

## "I won't be in today"—the dilemma of "incidental absence"

### A report from the Disability Management Employers Coalition and Nucleus Solutions

Incidental absence—defined as an unscheduled absence from work of one to five days—is a growing and costly phenomenon. Studies estimate that in 2003 employers spent an average of 4.4% of their payroll on incidental absence-related benefits such as sick days. For an employee earning \$40,000 per year, \$1,760 of his or her salary was paid for unscheduled time away from work. In addition to these direct costs, there are significant indirect costs in the form of lower productivity and degraded customer service.

Most incidental absence is unavoidable—but not all. For employees faced with the demands of lean staffing and ever-higher productivity goals, taking an extra sick day off can be seen as the only way to deal with an unduly stressful situation. Voluntary employee absence is a form of *employee withdrawal* that signals a lack of commitment to an employer and its goals. When widespread, this employee withdrawal can indicate serious organizational shortfalls.

The widespread and growing reality of incidental absence is especially important as the economy continues to expand. Employees have more choices as firms increase hiring to meet demand. The degree of employee commitment will determine whether employers will hold onto their workers (including managers) and the investment they have made in them, or those employees will take their skills elsewhere.

### Growing awareness

In August 2003, Nucleus Solutions and the Disability Management Employers Coalition (DMEC) conducted a survey to determine employer awareness of the incidental absence issue and their preparedness to address it. The survey included 200 human resources and operations managers from large and mid-size employers among 31 industries.

#### Breakdown by Industry

- 24.9% insurance/third party administrator
- 14.3% healthcare
- 10% manufacturing
- 9% government
- 7% energy
- 6% education

### **Breakdown by Firm Size**

- 41% employ fewer than 5,000
- 25% employ 5,000 to 20,000
- 21% employ 20,000 to 50,000
- 8% employ more than 50,000

Results of the survey indicate a growing awareness of the importance of managing incidental absence:

- 30% of respondents believe incidental absence is increasing; 4% believe it is decreasing
- 90% believe incidental absence is a manageable problem
- 60% indicate upper management recognizes incidental absence is a significant drag on productivity

### **Lack of Resources**

Despite heightened awareness of incidental absence and its costs, surveyed managers do not believe they have the necessary tools and resources to address it:

- 13.5% indicate incidental absence ranks in the top 30% of HR priorities  
  
for senior executives
- 25% are increasing their budget to control incidental absence
- Of 30 potential solutions to reduce incidental absence, only 16% of the solutions were used by more than 80% of respondents.

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### **Solutions**

Employers that do address the incidental absence problem attempt one or more clusters of solutions:

- Systems Interventions-information and organization management
- Performance Management-disciplinary measures/policies
- Work Life Interventions-manage work-life conflicts
- Wellness Interventions-health improvement
- Behavioral Interventions-impact on emotional status

Organizations that were aware of the cost of incidental absence were significantly more likely to have attempted all interventional clusters than those without cost awareness. Of the five clusters, Behavioral Interventions were significantly more effective than the other four. There were no statistically significant differences in effectiveness among the other four clusters. Programs

that had the most negative impact on incidental absence were disciplinary programs.

## Conclusion

Incidental absence inflicts significant direct and indirect costs on employers. As important, its growth indicates that an increasingly large percentage of the American workforce is not committed to employers and their goals. While employers recognize the issue, they do not possess the tools to address it. This could have a significant negative impact in a tightening labor market.

### Editors' Note:

**The Disability Management Employer Coalition**, founded in 1992, is a non-profit, professional association dedicated to the advancement of all aspects of disability and absence management. The organization, headquartered in San Diego, offers education, networking, tools, and resource materials to thousands of corporate professionals. For more information, contact the coalition at [www.dmec.org](http://www.dmec.org).

**Nucleus Solutions**, based in Arlington, VA, helps employers identify and fix the root causes of unscheduled absence and other drains on workplace productivity. Visit the firm at [www.nucleussolutions.com](http://www.nucleussolutions.com).

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