

## Impact of absenteeism on workmen: a study on financial services companies

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### Abstract

Job satisfaction and absenteeism are two related issues. Job satisfaction affects the rate of absenteeism from the job. Presence of rampant absenteeism is an indication of low satisfaction with one's job. The major objective of the study was to find the factors of absenteeism; however, the study found that there are many factors that determine absenteeism, apart from job satisfaction. But most of these other factors were themselves determinants of job satisfaction, meaning that absenteeism is a result of job satisfaction. Also, absenteeism is not the only indicator of the presence or lack of job satisfaction. There are other indicators, like motivation and productivity. The researcher conducted a research of 100 employees from the financial services companies. The research concluded that absenteeism was largely present in those workers with low job satisfaction. This paper consists of six sections including the introductory section. The review of literature is presented in the second section and the methodology followed is given in the third section. A brief note on absenteeism is presented in the fourth section. The analyses of absenteeism are discussed in fifth section and the summary of findings and suggestions is presented in the sixth section. <sup>1</sup>

Key words: Absenteeism, job satisfaction, workmen.

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### 1. Introduction

Employee absenteeism, an often "hidden" issue, albeit one of growing importance to many organizations, translates into the interrelated issues of lost productivity, poorer quality of product/service and decreased customer satisfaction and has a potentially negative effect on other employees. The absenteeism issue is becoming all the more critical because of changes in the composition of the workforce and changes in societal expectations vi's-Avis work. The consequences are both positive and negative.<sup>2</sup> The workforce of today is characterized by an aging population, an increase in the proportion of dual earners. Absenteeism is an indicator of job satisfaction, whereby a higher rate of absenteeism which is unaccounted for indicating low job satisfaction. On the other hand, a case where the worker exhibits low incidences of absenteeism, staying away from work only when absolutely necessary, indicates that the worker is highly satisfied.<sup>3</sup>

Absenteeism has a material effect on the bottom line of most companies, yet few managers really understand the magnitude of the problem at their company. Not only should managers be motivated to reduce absenteeism because of the excess costs, but without absence tracking tools, employers cannot adequately estimate their accrued liabilities, potentially creating an issue that impacts the financial certifications required.<sup>4</sup>

A business can increase its productivity and limit its employee turnover by ensuring that its employees are satisfied with their job, which in turn, helps increase their productivity. The more productive and individual is, the more satisfied he will be and the more satisfied he is, the less likely he will be leaving the company. To ensure high productivity for a company to recruit efficient people and pay them higher salaries. Enhancing the productivity of the company has the more to do with, making the employees like the work they are doing for the company and making them realize how important their contribution is to the success of the company. The performance appraisal is the process of evaluation of individual job satisfaction in order to make objectives human resource decisions. It involves the formal evaluation of employees' job satisfaction, feedback to the individual and determination of whether and how the performance can be improved. The process of performance appraisal occurs both formally and informally. Progress toward career goals must be monitored and necessary correction in the aims or plans must be made. The achievement of milestone in the career plan monitored as when a task or project is completed. Employees are given more freedom in decision making. Management sets broad goals and objectives by setting broad goals and objectives as opposed to determining specific task, executives allow employees to respond to an opportunity in a way that makes the good sense at that time.

### **Financial Services companies in India:**

A banking company in India has been defined in the banking companies act 1949 as "One which transacts the business of banking which means the accepting of the deposits of money from the public repayable on demand or otherwise and withdrawal by cheque, draft order of otherwise".

A Co-operative bank promotes economic activity and provides banking facilities and service to the rural people. The significant role of cooperative banks in the agriculture economy imports a lesson to commercial banks and dispels from their minds the age old inertia and gloom of conservatism by shifting emphasis from the credit worthiness of the purpose and from tangible security to the character of the business.

Co-operative means "a form of organization wherein persons voluntarily associate together as human beings on the basis of equality for the promotion of the economic interest of themselves". So, co-operatives are characterized by voluntary association and open membership. Democratic management limited interest on capital, education and training equity of distribution of profits etc. "each for all and all for each" is the underlying principle of co-operatives.

In 1919 the Government of India Act 1919 was passed and co-operation became a state subject, So several states passed their own acts for the development of the co-operative movements in their respective states through that, co-operative movement in India was born in the beginning of century as an instrument of dealing with agricultural indebtedness, it was

only after attaining independence that attention was paid in a big way to this issue. After independence the co-operative movement received added support from Government

The term Urban Co-operative Banks (UCBS), though not formally defined, refers to primary cooperative banks located in urban and Semi-urban areas. These banks, till 1996, were allowed to lend money only for non-agricultural purposes. This distinction does not hold today. These banks were traditionally centered around communities localities workplace groups. They essentially lent to small borrowers and businesses Today, their scope of operations has widened considerably

### **Urban Co-operative Bank Ilkal:**

The urban co-operative was established as per the co-operation principal each for all and all for each. The bank was set up on 1<sup>st</sup> September , 1965 under the provisions of the Karnataka co-operative societies Act, 1959. The bank started its operations from 11 the sept, 1965. Its 1<sup>st</sup> board of directors consisting of 11 members late Shri Rudrappa Kalagi was the founder and the first chairman of the bank.

It was established with a view to meet the credit needs of weavers, traders, business enterprises, small scale industry salary earners, professional and self employed persons. Initially the bank didn't have its own building .It started its operations in a small room in college building of Shri V.V. Sangha's on a rental basis with two staff members namely Shri. S. S. Medi as a manager and Shri. Shivappa Kopparaad as an attender.

Before the establishment of the Urban Co-operative bank there were other banks in Ilkal. Two nationalized banks like Syndicate bank and State bank of Mysore and scheduled bank like Sangali bank, Vysya bank and DDC bank. From 1968 to 1971 Shri. B. F. Biradar the retired manager of DCC bank worked as a Manager, and then from 1974 to 1978 once again Shri. L.B.Arasiddi has been taken out the responsibility of the bank as a general manager. The today Urban co-operative bank has five branches and they have 50000 members. This is the most important bank in Ilkal and today it is a fully computerized bank in Ilkal. It has more than 450 employees and it is one of the most profitable bank in Ilkal.

## **2. Review of Literature**

According to a report by the Society for Human Resource Management (SHRM, 2009), there is a widespread job dissatisfaction among workers of all cadres.

Absenteeism from the workplace is considered as a symptom of a deep seated problem, and not as a problem on its own (Brayfield & Muchnisky, 2006).

Lack of job satisfaction leads to absenteeism, while on the other hand, absenteeism is a possible indicator of lack of job satisfaction (Hulin & Teven, 2008).

Research also suggests a financial stress-absenteeism link. **Joo and Garman (1998)** found that a higher level of financial well-being was associated with less absenteeism.

**Bagwell (2000)** and **Garman, Camp, Kim, Bagwell, Baffi & Redican (1999)** found that greater absenteeism was associated with poor financial management.

**Drentea and Lavrakas (2000)** found that individuals who reported higher levels of financial stress showed higher levels of physical impairment and illness than those with lower levels of financial stress. Credit counseling clients reported that their health was negatively affected by the financial stress (Bagwell, 2000)

## 2.1. Absenteeism

Absenteeism has long been a major human relations problem for managers and supervisors. It is defined as non-attendance of an employee from scheduled work. Absenteeism is expensive for employers because in many instances replacement workers must be hired and, of course, some work simply does not get accomplished as scheduled.<sup>5</sup>

Absenteeism is one of a range of behaviors that reflect a worker's attitude and commitment to his job and perceptions of his value as an employee.

In a survey conducted by Aon Consulting (1998), employees missed workdays because of stress, personal matters, caring for a sick child, no available day care, caring for elderly dependents, time spent at work on personal matters, and employee sickness. The survey concluded that the total amount of missed time due to personal reasons and sickness averages 6% of pay, almost as much as the time taken for vacations/holidays.

The relevance of any of the absenteeism would depend upon individual characteristics, the structure of the job, and the organization of work. We also acknowledge that there may be jagged effected between absence and any of these variables. For example, the effect of absence of productivity (Financial instruments) may occur on the day of the absence or several days later. We also recognize that the duration of the absence may differently affect different outcomes. The positive consequences of absenteeism, from the *individual* viewpoint, seem relatively straightforward and come from a variety of sources. There is some research that indirectly indicates that absenteeism is a form of withdrawal from Job-stress Situations. If absence from work reduces stress, then it can be functional for the individual. In addition, much of our life is concerned with fulfilling such central non-work related roles as the parent role (when taking care of a sick child) or the marital role (when reducing mental stress)<sup>6</sup>. The valence and utility for performing many of these non-work role activities is likely to be strong. Completing these activities, which may require being absent from work, leads to positive benefits for the individual. Not all non-work activities can be described easily in role terms. Some non-work activities are inherently rewarding and will at times be elected over work activities.

## 2.2. Absence Culture

Traditional approaches to absenteeism research have been examined from an individual level phenomenon (Martocchio & Harrison, 1993). A growing body of research has recognized and shown interest in the potential impact of an organization's social context on absenteeism (Harrison & Shaffer, 1994; Johns, 1994; Johns & Xie, 1998; Mathieu & Kohler, 1990). Johns and Nicholson (1982) introduced the concept of absence culture in which they defined it as "the set of shared understandings about absence legitimacy in a given organization and the established custom and practice of employee absence behavior and its control..." (p. 136). Gellatly and Luchak (1998) portrayed absence culture as "behavioral patterns that are shared among members of a work group or organizational unit... shown to account for different patterns of absences within and between organizational settings" (p. 1086). Rentsch and Steel (2003) made three key observations regarding absence culture: absence does not vary greatly within a work setting, there are relatively small amounts of absence variance within the units, and absence across units can be greater. Second, an individual's interpretation of absence may be contingent upon unit conditions

with social processes affecting the meaning of absenteeism (Nicholson & Johns, 1985). Third, absence culture is a social phenomenon (Johns and Nicholson, 1982) with absenteeism behavior learned to the degree and type of absence acceptable in the group setting (Chadwick-Jones, Nicholson, and Brown, 1982). Organizational members use schemas to interpret and make sense of the workplace (Rentsch, 1990). An absence itself is an event that presents a sense-making opportunity (Rentsch & Steel, 2003). Understanding and perceptive interpretation of absence culture represents a foundation for leader action to alter or change absence culture. The research proposed examines leader perceptions related to that change.

Employees should be disciplined for poor timekeeping as this constitutes being absent from duty/allocated work stations which impacts on an organization's running costs and work ethics. Poor timekeeping includes:

- Arriving late for duty on a regular basis,
- Leaving work early,
- Taking extended tea, lunch breaks, or toilet breaks,
- Attending to private business during working hours; this could include sending and/or reading personal emails, surfing the internet for non-work related matters, or any other activity that is of a private business nature. Arriving at a single cause for absenteeism is problematic as there are many complex causes.

### **2.3. Some impacts of absenteeism on workmen:**

- Impact of absenteeism on work itself:
  - When workmen go on next day after taking leave then he will be burdened with yesterdays work and today's work and due to this pressure he will not be able to do justice to both the works.
- Impact on personal space:
  - Due to the work you carry home or due to the burdened work you will not be able to engage yourself in recreational activities, which sometimes bring your talents out.
- Impact of absenteeism on company:
  - When a person takes leave and appears in the work, it provokes another employee to take leave, when employees generate this habit of taking leave and being absent, it will affect the company directly.
- Impact of absenteeism on personal growth:
  - In urban areas we do get to see employees getting remarks for the work they perform and for the day they are present at work. Being absent makes him loose the remarks, which intern affects his career and place him at low rank on professional hierarchy.

There are many possible consequences of absenteeism.

- 1) The consequences are both positive and negative.
- 2) Positive consequences come from many sources - avoidance of stress, fulfillment of role obligation, rewards of work and non-work activity, greater skills and flexibility, more power, and so on.
- 3) Negative consequences come from many sources -loss of rewards, disciplinary action, accidents, greater work stress, lower productivity, greater costs, and so on.
- 4) Both negative and positive consequences may exist simultaneously.

- 5) Consequences to any of the constituencies may vary over time.
- 6) Benefits to one constituency may represent negative consequences to another constituency.
- 7) A constituency member may be unaware of the costs and benefits of absenteeism for other constituency members.

#### 2.4. Types of Absence

- 1) Unplanned incidental absences: absence of five work days or less, such as casual sick days, where the occurrence was not known and approved ahead of time by the employee's supervisor.
- 2) Planned absences: Short or moderate duration absences such as vacations and holidays, where the supervisor knows about and has likely approved the absence in advance.
- 3) Extended absences: Absences lasting beyond one week, often unplanned and generally due to a disability and qualifying as a leave under the federal Family and Medical Leave Act (FMLA) or a state equivalent.
- 4) Unplanned incidental and extended absences, or absenteeism: the combination of two of the above categories, representing the kind of "lost time" that employers try to minimize or at least manage carefully.

### 3. Research Methodology:

The study is undertaken both by primary and secondary sources of data and information for secondary sources of data and information more reliance is placed on available standard literature comprising referred journals, articles, etc., but the primary sources of data have been collected by using a questionnaire in Urban Co-operative Bank in Ilkal, a sample of 100 respondents has been collected from the bank.

A questionnaire has been prepared to collect the necessary information from the employees of the bank. The questionnaire was selected in order to establish a better understanding between the employee and researcher by using the stratified sampling. The questionnaire included various aspects of employees such as absenteeism, job satisfaction, workmen. In the questionnaire the question was based on the likerd scale principle. Care was taken to see that the information gathered was valid and reliable. Each employee from different categories was questioned separately to avoid the interference of others. Efforts were made to establish a good rapport with the employees by conducting the questionnaire in a formal way. By making frequent visits to the bank, many observations were made on the daily routine.

- Survey method was followed to conduct the study & data were collected through sampling technique identified the respondents who were selected through convenient method.
- The sampling technique used was a combination of convenience and judgment sampling. Convenience sampling is a non-probability sampling. The technique was chosen as convenient and saves time. Respondents who were easily available for the survey were selected. In judgment sampling; the researcher uses his/her judgment in selecting the units from population of study based on population parameters. The

sample size included respondents of various classes like working middle class & managerial level.

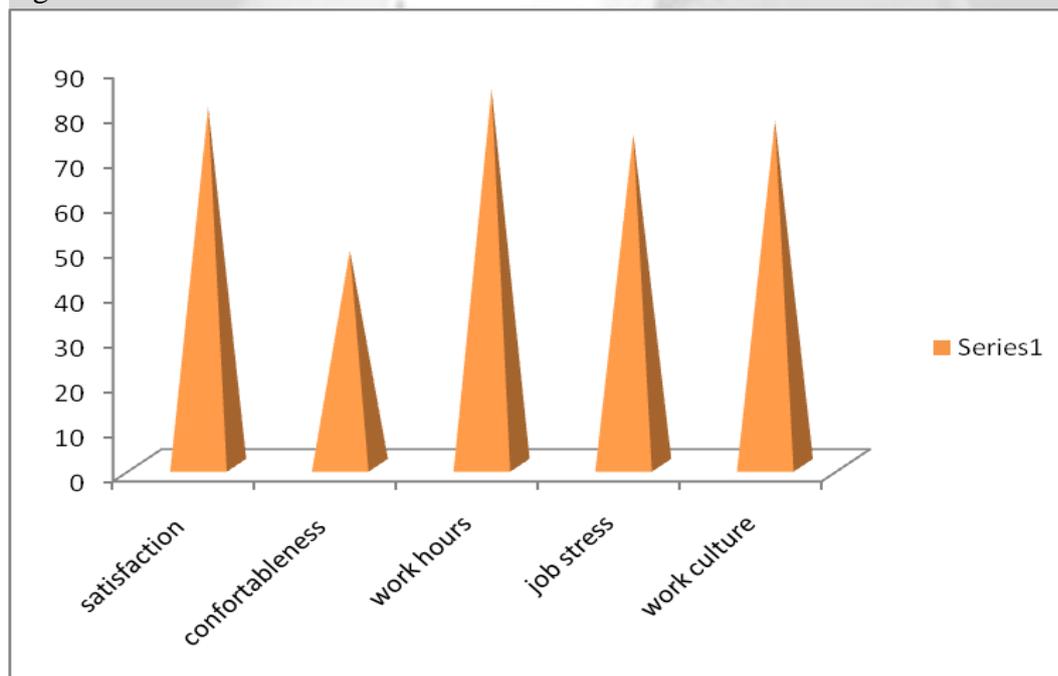
- The sample size for employees was chosen to be 100 this was considered sufficient to analyze and interpret the data easily. The Liked scale method was used further scrutiny of field data, the processing was done in Microsoft .

#### 4. Data Analysis

Table 1 Factors for absenteeism

Particulars	Rating
Satisfaction	80
Comfortableness	48
Work hours	84
Job stress	74
Work culture	77

Fig 1 Factor for absenteeism

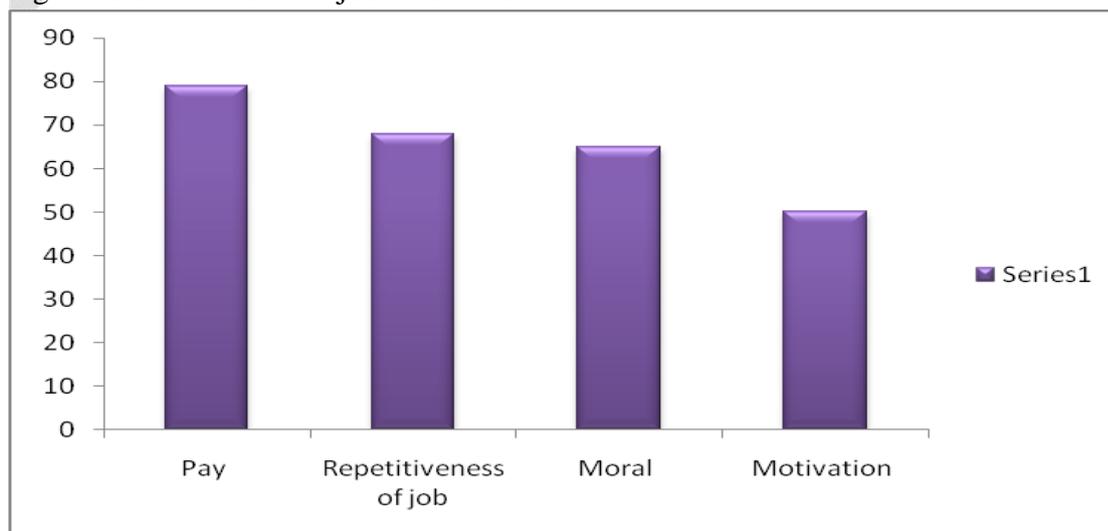


From the above table & fig we can interpret that the factors of absenteeism play important role for the employee to be frequently absent. The major reasons for absenteeism is basically the job stress or work culture. But in this above table you find that majority of the respondent feel that working hours is not flexible hence that is the main reason for absenteeism. Employees feel there should be some flexibility in timings so that they may not apply leaves. The employees always feel that they need to be given some flexi timings so that they can cope up with personal and professional

**Table 2 The determinants of job satisfaction**

Particulars	Percentage of respondents
Pay	79
Repetitiveness of job	68
Moral	65
Motivation	50

Fig 2 the determinants of job satisfaction



From the above table & fig we can say that the major determinants of job satisfaction are pay & motivation. Motivation is a major important factor that keeps employees productive. The work culture of an organization should be very highly motivating so that employees feel happy to work. The second most important factor is the pay, today most of the employees either change jobs or move from one company to another mainly because they are in need of a good motivation or high package. Only these two factors influence the person to be absent from the job.

But today ample studies show that more than Pay or salary the most important factor employees are looking is the good work culture where employees are constantly motivated to be more productive and creative. In our analysis also we found the same thing that next to pay the next most important matter for absenteeism was lack of motivation.

## 5. Findings

- 1) The majority of the employees is satisfied neutrally for the position they recruited. The majority of the employees joins a post and retire in the same post. The level of improvement among the employees to move up in the organization chart is very low.
- 2) The majority of the employee morale is affected by the working hours, working hours is a major challenge in all the organizations. Employees feel that they need to have flexible timings so that they can concentrate and work more productively. But in banks the timings are very strict, hence employees get demotivated and lose the charm of performing on the job.

- 3) The majority of the employee absenteeism is influenced by repetition in their job. Today the boredom has hit the creativity of the person. The majority of the employees feels that repetitiveness in the job leads to a demotivation of the employees. They feel like applying leave and staying back instead of going to work.
- 4) The majority of the employees feels job stress and monotony in their job. Job stress is a major reason for absenteeism in financial sectors. This is mainly because of high targets and work pressure. The competitiveness within and outside the workplace forces the employees to work under a lot of pressure. Once the person is over stressed it reflects on his mental and physical health. Health once it gets upset it naturally leads to absenteeism.
- 5) The major determinants of job satisfaction are paying & motivation. Today globally the employees get attracted to the job for the above mentioned two main reasons. The studies have shown that more than they pay the motivation factor plays an important role in lessening the absenteeism.

## 6. Suggestions

- 1) Employee working hours should be planned properly as it affects their morale.
- 2) Repetition in the job should be minimized.
- 3) Job stress and monotony should be minimized.
- 4) Positive measures should be taken to reduce absenteeism like indulging positive attitude.
- 5) Proper incentives and hike in wages should be given to employees to reduce absenteeism.
- 6) Job enrichment should be made seen to employees to reduce their absenteeism level.
- 7) Payment should link to the performance not to the payment

## 7. Conclusion

The management must first have a positive attitude towards absenteeism. Even though it's possible to eliminate absenteeism completely. The provision of various facilities to reduce absenteeism bound to involve substantial financial commitment to the management. The major causes for absenteeism in the organization are the activities and policies of the organization. There are many contributing factors that impact on an organization's objectives but one of the most costly is absenteeism. Employers need to handle all forms of absenteeism in a fair and transparent manner to minimize disharmony in the workplace.

So absenteeism invisible but proves fatal for the industry. So a reduction in absenteeism will helpful in improving the productivity.

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