 (33.33)
2.	10-20	38 (29.33)	07 (35)	45 (100)
3.	20-30	20 (15.38)	05 (25)	25 (100)
4.	30-40	17 (13.08)	03 (15)	20 (100)
5.	40 and above	08 (6.15)	02 (10)	10 (100)
		130 (100)	20 (100)	150 (100)

Source : Field Survey

Absenteeism and Marital Status

Analysis of Table 10 showed that the trend of absenteeism between the married and unmarried employees is erratic and there did not seem to be much difference in the absenteeism pattern, on the basis of marital status. The only category in which the differences were significant and perceptible, was 10-20 days category i.e. 31.43 percent for married far exceeded the 26.67 percent for unmarried employees.

Table 10
Absenteeism and Sex of Employees

S.No.	No. of Days Absent	Married	Unmarried	Divorced/ Widowed	Total
1.	0-10	35 (33.33)	10 (33.33)	05 (33.33)	50 (33.33)
2.	10-20	33 (31.43)	08 (26.67)	04 (26.67)	45 (30)
3.	20-30	16 (15.24)	06 (20)	03 (20)	25 (16.67)
4.	30-40	14 (13.33)	04 (13.33)	02 (13.33)	20 (13.33)
5.	40 and above	07 (6.67)	02 (6.67)	01 (6.67)	10 (6.67)
		105 (100)	30 (100)	15 (100)	150 (100)

Source : Field Survey

Absenteeism and Rural / Urban Background

Table 11 revealed that the urban background employees were more absent for less than 20 days i.e. 76.66 percent for urban against 54.45 percent for rural background employees. The rural background employees were more prone for absenteeism exceeding 20 days. It may be due to overstay of rural background employees for cultivation, irrigation, harvesting, social functions and festivals etc.

Table 11
Absenteeism and Rural / Urban Background

S.No.	No. of Days Absent	Rural	Urban	Total
1.	0-10	24 (26.67)	26 (43.33)	50 (33.33)
2.	10-20	25 (27.78)	20 (33.33)	45 (30)
3.	20-30	17 (18.89)	08 (13.33)	25 (16.67)
4.	30-40	14 (15.56)	06 (10)	20 (13.33)
5.	40 and above	10 (11.11)	00 (00)	10 (6.67)
		90 (100)	60 (100)	150 (100)

Source : Field Survey

Absenteeism and Religions of the Employees

It appeared from Table 12 that the religion of the employees did not have much effect on the absenteeism pattern of the employees. The Hindus were absent more than the overall absenteeism for 0-10 days i.e. 35 percent for Hindus, 29.63 percent for Muslims and 20 percent for Sikhs.

Table 12
Absenteeism and Religions of the Employees

S.No.	No. of Days Absent	Hindus	Muslims	Sikhs	Christians	Total
1.	0-10	35 (35)	08 (26.93)	01 (20)	06 (33.33)	50 (33.33)
2.	10-20	28 (28)	09 (33.33)	02 (40)	06 (33.33)	45 (30)
3.	20-30	14 (14)	07 (25.90)	01 (20)	03 (16.67)	25 (16.67)
4.	30-40	15 (15)	02 (7.41)	01 (20)	02 (11.11)	20 (13.33)
5.	40 & Above	08 (8)	01 (3.70)	00 (00)	01 (5.56)	10 (6.67)
		100 (100)	27 (100)	05 (100)	18 (100)	150 (100)

Source : Field Surveys

Absenteeism and Age

The absent rate increases with age but frequency rate decreases. To analyse the effect of age on absenteeism, the employees were classified in two categories of less than 30 years and 30 years and above. The main conclusion, which may be drawn is that the older employees were more absent for 30 days or more, compared to the younger employees.

Table 13
Absenteeism and Age

S.No.	No. of Days Absent	Less Than 30 Years	30 Years and Above	Total
1.	0-10	22 (26.83)	28 (41.18)	50 (33.33)
2.	10-20	30 (36.59)	15 (22.06)	45 (30)
3.	20-30	17 (20.73)	08 (11.67)	25 (16.67)
4.	30-40	11 (13.41)	09 (13.24)	20 (13.33)
5.	40 and above	02 (2.44)	08 (11.76)	10 (6.67)
		82 (100)	68 (100)	150 (100)

Source : Field Survey

Absenteeism and Duration of Job

To study the relationship between absenteeism and the duration of the job, the employees have been classified in two categories of having service of less than 5 years and those having service of 5 or more years. The employees with lesser service duration (less than 5 years) were more absent for less than 20 days

Table 14
Absenteeism and Duration of Job

S.No.	No. of Days Absent	Less Than 5 Years	More Than 5 Years	Total
1.	0-10	44 (36.36)	06 (20.69)	50 (33.33)
2.	10-20	35 (28.93)	10 (34.48)	45 (30)
3.	20-30	18 (14.88)	07 (24.14)	25 (16.67)
4.	30-40	16 (13.22)	04 (13.79)	20 (13.33)
5.	40 and above	08 (6.61)	02 (6.90)	10 (6.67)
		121 (100)	29 (100)	150 (100)

Source : Field Survey

compared to the longer service duration employees, while longer service duration employees were more absent for 20 days or more i.e. 44.83 percent against 34.67 percent for employees with lesser service duration. Therefore, it appeared that longer service duration employees were more prone for longer duration absenteeism.

Absenteeism and Family Background

An analysis of Table 15 indicated that the employees with service, trade, business and profession background were mostly absent for lesser number of days, compared to the agricultural and artisan background employees. Since 54.55 percent of service, trade, business and profession background employees were absent for 0-10 days while 22.29 percent of agricultural and 40 percent of artisan background were absent for this number of days. However, employees with agricultural and artisan background were more absent for higher number of days.

Table 15
Absenteeism and Family Background

S.No.	No. of Days Absent	Agriculture	Artisan	Service	Trade/Business Profession	Total
1.	0-10	20 (22.99)	12 (40)	12 (54.55)	06 (54.54)	50 (33.33)
2.	10-20	30 (34.48)	08 (26.67)	05 (22.73)	02 (18.18)	45 (30)
3.	20-30	18 (20.69)	06 (20)	00 (00)	01 (9.09)	25 (16.67)
4.	30-40	12 (13.79)	03 (10)	03 (13.64)	02 (18.18)	20 (13.33)
5.	40 & Above	07 (8.05)	01 (3.33)	02 (9.09)	00 (00)	10 (6.67)
		87 (100)	30 (100)	22 (100)	11 (100)	150 (100)

Source : Field Surveys

For example, the percentage of employees absent for 20 days or more was 42.53 percent for agricultural, 33.33 percent for artisan, 22.78 for service and 27.27 for business background employees.

Absenteeism and Number of Children

The number of children the employees have did not seem to have effect on absenteeism pattern of the employees. Almost the same percentage of employees (33.33 percent) having less than 2 children and having more than 2 children were absent for 0-10 days. The only category in which the differences in absenteeism pattern of the employees, were significant, was 40 days and above category i.e. 8.34 percent for employees with less than 2 children against 2.77 percent having more than 2 children. (Table 16)

Table 16
Absenteeism and Number of Children

S.No.	No. of Days Absent	2 or Less Children	More Than 2 Children	Total
1.	0-10	24 (33.33)	16 (33.33)	40 (33.33)
2.	10-20	21 (29.16)	16 (33.33)	37 (30.83)
3.	20-30	11 (15.28)	08 (16.67)	19 (15.83)
4.	30-40	10 (13.89)	06 (12.50)	16 (13.33)
5.	40 and above	06 (8.34)	02 (2.77)	08 (6.67)
		72 (100)	48 (100)	120 (100)

Source : Field Surveys

The Cost of Absenteeism

Based on 9 days absent out of 250 working days and an average payroll of Rs.35,000, every person day of absence costs around Rs.2,500. Thus the cost of absenteeism is greater than the direct payment of wages and benefits paid during the absence. Organizations must also consider the indirect cost of staffing, scheduling, re-training, lost productivity, diminished morale, turnover, opportunity cost. The indirect costs often exceed the direct cost of absenteeism. The cost absenteeism may include :-

Decrease in Productivity

- employees may be carrying an extra workload or supporting new or replacement staff
- employees may be required to train and orientate new or replacement workers
- staff morale and employee service may suffer

Financial Costs

- payment of overtime may result
- cost of self-insured income protection plans must be borne plus the wage costs of replacement employees
- premium costs may rise for insured plans
- possible loss of business or dissatisfied customers
- lost productivity of the absent employee

Administrative Costs

- staff time is required to secure replacement employees or to re-assign the remaining employees
- staff time is required to maintain and control absenteeism

Thus along with the obvious costs of having to pay someone who isn't at work, there are also hidden costs of absenteeism. Effective efforts in absenteeism management will affect a relatively small percentage of employees but will generate substantial savings, increased productivity and morale.

How to get it right ? Suggestions :-

Absenteeism control programs can work ! What the employees require is commitment and support from all level of management, an effective attendance record-keeping system, consultation and open communication on the reasons for the absenteeism. In order to control and minimize absenteeism, the small-scale employer will have to take some practical course of actions i.e :-

- Collect the necessary information and facts about the frequency, the length, the pattern, the status of employees' job, the department etc.

- Analyse the main cause of absences and absence records for each department and employee.
- Frame the policy and determine the standards of what would normally be acceptable. The attendance policy should be made known to the employees.
- The policy should be consistently implemented by all concerned
- Leave procedures and policy should be pre-decided and communicated to all employees.
- Only when the positive approach is unsuccessful does the employer need to use the remedial approach to deal with habitual abusers or with excessive absentee cases. In all cases the employer's action must be fair and reasonable and consistently applied.
- If absenteeism is to be controlled. The physical and emotional needs of employees must be addressed

With a well communicated, implemented, and administered programme, the majority of the employees should agree with the attendance management program and cooperation should follow.

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