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# Strategies for Reducing the Effects of Employee Absenteeism on Organizational Profitability

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# Walden University

College of Management and Technology

This is to certify that the doctoral study by

Marjorie Waye

has been found to be complete and satisfactory in all respects,  
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the review committee have been made.

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Walden University  
2017

Abstract

Strategies for Reducing the Effects of Employee Absenteeism on Organizational  
Profitability

by

Marjorie D Waye

MBA, Regis University, 2006

BS, Shorter College, 2003

Doctoral Study Submitted in Partial Fulfillment  
of the Requirements for the Degree of  
Doctor of Business Administration

Walden University

January 2017

## Abstract

Employee absenteeism is a significant threat to organizational profitability. Finding solutions to mitigate the adverse effects of employee absenteeism on organizational profitability is critical to the success of organizations. The purpose of this case study was to explore the strategies human resource leaders used to mitigate the adverse effects of employee absenteeism on organizational profitability. The conceptual framework was performance prism theory. Data were gathered from in-depth interviews and publicly available organizational documents, including wellbeing program resources and annual investment presentations and Securities and Exchange Commission (SEC) reporting documents. Participants included 4 human resource managers and a third party service provider of an Atlanta, Georgia airline industry organization. The organization used in this case study was one of only twenty US companies, as of 2012, that implemented an absenteeism mitigation program at least 3 years prior to this study. The multi-year internal data collected, via interviews, from the human resource management of this 80,000 employee international company specifically about absenteeism mitigation programs, provided a perspective not available from all firms. Data were transcribed, coded, and analyzed to generate emerging themes. Key themes included an emphasis on organizational culture, the wellbeing program, and the cost of absenteeism. Subthemes included executive leadership support, stakeholder identification, and middle management program champions. Findings may help leaders improve organizational productivity and profitability and provide more stability for employees, which may result in thriving communities and other positive social change.

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## Dedication

I dedicate this doctoral study to my grandmother, Alberta Elizabeth Martin. She could not finish her secondary school education but showed her love and desire to teach in her stories and poetry. I know that you were with me in spirit, driving me to achieve the highest level of academic success and I thank you for your love and divine guidance, this is for you. To my mother, Alberta Rainey, who has supported me no matter what. To my children Toya Roberts, Joshua Roberts, Xavier Waye, and Kennedy Waye, thank you for riding this long, arduous journey with me. Thank you for being there for me, loving me, and supporting me, even when I was away studying. I pray I have always been the example you needed to go for your dreams no matter the obstacles. To my siblings Marcus Martin, Andrae Pettigrue, Victoria Lake, and Arthur Pettigrue, and Jason Bailey, I love you more than words. Sometimes your simplest words to me, "I'm proud of you," have been the fuel I needed to keep going. Thank you to my Auntie Fern, uncles, mother, father, brothers and sisters-in-laws, my nieces and nephews, and all of the "Family" who have joined the support team along my journey, I love you all. Last but not least, to my loving, caring, and ultra-supportive husband, Shannon Waye, you have seen the tears, frustration, sleep deprivation, and fears, but your support and faith in me never wavered. I love and thank you.

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## Section 1: Foundation of the Study

Many business leaders struggle to ensure profitability for their organizations because of increased costs related to employee absenteeism (Shi, Sears, Coberley & Pope, 2013). Investing in human capital may be the key factor in explaining why some firms out produced others, in terms of managing costs relating to absenteeism (Crook, Todd, Combs, Woehr, & Ketchen, 2011). Kim and Ployhart (2014) found that companies who focused on employee well-being programs financially outperformed and out produced their competitors. Alfes, Shantz, Truss, and Soane (2013) posited that positive employee well-being improved employee attendance and productivity. In this study, I sought to add to literature on the efforts of human resources leadership efforts to thwart the adverse effects of employee absenteeism on organizational profitability.

### **Background of the Problem**

The American Diabetes Association (2013) reported that absenteeism due to health-related absences cost U.S. corporations \$69 billion dollars annually. Australian employee absenteeism due to depression cost corporations over \$8 billion dollars each year (McTernan, Dollard, & LaMontagne, 2013). Oliva-Morena (2012) stated that annual production time related to employee personal and family health-related issues resulted in U.S. corporate profitability losses estimated at \$2.2 billion dollars in 2010. These figures underscore the challenge for human resource leadership to develop and implement strategies to reduce the negative effects of employee absenteeism on corporate profitability. Employee well-being issues resulting in workplace absenteeism are primary

reason for reductions in profitability (Bruhn & Zia, 2013). Organizational effectiveness is directly and indirectly related to management's focus on employee well-being (Manzoor, 2012). According to Fronstin (2011), as of 2011 one third of U.S. employers agreed, via survey, that employee well-being, resulting in workplace absenteeism and presenteeism, adversely affected corporate productivity. In response to the survey results many U.S. survey respondent companies implementing workplace health and wellness programs.

Absenteeism, for many companies, may be the company's largest expense and the reason for diminished profitability (Rantanen & Tuominen, 2011). Wollard (2011) observed that 50-70% of employees in 2010 experienced reduced focus on their work tasks and an increased presenteeism; a form of absenteeism when employees focus on personal concerns while physically at work. Presenteeism may have resulted in occupational fraud and abuse, as employers continued to pay employees for hours worked without the corresponding productivity costing organizations more than \$2.9 trillion in 2010. Employee well-being programs may offer the necessary solutions or alternatives to reduce the negative effects of absenteeism on productivity and profitability and help organizations remain competitive in the global economy. This study sought to add to literature regarding the impact of business leaders' strategies to mitigate the adverse effects of employee absenteeism on organizational profitability.

### **Problem Statement**

According to Vishnupriya, Suganya, and Bhwanaswari (2012), the most dangerous threat to an organization's productivity and profitability is employee absenteeism. Organizations within the United States experienced profitability losses that

surpassed \$2.3 billion dollars in 2012 due to employee absenteeism (Wilkin & Connely, 2013). The general business problem was that business leaders lacked adequate solutions to address decreases in profitability due to employee absenteeism (Shi, Sears, Coberley, & Pope, 2013). The specific business problem was that some human resource business leaders needed strategies to reduce the adverse effects of employee absenteeism on organizational profitability.

### **Purpose Statement**

The purpose of this qualitative single case study was to explore the strategies human resource business leaders need to reduce the adverse effects of absenteeism on organizational profitability. The target population consisted of human resources managers of an organization located in Atlanta, Georgia. These managers had implemented an absenteeism mitigation program more than three years before this study. Rantanen and Tuominen (2011) suggest that employee absenteeism may be an organization's largest expense and the reason for diminished profitability. Findings may help leaders improve organizational productivity and profitability, provide more stability for employees, which may result in thriving communities and other positive social change.

### **Nature of the Study**

In this study, I used a qualitative method because of the research question and study objectives. A researcher uses qualitative methods to develop common themes derived from the assessment of participants' lived experiences and personal perceptions regarding a particular phenomenon (Bernard, 2013; Yin, 2014). I did not view a quantitative research design as appropriate for my research. Quantitative researchers

evaluate hypotheses and variables using statistical measurement and analysis to test hypotheses (Bansel & Corley, 2012). My research question was an exploration of the personal perception of the population studied and as such did not require statistical analysis.

Exploratory case study design was most appropriate for this study. A case study design affords a researcher the opportunity to collect and analyze multiple sources of data for deeper exploration of the phenomenon (Yin, 2011). The focus of this research included programs implemented by human resource leaders to mitigate the effects of employee absenteeism on corporate profitability. Other qualitative designs were inappropriate for my research. A narrative study design would not have provided sufficient insight into my study phenomena due to its narrow focus on the story of a specific participant (Barkhuizen, 2014a). Ethnography studies center on a specific cultural phenomenon (Katz, 2012; Baskerville & Myers, 2015), and grounded theory study centers on developing a theory based on a procedural phenomenon (O'Reilly, Paper, & Marx, 2012). Neither study type provide the broader focus necessary to answer my research question. A phenomenological research design study centers on the phenomena of lived experiences among groups of individuals outside of the confines of a typical business issue (Bernard, 2013). A phenomenological study design was too broad to study my research question, as there were a limited number of specific cases of companies and individuals who have experienced this phenomenon.

### **Research Question**

The overarching research question for this study was, what strategies do human resource business leaders need to reduce the adverse effects of employee absenteeism on organizational profitability?

### **Interview Questions**

1. Based on performance prism theory, how would you define your organizations stakeholders?
2. How does your organization define the needs of your organizations stakeholders?
3. How does the absenteeism mitigation program, through the employee wellness program, fulfill the needs of your organizations stakeholders?
4. How would you define organizational productivity?
5. What are strategies you use to mitigate the effects of absenteeism on your company's productivity?
6. How does absenteeism effect the productivity of your company?
7. How have employee well-being programs affected employee absenteeism?
8. What are specific components of the employee well-being program that have had a greater impact on mitigating employee absenteeism than others?
9. How does the organization track the effects of the employee well-being program?
10. How has the financial well-being program affected employee productivity?
11. How has the Federal Medical Leave Act affected efforts to mitigate the adverse effects of absenteeism on corporate profitability?
12. What role do managers play in the effectiveness of the solutions implemented to

- mitigate the adverse effects of employee absenteeism on corporate profitability?
13. How do managers measure employee stakeholder satisfaction with the employee well-being program to ensure the program is effectively fulfilling the needs of both the company and employee stakeholders?
  14. What are programs, exclusive of the employee well-being program, that human resource business leaders use to mitigate employee absenteeism?
  15. What other information, not asked, do you wish to share on this topic?

### **Conceptual Framework**

The performance prism theory (PPT) was the most appropriate conceptual framework for my study. The theory, introduced by Neely, Adams, and Crowe (2001), centered on strategies for improved organization performance by concentrating on meeting the needs of company stakeholders, one of whom are employees. Neely et al. (2001) posited that achieving optimal organization performance results from identifying key stakeholders, determining what stakeholders want, and then fulfilling those desires. After determining the desires of stakeholders, an organization would then identify the organizations internal desires from their stakeholders, like greater productivity, enhanced profitability, customer and employee loyalty, and long-term investments.

Kennerley and Neely (2002) expanded PPT in a study of DHL Worldwide Express Corporation. Upon defining the desires of the DHL worldwide Express organization and stakeholders, Kennerley and Neeley then embarked on designing the DHL performance prism using keys for measurement: (a) stakeholder satisfaction, (b) satisfaction strategies, (c) processes, (d) capabilities, and (e). stakeholder contributions.

These five measurement keys helped DHL leaders followed by leaders of other organizations transition their focus for success on stakeholder resource utilization to improve organizational financial performance. By fulfilling the needs of the stakeholders, the organization's financial performance improves, and both the stakeholders and the organization receive their desired outcome. Neely, Adams, and Crowe (2001) said that stakeholders like employees need fulfillment in order to optimize an organization's financial performance. Using PPT to identify what employee stakeholders need to reduce absenteeism may help human resource business leaders develop strategies that improve profitability. Diminishing employee absenteeism and increasing productivity may prove useful for any organization.

### **Definition of Terms**

I used the following definitions in conducting this study:

*Absenteeism*: The cost resulting from reduced productivity when an employee is absent from work (Shi, Sears, Coberley, & Pope, 2013).

*Employee well-being program*: An employee well-being program is a comprehensive worksite health program implemented by employers for employees. The primary purpose of the program is to reduce corporate costs and improve the overall health of the employee (Isaac, 2013).

*Human capital*: The education, skills, and capabilities of individuals used by employers (Worldwide, 2001; Coff, 2002).

*Performance measurement*: Metrics used to evaluate statistically the efficiency and effectiveness of stakeholder needs fulfillment (Neely, 2005).

*Presenteeism*: The cost resulting from an employee present at work, however, partially engaged in work, and partially engaged in resolving personal issues (Skrepnek, Nevins, & Sullivan, 2012).

*Stakeholder*: An individual or group of individuals whose actions may effect the profitability of an organization (Freeman, 1983).

*Strategic management*: The use of resources to enhance the performance of firms in their external environments (Keupp, Palmie, & Gassmann, 2012).

### **Assumptions, Limitations, and Delimitations**

Acknowledging one's assumptions and the limitations and delimitations of a study affords me the opportunity to address biases, personal ideologies, and information constraints that may have affected the study (Elo, Kaarianen, Kanste, Polkki, Utrianen, & Kyngas, 2014). Addressing personal biases, ideologies, and constraints of the researcher and research participants lends credibility and validity to the research (Vaismoradi, Turunen, & Bondas, 2013). The credibility of qualitative research hinges on the trustworthiness of a researcher (Thyme, Wiberg, Lundman & Graneheim, 2013). Additionally, credibility hinges on the researcher's ability to be true to the research participants' shared knowledge and experiences without injecting their personal bias (Gioia, Corley, & Hamilton, 2012). Discussing the limitations and delimitations within the study helped to demonstrate that I could effectively establish the reader's expectations and focus on the specific problem for the study (Elo, Kaarianen, Kanste, Polkki, Utrianen, & Kyngas, 2014).

**Assumptions**

Assumptions are conditions which support the research findings yet lack formal validation from literature (Gardner et al., 2014). There were four assumptions for this study. The first assumption, interview participants would respond with genuine and honest responses to the interview questions. The second assumption was that PPT was appropriate and useful for understanding business leaders need for solutions to mitigate the adverse effects of absenteeism on organizational profitability. The third assumption was that human resource business leaders were honest about their reasons for initiation of an employee well-being program. The last assumption was that conducting interviews with human resources business leaders at a company that experienced reductions in organization productivity due to absenteeism would be sufficient to answer the research question.

**Limitations**

Limitations are intangible conditions that may affect the research outcome (Yin, 2011). Limitations include values, morals, cultural biases, historical professional experiences and perceptions of individuals which may affect each participant's lived experience. Researchers identify limitations in their research to mitigate the effect of individual bias or participant restrictions (Yin, 2011). The limitations of this study included human resource leadership selection of appropriate study participants and participants' information sharing restrictions based on organizational policies. Additionally, the study was limited because the sample population included members of the human resource management team. I did not include all employees or leaders of my

study organization. Generalizing collected data may have been inappropriate as data were not the lived experiences of all employees within the organization.

### **Delimitations**

Delimitations are boundaries set by a researcher, which effect the overall scope of the study (Vladu, Matis, Salas, 2012). The delimitations of this study included participants, geographic locations, time constraints, and data. For this research, I used a single company that had implemented an employee well-being program to reduce absenteeism more than three years before this study. Using multiple companies would add more time and costs to the research associated the design of the well-being programs implemented by each company. I used only human resource managers as interview participants. Interviewing all employees and other executive leadership within the company may have diverted the focus of the study away from the metrics related to employee well-being programs typically managed by human resource leadership. The last delimitation was the geographic location restriction to a single corporation headquartered in Atlanta, Georgia, which I did for convenience.

### **Significance of the Study**

According to Wilson (2014), the purpose of business research is to provide information for business leaders to make appropriate decisions for the advancement of their businesses. Often, the success or failure of a business hinges on the information derived because of business research (Wilson, 2014). The aim of business research is to increase business and managements' knowledge of practical solutions to solve business issues for firms around the globe (Minai, Uddin, & Ibrahim, 2014). Therefore,

understanding strategies business leaders may implement to mitigate the effect of absenteeism on corporate profitability was significant for business sustainability and strategic management (Mitchell, Obeidats, & Bray, 2013).

### **Contribution to Business Practice**

Strategic management is the use of internal and external resources to enhance a firm's performance in the marketplace (Keupp, Palmie, & Gassmann, 2012). Mitchell, Obeidats, and Bray (2013) argued that strategic human resource management is a key component in aligning an organization's productivity with its profitability goals. Implementing effective strategic human resource management initiatives improved an organization's competitive advantage by fulfilling the needs of employees and improving productivity (Mitchell, Obeidats, & Bray, 2013). Maslow (1943), Neely, Adams, and Crowe (2001), and Deming (1985) supported employee needs fulfillment to maximize organizational profitability. A healthy employee workforce is essential to maintaining productivity levels, typically achieved through focused initiatives implemented using strategic human resource management (Mitchell, Obeidat, & Bray, 2013).

The purpose of this study was to explore strategic absenteeism mitigation solutions that could improve organizational productivity and profitability. Business leaders understand the need for human resources to drive productivity; however, their hiring decisions must focus on individuals whose work produces a profit (Hegebarth, 2012). The objective of this study included exploration of; (a) the lived experience of human resource management who developed and implemented solutions to mitigate the adverse effects of employee absenteeism on corporate profitability, and (b) potential

solutions to mitigate the adverse effects of employee absenteeism on corporate profitability useful for any organization.

### **Implications for Social Change**

Productivity drives organizational profitability (Amah & Ahiauzu, 2014). Without a thriving workforce capable of maintaining or exceeding productivity goals, an organization will fail to pay or increase their employee base within a community (Shetty & Reid, 2013). A community without productive organizations and available employment will fail to thrive and support the needs of the society (Shetty & Reid, 2013). Organizations that seek to implement an employee well-being program or provide alternative solutions to mitigate absenteeism could realize improvements in productivity and profitability (Wilkins & Connelly, 2013). The results of this study might contribute to social change by improving organizational profitability, their local economies, and employment stability.

### **A Review of the Professional and Academic Literature**

The literature review contains 93% (152) peer-reviewed journal articles. Of these sources, 93% (142) were published less than 5 years from my anticipated graduation (see Appendix G). The focus of these articles was on absenteeism, organizational productivity, and employee wellness programs. The review of literature helped me consider how human resource management initiatives may mitigate the adverse effects of employee absenteeism on organizational productivity.

My search for literature began with sources acquired through the Walden University online library database system. The primary databases that I used were

EBSCOhost and Google Scholar. The initial literary sources used for this research included primarily peer reviewed sources evidenced by a digital object identifier (DOI). I divided the literature review into five key areas: absenteeism, productivity costs, employee well-being programs, management influence, and the conceptual framework. In conducting my database searches, I used the following keywords: *productivity*, *profitability*, *strategic human resource management*, *performance prism*, *employee well-being program*, *absenteeism*, *presenteeism*, and *well-being*. The review of the literature included professional journals in business management, psychology, sociology, and general health.

### **Performance Prism**

Organizational financial performance has always been an indicator of success (Edgeman, Eskildsen, & Neely, 2015). However, according to O'Connell and O'Sullivan (2014), financial performance suffers greatly when nonfinancial issues arise. Nonfinancial issues may occur due to a failure to implement appropriate policies, practices, processes, and partnerships both internal and external to the organization (Edgeman, Eskildsen, & Neely, 2015). Many organizations use performance measurement tools to assess and assign solutions to the nonfinancial challenges they face (Liu, Love, Davis, Smith & Regan, 2015). The performance prism is a performance measurement tool designed to help business leaders assess the nonfinancial challenges of stakeholders. The performance prism tool is also designed to provide guidance in developing solutions to address these nonfinancial challenges (Ivanov & Avasilcai, 2014). Using performance prism systems design helps business leaders define what good

performance means to their organization and implement solutions to achieve good performance via stakeholder management (Bai, Cheng, & Li, 2014).

Stakeholder management, using the performance prism, guides business leaders in defining who the stakeholders are (i.e., customers, suppliers, employees, regulators, and vendors; Smulowitz, 2014). Stakeholder management also affords the organization the opportunity to address the reciprocal relationship between the organization and the stakeholder (Smulowitz, 2015). Once the organization determines the reciprocal relationship wants, and needs of the stakeholders, it can begin to develop specific programs to address each of the nonfinancial issues (Neely et al, 2001). After addressing the nonfinancial challenges, the organization may see a sustainable increase in financial performance and physical productivity (Neely et al., 2001).

A key stakeholder management initiative using the performance prism is employee attendance and productivity (Beuren & Teixeira, 2014). When organizations fail to have an employee stakeholder population with consistent attendance, they typically experience diminished profitability and productivity (Smulowitz, 2015). Organizations require employees not only attend work but also perform optimally when in attendance. According to Vishnuprya et al. (2012), employee absenteeism is a significant threat to organizational success.

### **Absenteeism**

Absenteeism refers to the decision by an employee not to attend scheduled work for various voluntary or involuntary reasons (Halbesleben, Whitman, & Crawford, 2014). Voluntary absenteeism occurs when employers and employees are both aware of an

absence. In this case, an employer has an opportunity to plan their productivity needs (Belita, Mbindvo, & English, 2013). In contrast, unplanned voluntary absence occurs when an employee fails to inform an employer, in advance, of his or her absence from work, thereby reducing expected productivity for the period of absence (Belita, Mbindvo, & English, 2013). An involuntary planned absence occurs when an employee informs his or her employer of a civic obligation like jury duty or political election voting (Belita, Mbindvo, & English, 2013). Planned or unplanned absenteeism may result from varied issues including physical or psychological health problems (U.S. Burden of Disease Collaborators, 2013), workplace-related health issues (Lin, Yao, Shao, 2014), health behaviors (Lerner, Rodday, Cohen, & Rogers, 2013), or personal financial health issues (Lusardi & Mitchell, 2013). According to a survey by the Society for Human Resource Management, absenteeism results in the following productivity costs as a percentage of payroll: unplanned incidental absences (6.7%), planned absences (5.5%), extended absences (6.4%), a reduction in coworker productivity (29.5%), and reduction in supervisory productive time (15.7%; Kronos International, 2015). Absenteeism is the single most dangerous threat to productivity (Vishnupriya, Suganya, & Bhwanaswari, 2012). Absenteeism threatens organizational stakeholders at each level of the organization and, in many cases, reduces organizational profitability (Neely, Adams, & Crowe, 2001).

A planned absence provides management an opportunity to plan for coverage, if necessary, of human capital to manage productivity (Chwolka & Raith, 2012). If the absences are short-term, management may recover productivity levels on a subsequent

day when all employees attend (Crook et al., 2011). If the absences are long-term, management may require additional assistance from temporary or contingent workers (Pedulla, 2013). However, the cost of temporary or contingent workers can be significantly higher than permanent workers, thereby increasing cost and diminishing profitability (Pedulla, 2013). Additionally, temporary or contingent workers may need additional training time to learn production requirements and, therefore, may be less productive than permanent workers (Zimmerman, Garvirilova-Aguilar, Cullum, 2013).

Assessment of planned absence productivity needs may prove unnecessary for temporary or contingent workers. Instead, management may opt to assign overtime for existing employees. Overtime requires an organization to pay existing employees additional compensation for completing the incomplete work tasks due to a fellow employee's absence from work (Frick, Goetzen, & Simmons, 2013). According to the Fair Labor Standards Act, nonexempt employees are entitled to time and a half for work hours in excess of 40 hours in a single week (Kronos International, 2015). Paying existing employees time and a half may appear beneficial to the employee whose paycheck will be a higher value for the payroll period. Too much overtime may cause additional stress and inadvertently increase employee absenteeism (McTernan, Dollard, & LaMontagne, 2013).

There is a growing need for increased productivity to achieve competitive advantage in the global marketplace (Mitchell, Obeidat, & Bray, 2013). As employers continue to require managers achieve more with less human capital, employers may see an increase in absenteeism based on psychological distress (Holden et al., 2011).

Management have more pressure to produce more output with fewer staff. In turn, they may apply pressure on employees, at times in an abusive manner, resulting in increased absenteeism and an increase in stress-related physical and psychological medical claims (Carlson, Ferguson, Hunter, & Whitten, 2012).

Some employees continue to attend work after being intimidated by their management, who may threaten their employment if they fail to attend. However, production suffers because of presenteeism, employees who attend work but focus their attention on resolving their personal issues during work hours instead of focusing on their productivity (Merrill et al., 2012). Because of continued absenteeism and presenteeism, managers may fail to achieve their objective of increased productivity with minimal human capital as employee absenteeism increase, and productivity and profitability decrease (Skerepnek, Nevins, & Sullivan, 2012).

### **Presenteeism**

Presenteeism is a phenomenon that occurs when an employee goes to work while physically or psychologically impaired (Gosselin, Lemyre, & Corneil, 2013) or uses work production time to address personal issues (Merrill et al., 2012). According to Johns (2011), presenteeism costs U.S. organizations an estimated \$150 billion dollars annually due to reduced productivity. In a survey of small-to-medium-sized enterprises (SMEs), 82.5% of respondent business owners reported that they were 50% less productive while at work because of personal issues (Cocker, Martin, Scott, Venn, & Sanderson, 2013). Presenteeism is a form of absenteeism and occurs for multiple possible reasons. These include (a) personal benefits of attending work while impaired

outweigh the personal costs, (b) the work tasks are too significant to suffer due to their absence, (c) as a member of a workplace team or task force, their presence is critical for team success, or (d) the employee fears retribution from management because of his or her absence (Johns, 2011).

Presenteeism presents a challenge for human resource management to provide solutions for mitigating presenteeism, considering employees physically attend work (Johns, 2011). According to Gosselin, Lemyre, and Corneil (2012), absenteeism, which includes presenteesim, requires mitigation solutions that provide motivation and incentives and which encourage those who are physically or psychologically impaired to stay home to recover from their illnesses. In addition, management must motivate employees who are physically and psychologically capable of working to focus on productivity tasks during production work hours instead of their personal issues.

### **Paid Time Off**

Most employers offer their employees paid time off which enables them to take time away from work and attend to personal needs without interrupting income received from working (Asfaw, Pana-Cyan, & Rosa, 2012). Paid time off may also be referred to as paid sick leave, vacation, care for children, bereavement, or other personal terms (Chen, 2014). Benefit to organization of offering paid time off include higher employee morale and improved employee retention (Chen, 2014). Giddings, Anderson, and Birkeland (2013) suggest that providing employees with flexible usage of paid time off reduces absenteeism and increases productivity. Asfaw, Pana-Cyan, and Rosa (2012) expanded Giddings et al. (2013) ideology by positing that paid time off results in higher

productivity due to a reduction in presenteeism. Paid time off usage, although typically for a short period, may result from physical or psychosocial issues.

### **Work Stress and Physical/Psychosocial Issues**

Stress is one of the employee absenteeism causes that is difficult to identify the definitive cause. Work stress can originate both mentally or physically but according to physicians, stress can be difficult to pinpoint its root cause. Alexander and Wang (2015) identified physical and psychological health issues as the predominate causes of employee planned and unplanned absenteeism from chronic medical conditions. Catalano and Dooley (1983) defined the physical and psychological issues with the economic stress hypothesis. The theory posits that undesirable economic events (e.g., economic down turn, recessions, or depressions) negatively affect individuals well-being and create psychosocial stressors (Catalano & Dooley, 1983). The physical and psychosocial stressors, or work stress, manifest or exacerbate physical and psychological disorders and may lead to reduced productivity from absenteeism (Shoss & Penney, 2012).

According to a 2010 study by the U.S. National Institute of Occupational Safety and Health (NIOSH), 40% of U.S. employees reported that they experience extreme stress at work while 25% of workers said they viewed their jobs as the top stressor in their lives (NIOSH Working Group, 2010). NIOSH researchers defined work stress as harmful physical and psychological responses that occur when workplace requirements fail to align with employee's inputs and outputs (NIOSH, 2010) and the personal skills necessary to manage the environmental demands (Bhui, Dinos, Stansfield, 2012). Employee inputs may include excess job demands, low control, poor social support,

adverse life events (e.g., bereavement or divorce), and additional demands outside of work (e.g., caring for children, relatives, or partners; Bhui, Dinos, Stansfield, 2012).

Employee outputs may include tension, frustration, or emotional distress and the median appraisal of stress (Bhui, Dinos, Stansfield, 2012).

The manifestations of work stress appear in physical and psychological forms and may result in reduced productivity due to employee absenteeism (Shoss and Penney, 2012). Researchers have linked various physical, psychological, and psychosocial illnesses to work stress including (a) cardiovascular disease (Backe, Seidler, Latza, Rosnagel, & Schumann, 2012), (b) type 2 diabetes and obesity (Heraclides, Chandola, Witte, & Brunner, 2012), (c) anxiety, depression, suicide, and family disruption (Bhui, Dinos, & Stansfield, 2012), (d) mental disorders (Szeto & Dobson, 2013), (e) high blood pressure (Merrill & Sloan, 2014), and (f) along with a systemic cause of dementia late in life (Wang, Wahlberg, Karp, Winblad, & Fratigioni, 2012). Additionally, Lehnert, Stuhldreher, Streltchenia, Riedel-Heller, and Konig (2014) highlighted poor nutrition and an individual's body mass index as an indicator of absenteeism and the decline therein significantly reducing absenteeism rates. These chronic issues, if left untreated, could turn into issues which results in long-term absenteeism, presenteeism, turnover, or morbidity (U.S. Burden of Disease Collaborators, 2013).

Not all researchers agree with the idea that work stress contributes to, or exacerbates, physical, psychological, or psychosocial illnesses (Markham & McKee, 1991). According to Markham and McKee (1991), there is no corollary evidence that stress, particularly stress from environmental changes originating from changes in the

national or local economies, contribute to physical or psychological illnesses. This research appears limited as the researchers did not distinguish between physical, psychological, external environmental accidents or issues, physical violence, or morbidity. Pichler (2014) is in agreement with the research findings presented by Markham and McKee stating that there continues to be a lack of evidence correlating physical or psychological illness absenteeism stemming from changes in economic climates, instead absenteeism increases because of a boom in the national or local economies. Like Markham and McKee (1991), Pilcher (2014) did not sufficiently distinguish between the types of illnesses and subsequent changes in the national economy.

According to literature by Shoss and Penney(2012), there appears to be a link between work stress and physical, psychological, and psychosocial illnesses. Research expands upon the link between work stress and physical, psychological, or psychosocial absenteeism showing increased occurrences in lower socioeconomic communities (Yang, Wu, Zhang, Cottrell, & Rocket, 2012). According to a 15-year trend analysis report, chronic mental illness directly correlated with changes in the national economy for all ethnicities (Lo & Cheng, 2014). Shoss and Penney (2012) discovered the wealthier the employees the lower the correlation between work stress and physical, psychological, or psychosocial illness absenteeism. In contrast Tausig (2013) while supporting the idea that socioeconomically distressed employees are affected by work stress they do not support the notion that the reasons for the stress is due to exposure to negative changes in the national economy. Researchers may disagree on the manner in which the physical,

psychological, or psychosocial illness contributes to absenteeism; however, research supports that US organizations continue to see their profitability and productivity decrease due to absenteeism.

### **Health Behaviors**

Health behaviors are controllable activities, which might not be beneficial to an individual's health (Go et al., 2013). These behaviors can lead to employee absenteeism, short-term or long-term medical incapacitation, physical disability, or death (Glanz, Rimer, Viswanath, 2013). The controllable health behaviors may include: (a) smoking, (b) drug use, (c) poor diet, (d) lack of physical activity, or (e) excessively drinking alcohol (Go et al., 2013). Moodie et al. (2013) reported that tobacco use and drinking excessive alcohol accounted for two of the top three causes or symptoms of death and caused 12% of employee disabilities. In 2011, employers reportedly spent an estimated \$13,000 per employee in direct (e.g. medical, pharmacy, and disability) and indirect (e.g. productivity) costs due to these controllable health behaviors (Lenneman, Schwartz, Giuseffi, & Wang, 2011).

Bockerman, Hyytinen, and Kaprio (2014) posited that unproductive time, absenteeism, and health care cost increased among employees who use tobacco. In 2006, the United States Surgeon General published a report concluding that 100% smoke-free workplaces were the only way to eradicate the negative effects of secondhand smoke (Prochaska & Brown-Johnson, 2014). With a smoke-free work place, morbidity rates would decrease thereby decreasing health care costs for nonsmokers (Prochaska & Brown-Johnson, 2014).

After legislation passed for a smoke-free workplace, employers attempted to implement tobacco cessation programs for employees who chose to smoke in designated areas outside of their workplace (Vickerman, Carpenter, Altman, Nash, & Zbikowski, 2013). Employers attempted to reduce the number of employees who used tobacco to decrease absenteeism, increase productivity, and reduce health care costs for disorders related to tobacco use (Glanz et al., 2013). Research by Quintiliani et al. (2012) showed that the tobacco cessation program using union workers failed and minimally reduced tobacco usage. While Vickerman et al., (2013) research on a smoking cessation programs implemented by providing an alternate cigarette without tobacco also failed to stop employees from using tobacco. Other organizations focused on a health literacy program, rather than simply a tobacco cessation programs, and successfully decreased tobacco usage and increased productivity (Aboumatar, Carson, Beach, & Rotor, 2013).

The focus of health literacy programs, designed to provide employees education, resources, and coping strategies related to negative health behaviors, also included reducing employee drug use and alcohol abuse. Kazanga et al. (2012) stated that drug use among employees caused serious harm and safety issues for both the drug user and nondrug users. Alcohol usage, categorized as a drug, accounted for 4.9 million deaths in 2010 (Moodie et al., 2013). Alcohol deaths account for 4% of global deaths and 4%-5% of global employee disability (Rehm et al., 2009). Excessive alcohol usage linked to other detrimental diseases include, maternal and perinatal disorders, cancer, diabetes, neuropsychiatric disorders, cardiovascular disease, and cirrhosis of the liver (Rehm et al, 2009). Van Amsterdam and Brink (2013) stated that the effects of alcohol related

problems might include unemployment, engaging in criminal activity, and social exclusion. Chiodo et al. (2012) posit that excessive drinking occurs with smoking and drug use and is a leading cause of absenteeism and productivity loss, predominately by men (Schou, Storvall, & Moan, 2014). De Goeiji et al. (2015) stated that people increase alcohol use when they suffer the physical, psychological, and psychosocial issues related to anxiety, frustration, depression, and work stress. Alcohol use along with other detrimental health behaviors becomes a coping mechanism to relieve the distress (de Goeiji et al., 2015).

Glanz et al. (2013) expanded the World Health Organizations (WHO) projections on the global disease burden stating that the prominent contributions to mortality are not only tobacco and alcohol, but also diet and exercise. Sun, Norman, and While (2013) highlighted that fewer than 10% of US Adults met the Physical Activity Guidelines for America (PAGA). The PAGA recommends US adults participate in at least 150 minutes each week of moderate intensity physical activity (MPA) and at least 75 minutes each week of vigorous physical activity (VPA) (“Physical Activity Guidelines”, 2015). Based upon the research by Robroek et al. (2013) without meeting the PAGA guidelines organizations will experience decreased employee productivity, increased employee absenteeism, increased employee medical costs, and increase turnover due to employee morbidity.

### **Financial Health Risks**

Financial health is the measurement of an individual’s ability to generate the financial resources necessary to handle daily financial needs and a financial emergency

(Lusardi, Schneider, & Tufano, 2011). The financial health measurement is the strongest predictor of bankruptcy, homelessness, marital problems, and workplace absenteeism (Lusardi, Schneider, & Tufano, 2011). The financial health measurement correlated with an individual's financial literacy (Van Rooji, Lusardi, & Alessi, 2012). According to a 2012 survey, only 25% of the US population are financially literate (Lusardi, 2012; Van Rooji, Lusardi, & Alessi, 2012).

Van Rooji, Lusardi, and Alessi (2012) highlight a positive relationship between retirement planning, personal asset attainment, personal wealth, and financial literacy. Agnew and Hurwitz (2013) conducted a workplace survey with the prevailing trend of respondents stating that the best pathway to retirement was winning the lottery. The financial health or financial literacy of employees affects their ability to focus on workplace tasks and, therefore, are predictors of absenteeism (Prawitz et al., 2013). According to Williams, Haldeman, and Cramer (1996), personal financial concerns, and resulting behavior may negatively affect organizational productivity (see Table 1).

Table 1

*Financial Concerns and Behaviors Associated with Decreases in Productivity*

Financial Concerns	Actions
Bankruptcy	Higher incidents of Absence, Illness, Tardiness, Presenteeism
Divorce	
Collection Agency proceedings	
Inability to meet credit obligations	Aggressive physical or verbal behavior

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Legal judgements,	Increase in errors, poor judgement, loss of focus,
Repossession, loss of home,	depressive behavior
loss of in-home utilities,	
child support payments	

Note. Table created using “Financial Concerns and Productivity,” by F. L. Williams, V. Haldeman, and S. Cramer, 1996, *Journal of Financial Counseling and Planning*, 7, p. 147.

The economic pressure for families increased since the 2008 United States recession (Prawitz, Kalkowski, & Cohart, 2012). Economic pressure per the Boss theory is the negative impact on a family’s financial situation based on low income, unstable employment, high debt to asset ratio, or loss of income (Conger et al., 1992). The economic pressure felt after the 2008 recession stemmed from unemployment rates between 9.4% and 9.8%, decreases in the median income from 2007 by \$5,058 in 2009, and a 14.3% increase in the United States poverty rate adding approximately 6.3 million more Americans into poverty (Prawitz, Kalkowski, & Cohart, 2012). In addition, low wages and part-time employment characterized the workplace limiting resources to an already financially illiterate employment base (Friedline, Name, & Loke, 2014). The economic pressures correlated with increased home real estate foreclosures, asset devaluations, and diminished household net worth (Elliott, 2013). Individuals who did not lose their jobs experienced greater pressures due to coworker layoffs, employment instability, real estate asset devaluation from neighborhood foreclosures, and lower incomes (Mishel et al., 2012). The stress to manage individual or family financial health increased correlating with an increase in employee absenteeism and presenteeism (Simms, 2014)

According to a 2013 survey, 83% of American workers experienced personal financial issues (Bannon, Ford, & Meltzef, 2014). The survey results highlighted that 23% of employees admitted financial issues distracted them at work, 19% of employees spent more than five hours per week dealing with personal financial issues while at work, and financial stress cost organizations at least \$5,000 per employee per year on productivity (Bannon, Ford, & Meltzef, 2014). In 2013, the Federal Reserve Chairman Benjamin Bernake addressed a congressional hearing stating that all American's should be required to receive basic financial knowledge of finance and economics (Simms, 2014; Bosshardt & Walstad, 2014). During the 2013 address, Mr. Bernake highlighted that the majority of American's do not have the basic skills to complete a personal household budget (Bosshardt & Walstad, 2014). Bumcrot, Lin, and Lusardi (2013) posited that based on post-2008 recession economic conditions workplace financial education programs are necessary.

Financial literacy, due to complexities of personal financial resources, is quickly becoming a basic human need for personal survival (Lusardi & Mitchell, 2013). The investment in employee financial education is a form of human capital investment, which may result in reduced employee stress related disorders and diminished productivity due to employee absenteeism or presenteeism (Lusardi & Mitchell, 2013). Bannon, Ford, and Meltzef's (2014) employee survey results highlighted that the human capital investment for financial education has a 3:1 return on investment for companies that implemented a financial education component into his or her employee wellness program. Financial literacy effects every facet of an employee's life and can influence their mental, physical,

physiological, and psychological wellbeing (Sundaresen, Rahment, Rajangam, & Sellappen, 2014). The financial health of employees becomes a focus of employers because of the impact it may have on employee absenteeism, productivity, and profitability.

Employee wellness programs provide an opportunity for employees to gain access to resources and support for personal issues that hinder them from being productive and focusing on work related tasks (Parkinson, 2013; Smith & Duffy, 2013). Employee wellness programs focus on six primary issues one of which is financial health (Bumcrot, Lin, & Lusardi, 2013). Studies by Lusardi (2012), Allgood and Walsted (2012), and Simms (2014) highlight the correlation between financial education and a more productive workforce. In 2014, a study by Drexler, Fischer, and Schoar highlighted the impact of financial education on 200 business owners showing improvements in financial decision-making and their personal finance management. The employee wellness programs help employees learn how to manage their personal issues appropriately and manage work stress effectively during production hours.

### **Productivity Costs**

Productivity is the measurement of inputs against outputs. Productivity input may consist of labor, assets, or equipment. Productivity output is the services or products produced from the input (Stephens, Stephens, Nze, Ibe & Ukpere, 2012). The measurement of productivity provides a basis of analysis for management to evaluate the effectiveness of the organization's human capital (Kronos International, 2015). Organizations require a means of tracking productivity costs as a way of evaluating

stakeholder value (Neely, 2005). The performance prism is a template used by managers to evaluate the performance of the organization and ensure all stakeholders (e.g. owners, shareholders, employees, customers, and vendors) are satisfied (Neely, Adams, Crowe, 2001). The performance prism uses employee attendance data to understand organizational productivity and profitability data trends in the pursuit of increased profitability (Neely, Adams, Crowe, 2001). When employees are absent, they may compromise productivity and decrease profitability (Alexander & Wang, 2015).

Organizations hire human capital to perform tasks necessary for profitability, referred to as employees. Human capital refers to the knowledge, skills, and abilities of persons aligned to jobs or tasks that organizations need to be completed (Crook, et al., 2011). Employees are required to be present at his or her assigned workstations for a specific work schedule based upon the agreement between the employer and employee upon hiring the employee (Shahid & Azhar, 2013). Absent employees who are not present for their work schedule at their assigned workstations will effect organizational productivity and profitability (Halbesleben, Whitman, & Crawford, 2014). The various planned and unplanned absences may result in excessive costs to the organization, to include: (a) training costs (Salas, Tannenbaum, Kraiger, & Smith-Jentsch, 2012), (b) turnover costs (Berry, Lelchhook, & Clark, 2012), (c) overtime costs (Frick, Goetzen, & Simmons, 2013), (d) paid time off, short-term disability (STD), and long-term disability (LTD)(Chen, 2014), (e) Family Medical Leave Act (FMLA) (Zhang & Anis, 2014; Nyman, 2012), and (f) replacement workers (Berton, & Garibaldi, 2012; Boheim & Zweimuller, 2013). These costs diminish organizational profitability by more than \$150

billion dollars annually (Johns, 2011). Without proper oversight and alternative solutions, these costs will continue to erode organizational profitability each year.

### **Training Costs**

Employee training is the process of fostering learning of new or enhanced knowledge, skills, techniques, and methods to perform a job or task (Karim, Huda, & Khan, 2012). The human resources department of an organization typically implements and initiates training opportunities for employees. The purpose of implementing an employee training program centers on the ideology that it will improve individual employee performance and in turn improve the organization's productivity and profitability (Ji, Huang, Liu, Zhu, & Cai, 2012). According to Kim and Ployhart (2014), firms that internally train their employee outperform and out-produce their competitors. However, a firm with high absenteeism may incur increased costs ranging from \$350 to \$4,000 per person to train a temporary worker or replacement worker in the event the absenteeism is long term (Tracey et al., 2014). Although the costs of training typically revered as necessary, organizational costs for competitive advantage, when the reason for the training is due to ongoing absenteeism the cost to the organization is high and does little to advance organizational profitability (Salas, Tannenbaum, Kraiger, & Smith-Jentsch, 2012). While training costs due to absenteeism may be high, the costs of turnover for an organization are even higher.

### **Turnover Cost**

Turnover is the rate at which existing employees voluntarily or involuntary terminate their employment, and newly hired employees take their positions (Kwon & Rupp, 2012). The cost of turnover in some organizations average \$20,000 to \$90,000 depending on employee type and the size of the organization (Hodgin & Chandra, 2014).

Recent research shows a link between work stress physical and psychological illness-related absenteeism and high employee turnover (Oyserman, Smith, & Elmore, 2014). While Berry, Lelchook, and Clark (2012), posit that high turnover and absenteeism resulting from health related issues directly correlate with reduced productivity. Further, research shows the costs of turnover, especially with high-performing employees, include human capital loss, social capital loss, diminished firm reputation, return on assets (ROA), and return on equity (ROE). These costs, although not quantifiable, typically begin with increased absenteeism and have long lasting profitability effects (Zhang, & Rong, 2015). As profitability and productivity, suffer from turnover, overtime cost may prove just as costly to an organization as turnover costs.

### **Overtime Cost**

Overtime cost is the amount an employer pays to an employee one and one-half times his or her hourly rate typically for hours greater than 40 in one week, or based on the fair labor standards set by their state of employment (Steinmetz, de Vries, & Tijdens, 2014). Overtime costs increases the tangible; higher labor costs, and intangible; decrease productivity, late products or services to the customer, and diminished company image and reputation (Cai & Vairaktarkis, 2012). Organizations that rely upon productivity scheduling software may experience decreases in technological efficiency and productivity if an employee must perform his or her work and work overtime to cover the shift of an absent coworker (Xi, Jang, Friedman, & Hou, 2015). Overtime costs may extend to employee turnover, increased employee health costs, or employee morbidity due to increased distress at work (Hahn & Kuhn, 2011). Occasional overtime provides

employees extra money; however, when the overtime becomes the new expectation for employees, the resulting costs may be decreased productivity and increased absenteeism.

### **Paid Time Off Costs**

The United States is one of three highly developed countries without a mandated employee paid time off policy (Hill, 2013). A paid time off policy provides employees time away from work to attend to personal issues without interrupting the income received from working (Asfaw, Pana-Cyan, & Rosa, 2012; Lindemann, Houser, & White, 2015). The United States Congress attempted to pass legislation to mandate employee paid time off availability, however as of 2015 failed to receive sufficient support to pass this type of bill (Ziebarth & Karlsson, 2014). In the United States, employers who elect to implement a paid time off policy must shoulder the full cost of the paid time off policy (Hill, 2013).

In 2006, the US city of San Francisco elected to enact local legislation mandating paid time off availability for all employees working for San Francisco based employers (Colla, Dow, Dube, & Lovell, 2014). The local legislation highlighted the benefits projected as an outcome of the paid time off law as: (a) decreasing presenteeism, (b) improving employee morale, (c) decreasing turnover, (d) reducing the spread of influenza and other infectious diseases at work and childcare, (e) reducing healthcare costs, (f) increasing the ability to care for sick children, and (g) increasing productivity by reducing presenteeism and absenteeism (Colla, Dow, Dube, & Lovell, 2014). The city modeled the sick leave policies designed by the European Union, because a review of the European efforts for a national sick leave program proved effective in diminishing employee

absenteeism in European Organizations (Jorgensen & Appelbaum, 2014). San Francisco supported the necessity of the plan because more than 2.5 million employees in the US could not afford to take leave to care for themselves or a family member with a serious illness, that 30% of private sectors employees taking unpaid leave incurred debt as a result of taking leave, and 49.4% of private sector employees risked losing their jobs while taking personal leave (Jorgensen & Appelbaum, 2014). The result of the paid time off policy in San Francisco, as one of two cities in the country to enact mandated employee paid time off availability, employers experienced a 39% reduction in other benefits, 32% decrease in profitability, and an 18% increase in prices (Colla, Dow, Dube, & Lovell, 2014). Despite the negative effect on business operations, the employers also experienced a 17% increase in morale and a unquantified increase in productivity encouraging 71% support of the new legislation by San Francisco employers (Colla, Dow, Dube, & Lovell, 2014).

The cost to employers in Germany from the mandated paid leave policy is \$1.8 billion dollars annually (Ziebarth & Karlsson, 2014). The increase in costs represents a 15% increase in employer costs yet the policy received the majority support from citizens because the alternative would be a loss of 40,000 – 80,000 jobs (Ziebarth & Karlsson, 2014). A review of the costs incurred by employers in European countries highlight the benefits of increased employee morale, reduced turnover, reduced absenteeism, and presenteeism, versus the increased costs to employers (Jorgensen & Applbaum, 2014).

### **Short Term Disability**

An alternative way to preserve income while taking leave from work is the use of

short-term disability benefits. Short-term disability insurance is a benefit offered by some employers to pay an employee a portion of his or her salary over a specific period for physical health issues unrelated to workplace injuries (Susser & Ziebarth, 2016).

Standard employer policies include eligibility and usage guidance for employees (Hagen, Wright, Finch, Jalamonti, & Edington, 2014). The standard short-term disability insurance policies state that a sick employee must utilize any available paid time off prior to applying for usage of the short-term disability insurance benefits (Hagen, Wright, Finch, Jalamonti, & Edington, 2014). The employee must contact the third-party short-term disability insurance benefit provider to verify his or her benefit eligibility (Hill, 2013). Additionally, if employees are eligible for short-term disability insurance, benefits usage may be up to twenty-six weeks (Schuster & Chung, 2014), and thereafter an employee must use long-term disability insurance benefits if available (Dimoff, Kelloway, MacLellan, 2014).

Employers who seek to provide short-term disability insurance benefits to its employees must enter into a contractual agreement with a short-term disability insurance provider (Dimoff, Kelloway, MacLellan, 2014). The requirements used to determine an employee's eligibility for short-disability insurance, negotiated by the company and insurance provider, may include, the amount of time an employee has been on his or her job, job performance, and attendance (Susser & Ziebarth, 2016). The costs of the insurance to the employer include the monthly premium payment and the costs of a short-term replacement for the absent employee to maintain the organizations productivity levels (Dimoff, Kelloway, MacLellan, 2014). The financial impact to productivity may

be up to \$1,840 per short-term disability insurance claim (Hagen, Wright, Finch, Jalamonti, & Edington, 2014). Should the short-term disability insurance benefits prove insufficient for an employee's personal financial needs he or she may seek assistance using the third-party long-term disability insurance benefits if available.

### **Long Term Disability**

Long-term disability, if offered within the employer's suite of benefits, is an insurance program that continues to provide a percentage of the employees' income should the physical illness of non-workplace injury requires time away from work for a period greater than 26 consecutive weeks (Dimoff, Kelloway, MacLellan, 2014). Employees with preexisting medical conditions like Cancer, Lupus, or Sickle Cell Anemia may require the use of long-term disability, as these types of medical treatments typically last longer than the 26-week limitation of short-term disability (Schuster & Chung, 2014). Although long-term disability insurance may not diminish absenteeism, after the employee recovers for his or her illness, the employee will likely retain employment and the probability of turnover will decrease by approximately 2.5% (Hill, 2013). Short-term disability and Long-term disability, along with other governmental mandates like the Family Medical Leave Act, are costly for employers, however, the benefit of employee morale, reduced turnover, and decrease unplanned absences may prove more beneficial to the business than the costs of the paid time off benefit programs (Colla, Dow, Dube, & Lovell, 2014).

**Family Medical Leave Act (FMLA)**

The Family Medical Leave Act, signed into law on February 5, 1993, purpose was to protect employees from job termination due to the birth or adoption of a child, a serious medical condition of an employee or his or her relative, or time required by an enlisted member of the armed forces (Hayes, Smith, Tyner, & Johnson, 2012). The FMLA laws currently cost organizations an estimated \$720,000 annually (Hayes, Smith, Tyner, & Johnson, 2012). Should the organization experience 1% increase in absenteeism the FMLA cost to the employer rises significantly (Hayes, Smith, Tyner, & Johnson, 2012). As costs increase from the use of FMLA benefits, both paid and unpaid absences diminish organizational productivity (Zhang & Anis, 2014).

**Replacement Workers**

A replacement worker is an individual contracted for a temporary period to perform an assigned task at the workplace of the employer (Chou, Chang, & Yen, 2011). An employer hires a replacement worker to complete the task of an employee who is absent for temporary personal reason or due to employee turnover (Jahn, Riphahn, & Schnable, 2012). An employer attempts to hire the same skill set and skill level of an absent employee to avoid additional training costs to the organization (Boheim & Zweimuller, 2013). The challenge with hiring replacement workers in times of increased employee absenteeism is the lack of control prior to the replacement worker's arrival to witness his or her skills and abilities to ensure they are capable of maintaining production (Jahn, Riphahn, & Schnabel, 2012). If replacement workers fail to fulfill productivity requirements while the permanent employee is absent, the increased costs incurred to

employ the replacement worker will degrade profitability. Low productivity resulting from employee absenteeism requires alternative solutions that will mitigate both the short-term and long-term effects on profitability.

Productivity costs, as a driver of organizational profitability, require employees to not only show up for work each day but also to perform their tasks while at work. The US economy, since 2008, slowly improved, but organizations continued to experience diminished profitability (Blackburn, Hart, & Wainwright, 2013). With diminished profitability business leaders, look to productivity issues that increase pressure on human resource management to implement solutions to improve employee productivity.

### **Employee Well-Being**

The programs introduced by human resource management teams provide for the needs of stakeholders at each level of the organization and ultimately improve productivity by diminishing human capital absenteeism (Biron & Bamberger, 2012). The challenge for the human resource management team appears to be the ability to implement a program that addresses the diverse reasons for employee absenteeism (Boon, Belschak, Den Hartog, & Pijnenburg, 2014). The human resource management industry appears to be shifting from an ad hoc employee-initiative business model to an integrative strategic management design, which collectively utilizes resources to improve organizational performance both internally and externally (Keupp, Palmie, & Gassmann, 2012). This strategic human resource management (SHRM) appears to address the effects of absenteeism with greater synergy using a performance measurement system like the performance prism stakeholder model (Mitchell, Obeidat, & Bray, 2013).

According to a 2011 study conducted by the National Institute for Occupational Safety and Health (NIOSH), American workers required solutions for a healthier workforce (Shill & Chosewood, 2013). The findings from NIOSH expanded to include other areas of health and well-being into six wellness categories: (a) physical health, (b) health behavior, (c) social and emotional health, (d) work-related health, (e) financial health, and (f) total well-being (Shi, Sears, Coberley, & Pope, 2013). According to Parkinson (2013), the purpose of the employee well-being program and the focus categories include providing employees with a total wellness solution. Smith and Duffy (2013) posit that initiating an employee wellness program would improve the overall health of employees and reduce employee absenteeism. A 2013 research study shows that employees who participate in an employee wellness program miss fewer days from work due to physical illness than employees who fail to participate (Smith & Duffy, 2013).

The employee wellness program predominately focuses on improving employee physical health, because of a direct correlation between physical health and productivity loss (Mitchell & Bates, 2011). Holden, et al., (2011) posit that while improving employee's lives, organizations will see a progressive improvement in productivity to meet global financial challenges. Wellness for employee's focus on physical health, however, research shows that psychological issues to include depression, mental illness, and work stress may manifest in physical illness (Mathur, 2012).

The employee wellness programs aid in positive social relationships developed between employers and employees (Baran, Shanock, & Miller, 2012). As employees feel valued and important in the success of the firm either internally or externally, the

organizational culture shifts (Mirvis, 2012). Mirvis (2012) posited that there is a direct correlation between job satisfaction, employee productivity, and a positive organizational culture and translates to positive employee morale. According to Ren (2013), when employee morale increases employee productivity increases. Employee morale appears in the way employees interact with their peers, customers, business partners, and other stakeholders of the company (Grandey, Goldberg, & Pugh, 2011).

According to Schmidt (2012), employees working in companies without a wellness program seek greater guidance from their human resource department to find resources to help them address their personal issues. Employees working in organizations with a wellness program feel valued and indicate they have no plans to terminate their employment (Gavino, Wayne, & Erdogan, 2012). While the components of the wellness programs may differ by company, with some implementing programs in all six categories while others select a limited suite of components, organizations appear to be benefiting with decreased absenteeism, increased productivity, and increased profitability (Baran, Shanock, & Miller, 2012).

### **Management Influence**

The failure of an employee well-being program often happens because of a lack of business integration and alignment, lack of clear strategic objectives, lack of senior management supervision, and an unclear distribution of programs among employees or employee groups (Schroeder, Pauleen, & Huff, 2012). Strategic management is the utilization of resources to enhance the performance of firms in their external environments (Keupp, Palmie, & Gassmann, 2012). The strategic role of human resource

professionals focuses on strengthening the organizational value of the Human Resource Management (HRM) system and its contribution toward achieving organization strategic goals (Mitchell, Obeidat, & Bray, 2013). HRM focuses on investing in attracting, training, developing, and rewarding employees to achieve competitive advantage in the long run, however, when internal management creates aversive work conditions employees may feel dissatisfied and management's actions may lead to increased employee absenteeism (Boon, Belschak, Den Hartog, & Pijenburg, 2014).

Employees require management oversight for clear direction and expectations for efficient job task completion (Juul Anderson, & Minbgeva, 2013). However, management styles play a significant role in the oversight employees receives (Schroeder, Pauleen, & Huff, 2012). According to Blackburn, Hart, and Wainwright (2013) the business management styles, innovator, change-agent, and creator of change significantly influence the likelihood of business growth and employee satisfaction. While managers who hold the belief that threat of termination (Zatzick, Deery, & Iverson, 2015), non-physical abusive supervision (Boon, Belschak, Den Hartog, & Pijenburg, 2014), and downsizing and overworking existing employees (Skrepnek, Nevins, & Sullivan, 2012) find their actions increase work stress, absenteeism, and presenteeism.

A 2012 research study highlighted that increased productivity stemmed from employees who felt fulfilled with their personal goals, which resulted in decreasing absenteeism and presenteeism (Bockerman, Bryson, & Ilmakunna, 2012). Soane, Shantz, Truss, Rees, and Gatenby (2013) posted that employees engaged with their work found more energy and happiness within their work, citing that their engagement influenced

their perceived meaningfulness of work. The employee engagement or meaningfulness of work perception diminished based on the employees' perception of the supportive nature of their direct supervisor (Biron & Bamberger, 2012). When the employee felt the supervisor lacked support for his or her work efforts, absenteeism increased (Biron & Bamberger, 2012). When the employee felt the supervisor supported his or her work efforts, absenteeism decreased (Biron & Bamberger, 2012). Additionally, when employees felt threatened by his or her supervisor work stress, absenteeism, and presenteeism increased (Ruiz-Palomino, Suez-Martinez, & Martinez-Conas, 2013). When employees felt that executive leadership supported the hostile work environment created by their direct supervisor without diffusion by HRM, employee work stress, absenteeism, and presenteeism significantly increased (Carlson, Ferguson, Hunder, & Whitten, 2012).

Failure by human resource management to make effective management and employee hiring decisions, and implement beneficial employee programs may negatively effect productivity and profitability (Hegebarth, 2012). While a lack of balance between management's involvement or lack of involvement in employees' lives also may effect employee productivity (Pierce & Aguinis, 2013). The results of an imbalance of management involvement, failure to provide resources, and an outlet for employee needs may result in reduced employee morale, another symptom of reduced productivity and increased absenteeism.

### **Employee Morale**

Employee morale describes the employee's feelings, satisfaction, and overall outlook on their workplace environment (Mirvis, 2012). Low employee morale

typically manifests via employee disengagement (Coward, 2014). According to Cowart (2014) employee disengagement is one of the most important factors in declining productivity that leads to increased absenteeism, increased costs, and poor productivity. The Perceived Organizational Support theory is the degree that the employee believes their organizations value their work and well-being (Baran, Shanock, & Miller, 2012). According to Grandey, Goldberg, and Pugh (2011) employees develop a perception about the company's morals and values based on their interaction with their peers, customers, leaders, and business partners.

Human Resource Management leads the effort to evaluate and respond to issues that effect employee's perceived organizational support. According to a 2012 survey conducted with human resources managers a prevailing concern for both potential and current employees was the accessibility of wellness plans and incentives (Schmidt, 2012). Strategic human resource management teams now find it necessary to strike a balance between HRM's responsibility to organizational goals and employee well-being (Boon, Belschak, Den Hertog, & Pijenburg, 2014). Employee wellness programs appear to be part of the measurement of high or low employee morale, which directly aligns with absenteeism, presenteesim, and productivity.

### **Performance Prism Theory**

Neely, Adams, and Kennerley (2002) developed the performance prism to help organizations evaluate, improve, and assess tangible and intangible organizational performance. Neeley, Adams, and Kennerly (2002) posited that the basis of organizational success originated from its stakeholders. Stakeholders consist of

individuals or groups that have an interest in the organization (Yadav & Sagar, 2013). Stakeholders may include, but not limited to, investors, customers, employees, suppliers, regulators, and lobbyists (Neely, Adams, & Kennerly, 2002). These stakeholders all required something from the organization while the organization simultaneously required something from the stakeholders (Neely, Adams, & Kennerly, 2002). The Performance Prism measurement systems used by the organizations enable leaders to define the specific needs of their stakeholders and forge a plan to fulfill those stakeholder's needs (Neely, Adams, & Kennerly, 2012; Saunila & Ukko, 2012).

The Performance Prism processes requires leaders to answer five fundamental questions for the organization: (a) identify your stakeholders and their wants and needs, (b) identify what the organization needs and wants from the stakeholders, (c) identify the strategies needed to fulfill the desires of the stakeholders, (d) identify the processes necessary to satisfy the needs and wants of the stakeholders, (e) identify the resources, people, software, equipment, and infrastructure that must be in place to satisfy the needs and wants of the stakeholders (Neely, Adams, & Kennerly, 2002). The answers to these questions become a framework for a comprehensive and integrated pathway for measuring business performance (Saunila & Ukko, 2012).

Regarding employee stakeholders, the answer to the five fundamental questions may provide a framework for fulfilling the needs and wants to track and potentially mitigate employee absenteeism. Employee stakeholders want and need to feel organizations value his or her contributions and care about their well-being (Baran, Shanock & Miller, 2012) while organizations need employees to attend work and

perform optimally, while in attendance, to meet productivity needs (Alexander & Wang, 2015). The role of ensuring these needs and the implementation of processes and resources necessary to maintain needs fulfillment belong to human resource management teams (Boon, Belschak, Den Hertog, & Pijenburg, 2014). Without fulfilling the needs of the employee, stakeholder organizations may experience decreased productivity, increased absenteeism, diminished employee morale, and a diminished reputation (Bockerman, Bryson, Ilmakunnas, 2012).

The Performance Prism theory has limitations; however, it proved to be the best theory to apply in assessing the impact of absenteeism on organizational performance. W. Edwards Deming created the 14 points of TQM (Total Quality Management), based on his work in Japanese organizations prior to World War I (Deming, 1985). Deming created the quality management system to help organizations focus on their quality, productivity, and competitive position (Deming, 1993). According to Deming (1993), companies must have one aim to make it possible for people to work with joy. Deming, deemed the father of quality management system in Japan and United States, developed a comprehensive quality and management system, however, failed to guide or circumvent the personal issues of employees affecting absenteeism levels. The performance prism is a model organization's may use to assess and possibly thwart the impact of employee absenteeism on organizational performance.

As previously highlighted, absenteeism is the most dangerous threat to an organization because of a loss in productivity (Vishnupriya, Suganya, & Bhwanaswari, 2012). Exclusive of the performance prism theory, other theories prove promising but fail

as a model specifically to assess and potentially reduce the effects of absenteeism on organizational performance. Maslow's hierarchy of needs theory, which posits that unless all human needs are fulfilled including, food, water, shelter, and warmth they will focus on elements of life other than their work tasks, which may result in reduced productivity (Maslow, 1943). The EFQM (European Foundation for Quality Management) developed a system of assessing an organizations performance through the process of quality management (Gome-Gomez, Martinez-Costa, & Martinez-Lorente, 2011). The EFQM system, based on nine criteria consisting of five enablers and four results, proved inconsistent from company to company. The outcome of the EFQM system failed as a performance management system because if any company failed to satisfy any of the enablers, the measurement outcome failed to garner the expected results (Gome-Gomez, Martinez-Costa, & Martinez-Lorente, 2011). Other management theories like TQM (Total Quality Management) (Jiminez-Jiminez, Martinez-Costa, & Martinez-Lorente, 2015), the Value Mapping (VM) method (Pilcher & Jack, 2008), and the Balance Scorecard (Kaplan & Norton, 1995) failed to provide the defined framework to view the organization from the stakeholder perspective (Jakobsen & Leug, 2014). The Balance Scorecard appeared as a promising theory, however researchers found the theory lacked a unified definition of critical measurement components. The balanced scorecard participants found that the definition of success, achievement of organizational goals, and employee satisfaction differed based on the stakeholder (Jakobsen & Leug, 2014). The result of the review of alternate management theory supports the use of performance

prism theory to consider what human resource leaders may do to reduce the adverse effects of absenteeism on organizational performance.

### **Transition and Summary**

Section 1 contained a background of the study and the problem statement, what are the strategies human resource business leaders need to mitigate the adverse effects of employee absenteeism on organizational profitability. Section 1 included some key elements for the study, to include the Problem Statement, Purpose Statement, Nature of the Study, Research Question, Conceptual Framework, Significance of the Study, and Literature Review. The data gathered for the literature review helped the researcher garner an understanding of the issues, current resources, and managerial perspectives unique to employee absenteeism and its effect on organizational productivity and profitability. The review of literature included information about the performance prism theory and its focus on organizational stakeholders, employees, customers and investors, needs. Section 2 includes the description of the qualitative case study research approach, including the population and sampling, data collection, data analysis, reliability, and validity and an overview of Section 3.

## Section 2: The Project

The purpose of this qualitative exploratory single case study was to explore the strategies human resource business leaders need to mitigate the adverse effects of absenteeism on organizational profitability. The most dangerous threat to organizational profitability is employee absenteeism (Vishnupriya, Suganya, & Bhwanaswari, 2012). I studied a company that had implemented an absenteeism mitigation program. The findings may prove valuable for other organizations seeking to mitigate organizational profitability losses due to employee absenteeism. In this section, I include detailed information regarding the methodology and research processes. This section also includes the purpose statement, the role of the researcher, participants, research design method and design, population, sampling, and data collection. The data collection subsection includes an in-depth discussion regarding the data analysis procedures and reliability and validity of the study.

### **Purpose Statement**

The purpose of this qualitative single case study was to explore the strategies human resource business leaders need to reduce the adverse effects of absenteeism on organizational profitability. The target population consisted of human resources managers of an organization located in Atlanta, Georgia. These managers had implemented an absenteeism mitigation program more than three years before this study. Rantanen and Tuominen (2011) suggest that employee absenteeism may be an organization's largest expense and the reason for diminished profitability. Findings may help leaders improve

organizational productivity and profitability, provide more stability for employees, which may result in thriving communities and other positive social change.

### **Role of the Researcher**

In a qualitative exploratory case study, the researcher must place themselves within the context of the phenomenon being studied (Kyvik, 2012) while collecting, organizing, and interpreting collected data (Yin, 2013). As the researcher, my primary role was to collect and organize data, categorize themes, and identify ethical, bias, and confidentiality issues (see Cronin, 2014). I brought over 20 years of work experience to this research as an accountant and financial analyst analyzing profitability losses from employee-related issues such as absenteeism, short and long-term disability, and other health-related absenteeism issues. I have never worked as a human resource business leader engaged in the implementation of an employee absenteeism mitigation program, however. I relied on the responses of the human resource business leaders for the lived experiences related to an employee absenteeism mitigation program and its effect on organizational profitability.

In case study data collection, the researcher should control the formal data collection activity; interviewing, actively listening, being adaptive and flexible, keeping a firm grasp on phenomenon being studied, while being sensitive and responsive to evidence contradictions (Yin, 2011). My case study data collection engagement included interviewing participants following a defined interview protocol using semistructured interview questions which may prove useful when the phenomenon has available participant objective information but lacks available statistical data. (McIntosh & Morse,

2015). A defined interview protocol creates an invitation for the participant to respond to interview questions in a narrative manner which captures his or her personal experiences rather than answering option or suggestion-based questions (Brown, et.al., 2013).

Conducting semistructured interviews encourages participants to talk about their real life experiences, thereby providing an opportunity for the researcher to gather extensive, in-depth information (Damianakis & Woodford, 2012) along with data from other evidence sources (Yin, 2011). A researcher's data collection interviewing skills should enhance the answers received from study participants when the boundaries between the phenomenon and context lack clarity (Yin, 2011). I acknowledged that my personal experiences with financial analysis and my positivist worldview may have contributed to potential bias. However, I used member checking, which is a critical technique to establish research data credibility (Damianakis & Woodford, 2012), to diminish personal bias on data analysis or the research outcome.

Human subjects research involves a systematic investigation into individual's lived experiences to contribute to general knowledge about a phenomenon (U.S. Department of Health Education, 2014). Conducting human subjects research using interviewing or other direct engagement techniques requires researchers to use basic ethical principles for activities involving the direct interaction or use of the subject's responses for the research (The Belmont Report, 1978). According to the Belmont Report (1978), there are three basic ethical principles required for human subjects research: (a) respect for persons, (b) beneficence, and (c) justice. The researcher must take special care to ensure the protection of research subjects from undue harm and the respectful and

equitable treatment of research subjects to ensure their well-being while participating in the research (The Belmont Report, 1978).

### **Participants**

According to Bankert, Coberley, Pope, and Wells (2014) less than 20 U.S. organizations, as of December 2012, had implemented an absenteeism mitigation program in response to the impact employee absenteeism had on corporate profitability. Justification for a single case study occurs when the subject represents a unique or rare case (Yin, 2009). According to research by Bankert, Coberley, Pope, and Wells (2014) and Frostin (2011) there are only 20 U.S. companies that implemented an employee absenteeism mitigation program (E.A.M.P.) in 2012 as a strategic part of their employee well-being program. The case study participant eligibility criteria were one of the 20 companies that implemented an employee well-being program no less than three years prior to this research study. I selected the human resource business leaders within the organization with knowledge and experience with the study phenomenon (Mead, Cohen, Kennedy, Gallo, & Latkin, 2015). The study included four human resource business leaders and one third-party service provider directly engaged in the E.A.M.P. I accessed the human resource business leaders through the organization's vice president of human resources in charge of the employee well-being/E.A.M.P. via email request to gauge interest. The vice president of human resource contacted the human resource director responsible for internal management of the employee well-being/E.A.M.P. The human resource director emailed their human resource business leaders throughout the organization directly engaged with the employee well-being program to identify four

human resource business leaders willing to participate in the study. The human resource director emailed the third-party service participants that facilitate the employee well-being programs willing to participate in the study. Once I received approval from Walden University Institutional Review Board (IRB) the human resource business leader and third-party service provider received, an informed consent form outlining the purpose of the study (See Appendix D) along with introduction letters (See Appendix A) via e-mail.

In accordance with case study protocol, I developed a working relationship with participants to create open and honest communication to honor the respect for participants' comfort, safety, and security in an ethical and respectful manner (Yin, 2009). Donnelly, Gabriel, and Ozkazanc-Pan (2013) expressed that the researcher must be tolerant and a transparent observer when the working relationship exists in the participant's natural environment. I developed a working relationship at the organizations corporate headquarters to facilitate and audio record the face-to-face interviews with the human resource manager participants located in Atlanta, Georgia. The working relationship at the organization's headquarters provided greater comfort for participants and enhance the facilitation of the interview protocol in an ethical manner (Platt & Skowron, 2012). I have sole access to all data, stored within a fireproof and locked safe for a period of five years

### **Research Method and Design**

The research method of this study was a qualitative case study approach. I explored methods that worked for one organization to mitigate the adverse effect of employee absenteeism on corporate profitability using an in-depth analysis of interviews

and other evidence sources (Yin, 2013). Qualitative research helps researchers gain a greater understanding of a social phenomenon (Damanakis & Woodford, 2012). A case study research design was appropriate for this study due the limited number of companies with human resource managers and employees with the unique lived experiences relating to the phenomenon (Mendez-Morse, 2015).

### **Method**

The most common research methods are quantitative, qualitative, and mixed methods (O'Brien, Harris, Beckman, Reed, & Cook, 2014). The most appropriate research method for this study was qualitative (Duan, Bhaumik, Hoagwood, & Palinkas, 2014). The qualitative research method afforded the researcher the opportunity to explore a phenomenon affecting business production (Cho & Park, 2013). Seeking to understand a phenomenon affecting business production requires in-depth exploration of professional individuals lived experience, who participated in a phenomenon, which affected business production (Damanakis & Woodford, 2012).

The quantitative research approach measures a hypothesis conducted in a systematic and controlled manner (Hagan, 2014). Quantitative research approach affords the researcher the opportunity to conduct experiments, statistically evaluate and analyze collected data, and assess the difference between data groups (Ioannidis et al., 2014). The outcome of this analysis provided the researcher the opportunity to determine the effectiveness of treatments for the initial research question (Hagan). The quantitative approach was unsuitable because this research lacks hypotheses and instead focused on a

business research question that effected corporate profitability based on inductive or human experience and perspectives (Eschambadi, Campbell, & Agarwal, 2012).

A mixed methods study includes both the quantitative and qualitative research methodology (Morse & Cheek, 2014). The mixed method research method has research data collected to validate the quantitative hypothesis and qualitative social and subjective research question. The focus of this study was the lived experiences and other supporting data of a phenomenon relating to business without a hypothesis (Duan, Bhamik, Hoagwood, & Palinkas, 2015). A mixed methods study proved inappropriate for this research study.

### **Research Design**

I selected an exploratory case study design for this study. According to Yin (2011), a case study proves most useful with complex social phenomenon, when the research question is a “how” or “why” question, based on a contemporary event, and the researcher has little or no control over the issue. The research question focused on the solutions some human resource business leaders use to mitigate the adverse effect of employee absenteeism on corporate profitability. The population of corporations who implemented an employee absenteeism mitigation program was very small and required an extensive and in-depth exploration of the phenomenon (Yin, 2014).

According to Guest, Bruce, and Johnson (2006), the more a population is familiar with the experience or domain knowledge of the phenomenon the less participants required for data saturation. I ensured my focus on data saturation achievement was when the analysis of interview data no longer derived new information. With the limited

organization populations who have experience with this phenomenon, the case study was most appropriate for this study. This case study included multiple sources of evidence; interview human resource business leaders lived experiences, the employee absenteeism policies, the E.A.M.P available trainings, and supporting documentation showing the learning objective for each training along with employee follow-up procedures, and the lived experiences of the third-party providers relating to the training programs (Yin, 2014).

A phenomenological study focuses on the lived experiences among groups of a social phenomenon (Bernard, 2013). A phenomenological research design is primarily used to find patterns and themes among multiple individuals that may have experienced an event (Hain, Tonhy, Sparks, & Enstrom, 2014). This study focused on the unique experiences of a group with respect to a social phenomenon experience within a single company. A phenomenological research design may have worked with this study, however since a narrow segment of the population experienced this phenomenon a case study proved more conducive to this study.

A narrative study focuses on the story of a specific participant(s) surrounding a specific narrative (Barkhuizen, 2014b; Paschan & Ison, 2013). According to Pashan and Ison (2013), human cognition centers on a specific narrative for greater understanding. The narrative study design focuses on a single narrative whereas this study required in-depth review of multiple participants of this unique social phenomenon.

An ethnography research design focuses on a specific culture phenomenon (Katz, 2012; Baskerville & Myers, 2015). Although a corporation may be a specific culture all members of the corporation, subject to the study, have not participated in E.A.M.P. Additionally, all human resource managers were not involved with employees who participated in the E.A.M.P. An ethnography study proved most appropriate when studying human cultural groups (Jones, 2015). A grounded theory research design focuses on procedural phenomena (Oreilly, Paper, & Marx, 2012). The focus of this study was lived experiences of human resource business leaders with their unique employee absenteeism mitigation programs, not the procedures implemented to govern the program. A grounded theory proved inappropriate for this study.

### **Population and Sampling**

I used a purposeful sampling to select participants (Palinkas et al., 2013). Purposeful sampling affords the researcher the flexibility of selecting participants based on their knowledge and experience with the study phenomenon (Mead, Cohen, Kennedy, Gallo, & Latkin, 2015). Using purposeful sampling, I selected four human resource business leader participants and one third-party service provider participant in connection with a single corporation (Duan, Bhaumik, Hoagwood, & Palinkas, 2015). I accessed the human resource business leaders and third-party service providers through the vice president of human resources for a corporation located in Atlanta, Georgia, who implemented an E.A.M.P. more than three years before this study. The goal of using this sample size was to gain data saturation to the point where no new derivative of data

occurred from those interviewed using consistent interview questions and procedures (Yin, 2013).

Participant requirements for human resource business leaders included their involvement with the E.A.M.P either as a human resource business leader of employees who participated or as a human resource business leaders responsible for the E.A.M.P. for more than 12 months prior to the scheduled interviews. Participant requirements for third-party service providers included their involvement with the company's E.A.M.P for more than 12 months prior to the scheduled interviews. All participants must avail themselves for semistructured interviews either face-to-face or via Skype® at the corporation headquarters (Hanna, 2012; Seitz, 2015).

### **Ethical Research**

Ethical research protects participants from physical or psychological harm related to a research study (Oliver & Barr, 2014). I followed the ethical standards established by The Belmont Report issued by the US Department of Health and Human Services (1978), to include adherence to the code of conduct governing interviewing research participants. Engagement with interview participants commenced after receipt of approval from Walden University Institutional Review Board (IRB). I informed all participants about the premise of the study and that there were no monetary or nonmonetary incentives for participation in this study as highlighted by Fiske and Hauser (2014). I took extra care to protect all potential research subjects as highlighted by Oquendo et al., (2014) and ensure all participants sign an informed consent form (See Appendix D) agreeing to participate in this study. This study did not target nor exclude vulnerable populations. All

participants were able to withdraw from the study prior to the data analysis stage by notifying the corporation liaison and notifying me via telephone or email. I retained all information on an external drive (flash drive) maintained in a locked safe for a period of five years. I am the only person with access to the external drive (flash drive) for a period of five years. After five years, I will destroy the external drive (flash drive).

### **Data Collection**

Qualitative case study researchers may use interviews as a data collection method (Yin, 2013). I conducted semistructured interviews with study participants along with collecting company and archival documentation from both human resource managers and the third-party service providers who facilitated the E.A.M.P training courses to achieve methodological triangulation (Yin, 2013). Prior to collecting any data from the company, I obtained a signed informed consent (Appendix D) from each participant.

### **Instruments**

I functioned as the primary data collection instrument, as I was the researcher and interviewer (Petty, et al., 2012). I used semistructured interviews as the primary data collection tool (McIntosh & Morse, 2015). I asked each participant fifteen open-ended interview questions (Appendix E) relating to their experiences with the E.A.M.P. I used member checking by submitting the transcribed interview data to gain confirmation that I accurately captured information and intent from the corporate participants for reliability and validity purposes (Morse & McEvoy, 2014). Member checking afforded the participants the opportunity to confirm accuracy and credibility of data along with reasonable sequence of the analysis and interpretation of the information provided during

their interview (Marshall and Rossman, 2016). As Yin (2013) posited regarding case study research, to achieve methodological triangulation I obtained company documentation and third-party documentation relating to the E.A.M.P. The goal of this instrument was to analyze the perceptions of human resource managers about the success of the E.A.M.P. and its impact on employee absenteeism and corporate profitability.

### **Data Collection Technique**

Upon receipt of approval from Walden University's IRB I contacted the companies located in Atlanta, Georgia identified through public data having implemented an E.A.M.P as part of their employee well-being program more than three years prior to this research. I gathered the email address for the Vice Presidents of Human Resources for the subject companies and requested permission to engage them in voluntary participation in this study. After acceptance by the Vice President of Human Resources by one of the organizations, I requested contact information for the Human Resource Director over the employee well-being program. After that, I emailed the Human Resource Director an invitation for their human resource managers and third-party service providers to participate in the study (Appendix A & Appendix B). Upon receiving the signed or electronic consent forms from the selected participants, I scheduled on-site visits to the organizations corporate office to conduct face-to-face or Skype® interview using the semistructured interview protocol (Appendix F). I asked the participants the open-ended questions (Appendix E) adhering to the interview protocol with respect to the overarching study research question; What strategies do human resource leaders use to reduce the adverse effects of employee absenteeism on organizational profitability? I also

took note to capture nuances, and clarity observed during the interview (Pierre & Jackson, 2013). I eliminated interviewer leading, interviewee pressure, and reduce interviewer bias to allow participants to convey their personal experiences with the specific social phenomenon (Chung et. al., 2013). I audio-recorded the interviews and used NVivo® software to assist with coding responses and categorization of themes. The codes and themes were derived from the formal data collection analysis activity and the conceptual framework. Microsoft Word® and Microsoft Excel® was also used to support the coding, theme categorization, and data organization. While visiting the organizations corporate headquarters, I also collect secondary data sources from the human resource director and the third-party service provider who supported the employee well-being programs.

The purpose of defining the data collection techniques was to demonstrate the trustworthiness of the content and well-saturated data (Elo, Kaariainen, Kanste, Polkki, Utriainen, & Kyngas, 2014). Building confidence in the research data came from how well the data addresses the intention of the research (Elo, et al., 2014). I collected data using semistructured interviews and open-ended questions when conducting face-to-face or Skype interviews to collect both spoken and unspoken responses to the interview questions (Pierre & Jackson, 2013). The advantage of using face-to-face or Skype interviews was the opportunity to ask more in-depth questions beyond the open-ended questions to gain a greater understanding of the participants' perspective regarding any of the 13 questions asked. After completion of the initial interview, I transcribed the participants' responses and submitted the transcription to each participant for member

checking. Using member checking afforded greater confidence in the integrity of the collected data, as the participant affirmed the accuracy of the collected data (Elo, et al., 2014). The disadvantage of these data collection techniques derived from the research limitation, as we entrusted that participants would be truthful with their responses to the open-ended interview questions.

### **Data Organization Techniques**

I identified participants in this study by an alphanumeric code. The alphanumeric code beginning with a letter “H” is for the human resource managers while the alphanumeric code beginning with a letter “T” for the third-party service providers. I utilized alphanumeric coding to ensure confidentiality of participant’s personal identification along with that of the corporation (Yin, 2013). Themes and patterns emerged based upon interview questions answered after merging the interview analysis using NVivo® software for data analysis. I collected the additional evidence from the Human Resource managers relating to the employee absenteeism policies along with documents provided by the Corporation and the third-party training support providers. All interview documentation and interview related documents given to the researcher were stored in a locked fireproof storage for a period of five years and after that will be destroyed.

### **Data Analysis Technique**

I transcribed the qualitative research interview data (Pierre & Jackson, 2013). The interview questions captured the relevancy of the lived experience of the participants in alignment with the research question (Yin, 2013). Qualitative researchers achieve data

collection by conducting and analyzing interviews (Yin, 2013). After transcribing the interview data, I submitted a copy of the individual participants' answers for member checking for validity to ensure I appropriately captured the intent of the answers from the participant and capture any new information they chose to provide (Fusch & Ness, 2015). I entered the final transcript into the NVivo software for coding and themes to glean a greater understanding of the phenomenon (Bergin, 2011; Leech & Onwuegbuzie, 2011).

According to Yin (2013), analyzing data is the search for promising patterns, insights, or concepts. The use of computer-aided software like NVivo® helps identify themes and patterns only after the researcher performs the four stages of analysis on the data; comprehending, synthesizing, theorizing, and re-contextualizing (Houghton, Murphy, Shaw, & Casey 2014). Achieving methodological triangulation, the process of using multiple sources of data to increase study validity, requires not only the incorporation of the multiple sources of evidence but also appropriately incorporation all source of data collection (Yin, 2013). I familiarized myself with the data by establishing data categories and subcategories aligned with the research question (Maglyas & Smolander, 2014). I input all categorized data from interviews, member checking, secondary data, and documents from the human resource managers and third-party service providers into NVivo® software as described by Leech and Onwuegbuzie (2011).

The use of computer software in qualitative research analysis helps the researcher increase the rigor of their qualitative data analysis processes (Leech & Onwuegbuzie, 2011). NVivo® is a computer software useful for coding and categorizing data from multiple sources to determine emerging themes and data similarities (Bergin, 2011). I

input my data from multiple data sources with my manually created categories and subcategories to allow for data triangulation and aligned data with performance prism conceptual theory (Maglyas & Smolander, 2013). Finding themes in the data that align with the performance prism conceptual theory the findings correlated with useful strategies to mitigate the adverse effects of employee absenteeism on corporate profitability.

### **Reliability and Validity**

The aim of research is to leverage information from multiple sources and perspectives without compromising its validity and reliability (Chetty, Patann, Rasmussesn & Servais, 2014). To ensure the integrity of research data reliability and validity must be assessed (Barry, Chany, Piazza-Gardner, & Chavarria, 2014), by inherently integrating reliability and validity scrutiny into the research process (Morse, 2015). According to Trochim (2012), the traditional tests for reliability and validity include dependability, credibility, transferability, and confirmability.

#### **Reliability**

Reliability is about dependability of the study results and is critical in research studies for the assurance of data accuracy (Kyvik, 2013). Dependability relates the assumption that the data can be repeated and replicable in future research (Trochim, 2012). Reliability proves effective when the repeated study procedures produce the same outcome (Yin, 2011). Yin (2011) stated that researchers must closely control the research process in a consistent manner to ensure reliability, which provides the foundation for a case study. The primary basis for this study was to find dependable and reliable data that

did not contain bias (Donnelly, Gabriel, & Ozkancanc-Pan, 2013). I collected data consistently using the research design and method for conducting interviews and collecting additional data evidence sources aligned with the case study requirements (Bjarnason et al., 2014). Using the analysis of the originally transcribed data and member checking helped derive data saturation or the requirement for additional participants for dependability (Fusch & Ness, 2015). Additionally, previous research relating to the conceptual framework and components of the research question assisted in the reliability of the research design and research method.

### **Validity**

The tests commonly used to determine the validity of social research include credibility, transferability, and confirmability (Trochim, 2012). Credibility refers to the results of the research as derived from credible sources and the belief in the participants' contribution (Trochim, 2012). Transferability refers to the degree that the research can be transferred and generalizable for future research (Trochim, 2012). Confirmability refers to the ability of readers to confirm or corroborate the researchers' analysis (Trochim, 2012). I used member checking to provide the participants the opportunity to review and validate that the summarization accurately portrayed their experiences for credibility (Morse & McEvoy, 2014). Additionally, the human resource business leaders responsible for the E.A.M.P. performed member checking on the summarization and analysis of the additional evidence provided by the organization for confirmability. The lived experiences of the participants and secondary data assisted in understanding the study phenomenon for transferability (Hain, Touhy, Sparks, & Enstrom, 2014). Each of these

benchmarks of validation supported triangulation of the data, as the cross verification of data using member checking along with review of the secondary data provided by the human resource manager participants increased the validity of the data (Denzin, 2012).

### **Transition and Summary**

The purpose of this qualitative exploratory single case study was to explore the strategies human resource business leaders use to mitigate the adverse effects of employee absenteeism on corporate profitability. In Section 2, I provided details regarding the purpose of this study, a discussion of the role of the researcher, the participants of the study, the research method and design, and the population and sampling methods. In Section 2, I also described the plan for data collection, organization, and analysis, followed by a description of reliability and validity concerns as they pertain to this study.

Section 3, includes (a) the introduction, (b) a presentation of the findings, (c) the application to professional practice, (c) implications for social change, (d) recommendations for action, (e) recommendations for further study, and (f) reflections. The final section linked the study findings to current professional practice, potential implications for social change, further study recommendations, and personal reflections.

### Section 3: Application to Professional Practice and Implications for Change

#### **Overview of Study**

The purpose of this qualitative single case study was to explore the strategies human resource business leaders need to reduce the adverse effects of absenteeism on organizational profitability. The population included four human resource managers and one third party service provider for an organization located in Atlanta, Georgia, which had implemented an absenteeism mitigation program more than three years before this study. Data gathered from the participants' semistructured interview responses contributed to the present body of knowledge. These findings may affect business practices and social change by assisting other organizations in mitigating the adverse effects of absenteeism on organizational profitability.

The overarching research question for this study was, what strategies do human resource business leaders use to reduce the adverse effects of employee absenteeism on organizational profitability? I categorized the findings into themes. I identified specific strategies which other organizations who sought to mitigate the adverse effects of absenteeism on corporate profitability could imitate. Moreover, SMEs can implement these types of strategies to mitigate the adverse effects of absenteeism. Organizations require a corporate culture that empowers human resource leaders to implement programs that promote the overall health and wellbeing of their employees. Designing a corporate culture that promotes a healthy workforce is one way to address employee stakeholder needs while also focusing on enhancing the organization profitability.

### **Presentation of the Findings**

The population under study included human resources leaders at a single organization. At the time of data collection, the organization employed more than 80,000 employees with in company facilities located around the world. The median tenure for employees working at the organization's corporate offices in Atlanta, Georgia, was 5 years, 4 months. The median tenure for employees working at locations outside of the corporate offices was between 15-20 years.

Addressing stakeholder needs requires a well-designed plan for implementation and management along with support from all levels of the organization. Employee stakeholders want and need to feel that organizations value his or her contributions and care about their well-being (Baran, Shanock & Miller, 2012). Organizations need employees to attend work, perform optimally while working and meet productivity needs (Alexander & Wang, 2015). The role of ensuring these needs and the implementation of processes and resources necessary to maintain needs fulfillment belong to human resource management teams (Boon, Belschak, Den Hertog, & Pijenburg, 2014). Failure to fulfill the employee stakeholder needs may result in stakeholder organizations experiencing decreased productivity, increased absenteeism, diminished employee morale, and a diminished reputation (Bockerman, Bryson, Ilmakunnas, 2012).

Adhering to the research question I interpreted the data using the five step method (Yin, 2014). I explored data in search of promising patterns, insights, and concepts. After analyzing data, three themes emerged. All themes related to business practices, PPT, and stakeholder needs fulfillment.

**Theme 1: Organizational Culture**

Competitive advantage and enhanced organizational profitability directly correlate to the level of employee stakeholder engagement, both in the short term and long term (Harten, Schmidt, Agrawal, and Plowman,2013). According to the organization's 2015 Investor Day presentation, the organization remained steadfast in their mission, which stated all stakeholders share in our success including employees, customers, and investors. According to the organization's corporate documentation, the employee stakeholders are engaged and motivated to generate results. The organization's 8K, the quarterly public organization Securities and Exchange Commission reporting, also makes reference to its "Rules for the Road." The "Rules" are the foundation of what makes the organization unique and drives the culture of open and honest communication which is their strategic competitive advantage. According to the chief human resource officer, their culture fuels their success.

All participants stated that their corporate culture drives the organizations focus on overall health and wellbeing as it relates to their personal needs. Also, participants including the human resource managers and the third party service provider echoed the sentiments that the organizations leaders, from the executive leadership to middle management were the keys to the success of the organizations absenteeism mitigation strategies. The organizational culture demands a greater focus on the wellbeing of all 80,000 employees.

The 80,000 employee base included two sectors of employees; merit and scale. Merit employees include those who hold an executive or officer title and compensated as

salaried employees. Scale employees include frontline or personnel who engage with the customer. Each employee sector retains a specific responsibility for mitigating employee absenteeism. Merit employees are responsible for executing the policies and procedures designed by the organization to mitigate absenteeism. Human resource managers are responsible for supporting management's efforts to engage employees in the adherence of the organizations policies and procedures.

All human resource managers and the third party service provider participants from the organization located in Atlanta, Georgia in the Airline Industry that implemented the absenteeism mitigation programs more than three years before this study were well versed in the policies and procedures necessary for absenteeism management. According too participant H3, the organization maintains cycles of reliability. These are reporting management requirements based on historical attendance records when greater attention or awareness is required by management to be vigilant with employee absenteeism. According to historical absenteeism reporting, summertime and holiday seasons are both critical to business operations and have the greatest instances of employee absenteeism. According to Heyman (2015), engaged employees perform better while disengaged employees erode productivity, profitability, and employee morale. Participant H4 expressed that their responsibility was to assist management with keeping the employee engaged by addressing employees using the performance development process, while participant H3 stated the goal is to build a relationship between the leader and employees. This process helps hold employee stakeholders accountable for their actions, supports his or her personal needs and

encourages them to utilize the organization's resources to get back to being an engaged and motivated team member in alignment with the organizational culture.

According to Harten, Schmidt, Agrawal, and Plowman (2013), a common reason for leaving an organization is due to the quality of management. All of the participants resoundingly stated that the effectiveness of all of the absenteeism mitigation solutions was managements' engagement. Participant H1 suggested that managers may not be adept at looking for the warning signs of an employee experiencing issues which are causing his or her absence. During this time, it is the responsibility of the human resource manager to guide the managers to become a resource for their employees as they are the keys to their employee's success. Participants H2, H3, and T1 expressed that there was a direct correlation between the manager's engagement and the effectiveness of the absenteeism mitigation solution for his or her employees. Participant H4 expressed that either the managers are a champion for the absenteeism mitigation solutions or they are the reasons for increases in absenteeism. According to all participants, leaders are the most influential component to the effectiveness of the absenteeism mitigation solutions.

According to all of the human resource manager participants, organizational managers only attend management training one time while transitioning from a scale employee to a merit employee or as a new incoming manager. The organization does not require additional or refresher management training for the duration of the manager's career. Although participant H1 and H2 highlighted the fact that follow-up training is available, the training course available via webinar or online classroom exercises are

voluntary. According to Christine, Devie, and Tarigan (2015), learning and growth are one of the key components of improved organizational performance.

### **Theme 2: Wellbeing Program**

There is a bidirectional correlation between a focus on stakeholder needs and corporate financial performance (Ameer & Othman, 2012). All of the participants discussed the organizations wellbeing program. The programs design is based on the organizations culture to help employees understand the concept of preventative maintenance and general wellness. Participant H1 identified the numerous ways that the organizations wellbeing program benefited the company; (a) improves organizational productivity, (b) as a self-insured organization a focus on wellness keeps employees at work and performing optimally (c) reduces health claims, and (d) improves profitability. The programs help employees take better care of themselves and their families while providing opportunities to use external resources like fitness gyms and reduced price healthy meal options. The wellbeing programs include a focus on physical, mental, and financial health. According to participant H3, the healthier an employee is, the more productive he or she will be and the more dependable he or she will be.

The physical wellbeing program has a monetary incentive and has the greatest employee engagement. Personnel participate, on a voluntary basis, in physical or online training challenges to improve their health. As a result of their participation employees gain monetary incentives towards their health insurance deductibles. The physical challenges help employees participate in friendly competitions based on wellness. The organization provides the tools and resources to track wellness. Participant H1 offered a

current challenge example where employees can track their steps, water intake, and fruit and vegetable intake using a mobile application. Participants H1, H3, and T1 added that these challenges help employees feel motivated and focused on their wellbeing.

According to Harten, Schmidt, Agrawal, and Plowman (2013), the leading indicator for a motivated workforce focusing on growth and sustainability is the quality of an organizations human resource programs. Participants H2 and H4 both stated while they are not sure that the wellbeing program is a direct correlation with reduced absenteeism they do recognize the changes in the attitude and positive outlooks relating to work for the employees who participate in the physical wellbeing programs.

The mental wellbeing program is the Employee Assistance Programs (EAP). The employee assistance program is a 3rd party assistance group designed to help align employees with external resources like psychologist or family support services and assist employees in their personal lives. According to participants H1 and H3, the program is a free service that an employee can use to call for assistance with mental issues originating from physical, mental, familial, or other external factors. According to participant H1, the program is convenient and cost effective for the organization and helps to keep employees healthy and at work. The program helps employees take control of areas of their lives where they are experiencing personal challenges. When the employees return to work, after receiving the necessary assistance, they are in a better mental, physical, or emotional state and quickly transition back to work. According to Maslow (1943) unless all human needs are fulfilled people will focus on elements of life other than their work tasks which may reduce productivity. The organizations focus on the physical and mental

needs of the employees fosters a healthier workforce unencumbered by other distracting personal elements of life.

The financial wellbeing program is the newest addition to the organizations wellbeing program. Participants H3 and H4 explained that the financial wellbeing program helps employees feel empowered to take control of their lives. A third party company administers the financial solutions programs which promote retirement planning and management, financial planning, financial training and guidance to help employees live within their means. The administrators offer subsidized cost benefits for some programs while others are free of charge. According to participant T1, as a third party administrator for all wellbeing programs offered through their company, employees shared lots of positive feedback about the financial wellbeing program.

The purpose for organizations wellbeing programs offered in the areas of physical, mental, and financial wellbeing is to create a stronger and healthier workforce, according to participant H4. According to the organizations 2015 stakeholder presentation, investments in network, products, and services in addition to highly motivated employees drives the organizations industry leading operational reliability, customer satisfactions, and revenue that consistently defies expectations. A stronger and healthier workforce comes to work and is more productive according to all participants. Employees who are stronger and healthier and who, according to participant H3, have a symbiotic trust relationship with their leaders are less absent from work.

According to participant H1, neither the corporate culture nor the wellbeing programs are a silver bullet to resolve all of the challenges relating to mitigating

employee absenteeism. One of the absenteeism issues not addressed by the current solutions implemented by the human resources teams is the Family Medical Leave Act (FMLA). The organization recognizes the challenges, as the federally mandated program protects the employment status of the employees who use it. The organization currently has a third party administrator for their FMLA program and a policy that employees must adhere, to have their FMLA claim approved. According to participant H2, FMLA is one of the greatest challenges when managing absenteeism. Additionally, based on the type of employees, particularly at satellite locations, many days the majority of absenteeism calls are FMLA. With the use of the third party the organization can track the absences instead of mitigating them. The use of the third party provided useful data which shows FMLA trends increasing around employee vacation days.

A secondary challenge encountered in the absenteeism mitigation solutions are employees identified as tenured workers. According to the human resource manager participants for this study, tenured workers include employees who have maintained consistent employment with the organization for 15 to 20 years and tend to be older than 40 years old. According to the human resource manager participants the population of employees identified as a tenured worker, the tenured workforce, minimally utilize the resources offered by the company through the wellbeing programs. The tenured workforces minimal use of the resources provided by the organization through the wellbeing program appear to originate from; (1) a lack of knowledge about the available programs, (2) a general fear of using technology, and (3) a fear of retribution, should they reveal a personal issue to a resource provider for any of the programs. Despite the

repeated attempts of human resource managers to educate the tenured workforce on the safety and security of their data, this population of employees continues to avoid the engagement of resources available for absenteeism mitigation. According to Christine, Devie, and Tarigan (2015), employee stakeholders are a company's valuable intangible assets continuation of attempts to create value for your employees will enhance their willingness to create value for the entire organization.

Participants addressed how the organization keeps track of the absenteeism mitigation solutions they implement via two distinct methods. According to participant H3, the business unit leaders track absenteeism for their divisions and partner with human resource managers to understand the effectiveness of the human resource solutions, based employee engagement. According to Harten, Schmidt, Agrawal, and Plowman (2013), the relationship between engagement and performance at the business unit level is substantial and highly generalizable across the organization. Therefore, managing the absenteeism mitigation program must be a team effort and part of the corporate culture for stakeholder management.

The second tracking mechanism highlighted by the participants was the engagement of the organizations wellness champions and wellness teams. According to all of the participants the organization entrusts a wellness team to create, initiate, and execute the wellness programs designed to improve employee wellness and mitigate the adverse effects of absenteeism on organizational profitability. The wellness teams consist of wellness leaders, financial leaders, an executive wellness council, divisional wellness leaders, and the wellness champions defined as "Boots on the Ground." Participant H2

shared that there are also wellness committees who are responsible for helping satellite locations understand the benefits and needs of satellite facility employee groups. With this committee oversight, the organization can monitor the effectiveness of the wellbeing initiatives while also being sufficiently agile to make necessary changes or additions to improve the program and employee engagement. The tracking of the absenteeism mitigation solutions helps to align the goals of the programs with the goals of the organization. According to Purse (2015), the best performance measurements take place in organizations with a clear objective.

### **Theme 3: The Cost of Absenteeism**

According to all participants, absenteeism directly correlates to increased costs to the organization. Absenteeism effects costs through the use of overtime. When an employee is absent, the organization must rely on employees who are present to perform the duties of the absent employees. According to participant H2 and T1, absenteeism can affect the workplace morale when other employees become notoriously absent. The other employee's absence may have an adverse effect on their peers and increase the absenteeism of employees who traditionally attend work. This attendance unpredictability creates challenges when trying to plan for staffing. Absenteeism may also effect the delivery of service to customers.

Staffing becomes a major challenge when recurring absenteeism occurs, according to participants, staffing challenges may include; (1) difficulty planning for the day to ensure sufficient coverage for scale employees, (2) short staffing may result in canceled service to the customers, and (3) overstaffing may result in increased costs. To

mitigate the effects of the staffing issues and potentially contain costs participant H1 explained that employees have the option of swapping shifts. Frontline/scale employees have the option to coordinate with another employee to switch working shifts. This flexible option allows the employee to make plans so that both employees have an opportunity to benefit and manage their personal affairs. Additionally, if an employee no longer has vacation time, they can swap a shift with an employee who is not currently scheduled to work on a day the employee needs to be absent. This flexible option also allows employees to be absent as necessary on days where the maximum number of employees who can be absent has been maximized. This flexible option helps the organization maintain necessary manpower while also offering the employee who needs to be absent the time away from work.

### **Findings Related to Performance Prism Theory**

The participants' answers support the performance prism theory, which is the conceptual framework for this study. All participants agree with the mission listed on the organizations 2015 investor day presentation which states, all stakeholders share in our success, employees, customers, and investors. Purse (2015) argued that a common stakeholder goal is what drives productivity and profitability. Neeley, Adams, and Kennerley (2002) posited that if companies do not give each of their stakeholders the right level of focus, their market value will suffer. Participants referred to multiple solutions that would mitigate the adverse effects of absenteeism on corporate profitability by addressing the needs of employee stakeholders. The absenteeism mitigation solutions included a focus on the corporate culture and other leadership influences, the wellbeing

programs centered around the physical, mental, and financial health of the employees, along with an understanding of the cost of absenteeism on the organizational profitability.

Kulchmanov and Kaliannan (2014) posited that addressing the needs of the stakeholders still ranks high in profitability and productivity measurement. Participants provided their experiences about the strategies human resource managers use to mitigate the adverse effects of absenteeism. These solutions could prove useful to other organizations of any size to foster greater productivity and enhance profitability. All five participants believed that the absenteeism mitigation solutions, i.e. the corporate culture impact on leaderships relationships with their employees help managers hold their employees accountable. The wellbeing programs focus on addressing the physical, mental, and financial needs of the employee stakeholder, and the acknowledgment of the root costs of absenteeism, along with the additional flexibility of employees to take control of their schedules. The five participants may not believe the sufficiency and effectiveness of the solutions directly related to absenteeism mitigation; however, they all contend the programs make the workforce healthier. As stated by participant H3, a healthier employee is a more productive and dependable employee.

### **Applications to Professional Practice**

In this study, I explored strategies used by a single organization for mitigating the adverse effects of absenteeism on organizational profitability. The results of the study provide strategies that, if implemented, could reduce employee absenteeism. If organizations consider these finding, the gap in business practice relating to mitigating the adverse effects of employee absenteeism could diminish. Furthermore, these results

provide actionable solutions to decrease absenteeism and increase productivity and profitability.

I interviewed four human resource managers and one third party service provider of an organization located in Atlanta, Georgia who implemented an absenteeism mitigation program more than three years before this study. The participants represented a single organization with over 80,000 employees and operational facilities located around the globe. The participants were directly engaged with employees who participated in the absenteeism mitigation programs as they were assigned as their liaison or guide through the absenteeism mitigation programs offerings. The results of this study may apply to all organizations with any number of employees.

The categorization of the themes and the supporting details may assist organizations in reducing absenteeism, increasing employee engagement, increasing productivity, and increasing profitability. When the physical, mental, and financial needs of the employees are met, employees and management have a symbiotic relationship, and there are flexible options that may help employees become more motivated and healthy. A motivated and healthy workforce are cornerstone to mitigating employee absenteeism and more engagement at work. The mission of the organization is that All Stakeholders Share in the Success.

### **Implications for Social Change**

The purpose of this qualitative single case study was to explore the strategies human resource leaders use to mitigate the adverse effects of employee absenteeism on organizational profitability. The intent of this study was to identify replicable solutions

other organizations may use to mitigate the adverse effects of employee's absenteeism on organizational profitability. The results of this study could affect social change by helping to improve the physical, mental, and financial status' of employees along with improving workplace productivity. The implication for positive social change could include the potential for helping companies of all sizes improve organizational productivity and profitability, provide stability for employees, and help communities thrive.

### **Recommendations for Action**

The findings yielded several specific solutions that human resource leaders use to mitigate the adverse effects of absenteeism on organizational profitability. The results of this study could assist organizations executive leadership and human resource managers, for companies of all sizes, mitigate the adverse effects of absenteeism on organizational profitability. I recommend the following actions based on the study findings:

- Organizational executive leadership should transform the organizational culture to one that understands the needs of the employee, customer, and investor stakeholders.
- Organizational executive leadership should implement policies and procedures that identify clear objectives and goals that pertain to meeting the needs of the employee stakeholders.
- Organizational executive leadership and managers should define the policies and procedures for managing absenteeism and clearly outline accountability measurements along with reporting requirements.

- Organizational human resource managers should design employee stakeholder wellbeing programs which focus on building a healthier workforce.
- Organizational human resource managers should create a partnership with organizational managers to make them the champions of the wellbeing programs to help the employees stakeholders benefit from all of the wellbeing resources.
- Organizational executive leadership should conduct an annual survey to assess the employee stakeholder needs to understand how well the program is building a healthier workforce along with other stakeholder needs the organization could address.
- Organizational human resources leaders should implement an internal wellbeing committee comprised of all levels of leadership to design wellbeing programs that keep employees engaged and address the underlying symptoms relating to why employees are absent.

Information gleaned from these results could be distributed via human resource professional groups or publications. Moreover, these results may apply to multiple management levels for varied organizations and may assist in reducing the adverse effects of absenteeism on organizational profitability.

### **Recommendations for Further Study**

Research exists on absenteeism, however research relating to the effect of absenteeism on organizational profitability remains absent from peer reviewed sources.

Continued studies relating to the adverse effects of absenteeism on organizational profitability need to occur. This research correlating absenteeism and organizational profitability based on human resource initiatives need to occur in multiple organizations. Absenteeism will continue to exist in perpetuity, however broadening the research to multiple organizations and in multiple geographic locations could be significant.

For further research, I recommend a quantitative or mixed methods study that focuses on the changes in organizational expenses and increases in productivity after implementing absenteeism mitigation programs. Additionally, the study can combine the lived experiences of the participants with the quantitative results to narrow the symptoms of absenteeism and create recommendations to promote a healthier and more productive workforce reflected in the financial performance of the organization.

Additionally, I recommend expanding the research participants to include employees and managers outside of the human resources department. Expanding the participants may provide a broader understanding of absenteeism symptoms and may be generalizable for all types of employees. Although human resource managers are employee advocates, the employee's voice to senior management and an empathizer to improve employee engagement (Ekuma, 2015), as discovered through this research some employees may carry the stigma of fear and retribution should they reveal intimate details about their personal needs in pursuit of becoming a healthier employee. Future research may help organizations understand the value of employees and the company's needs to maintain employee satisfaction and may prove useful to preserve productivity (Chistine, Devie, Tarigan, 2015)

## Reflections

This qualitative single case study involved exploring the strategies human resource managers use to mitigate the adverse effects of absenteeism on organizational profitability. The participants included four human resource managers and a single third party service provider of an organization located in Atlanta, Georgia who implemented an absenteeism mitigation program more than three years before this study all of whom worked with employees who participated in the employee absenteeism mitigation solutions. The research process included audio-recorded telephone interview using semistructured interview questions. The semistructured interview questions were open-ended and allowed the participants to provide details to the questions which related to the strategies they used to mitigate the adverse effects of absenteeism on organizational profitability.

The participants openly shared their perspectives on their internal processes and strategies used to mitigate the adverse effects of absenteeism on organizational profitability. The participants explain the culture of the organization in every response to questions asked. In addition to the questions asked, each participant offered solutions to improve the employee wellbeing program. Each of these employees was incredibly well versed on the internal solutions offered to employees. Each participant shared examples of how the wellbeing strategies helped employees transform their lives and get back to work. They also shared stories highlighting how the mental and physical resources helped them to lose weight and increase their life expectancy.

The DBA Doctoral Study process made me a stronger individual. The process helped me view business issues with objectivity. The DBA doctoral process pushed me further than I thought I could go while also helping me become a better listener and observer. After completing this research, I now have a better appreciation for objective review versus inclusion of personal biases. When I began this research, I thought I knew the answers to the question, what strategies are useful to mitigate the adverse effects of absenteeism on organizational profitability. After completing the research, I discovered that I lacked a diverse perspective on all of the possible components that go into implementing effective solutions to mitigate the adverse effects of absenteeism on organizational profitability.

### **Summary and Study Conclusions**

According to Vishnupriya, Suganya, and Bhwanaswari (2012), the most dangerous threat to an organization's productivity and profitability is employee absenteeism. Absenteeism occurs every day in organizations around the world. The challenge for human resource professionals, those who work in the organizations to develop and implement programs to support employees, is to find solutions that mitigate the adverse effects of absenteeism on organizational profitability. The organization used for this study decided to invest in their employees physical, mental, and financial health as part of their organization success plan. Using the performance prism as a guide, the goal of the organization as outlined in their 2015 investors presentation; "All Stakeholders Share in our Success!" Therefore, addressing the stakeholder employees needs became a requirement for the organization to mitigate employee absenteeism.

According to Wilkin and Connely (2013), organizations within the United States experienced profitability losses surpassing \$2.3 billion dollars in 2012 due to employee absenteeism.

The results of this research indicate that when an organization implements programs designed to fulfill the needs outlined by Maslow's hierarchy of needs the organization may see a healthier workforce. Maslow's hierarchy of needs theory, which posits that unless all human needs are fulfilled employees will focus on elements of life other than their work tasks, which may result in reduced productivity (Maslow, 1943). The single case study organization studied in this research developed programs designed to improve their employees physical, mental, and financial lives as a strategy to mitigate the adverse effects of employee absenteeism on organizational profitability. The results of the research highlighted three critical components the organization found was necessary for the successful execution of their absenteeism mitigation solution. The three critical components included first a corporate culture designed to inundate the organization with the knowledge that health and wellbeing are essential to the organization's success. Second, the wellbeing programs were designed to keep employees engaged and supported to motivate them to become healthier and stronger. Engaged employees perform better than disengaged workers who are likely to erode the bottom line and lower morale (Heyman, 2015). Lastly, it is important to maintain focus on the symptoms that deteriorate profitability, like absenteeism, increased overtime, diminished morale that may lead to decreased organizational profitability.

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### Appendix A: Invitation to Participate in the Study

Hello,

My name is Marjorie Waye and I am a doctoral candidate at Walden University. I am working to complete my Doctor of Business Administration degree with a concentration in Entrepreneurship. I am conducting a doctoral research study on the strategies Human Resource leaders use to mitigate the adverse effects of employee absenteeism on organizational profitability.

***I invite Human Resource managers directly engaged with the employee well-being programs, and third-party service providers that facilitate the employee well-being programs to participate in the study.***

I understand that your time is valuable. The questions will take approximately less than 60 minutes to answer. You will receive a copy of your responses and a summary of the results to help you understand how employee absenteeism mitigation strategies effect organizational profitability. All information will be confidential and protected.

If you are interested in participating in this study, please contact me directly. I look forward talking with your further.

Thank you,

Marjorie Waye

### Appendix B: Semistructured Interview Questions

1. Based on the Performance Prism Theory, how would you define your organizations stakeholders?
2. How does your organization define the needs of your organizations stakeholders?
3. How does the absenteeism mitigation program, through the employee wellness program, fulfill the needs of your organizations stakeholders?
4. How would you define organizational productivity?
5. What are the strategies you use to mitigate the effects of absenteeism on your company's productivity?
6. How does absenteeism effect the productivity of your company?
7. How have employee well-being programs affected employee absenteeism?
8. What are the specific components of the employee well-being program that have had a greater impact on mitigating employee absenteeism than others?
9. How does the organization track the effects of the employee well-being program?
10. How has the financial well-being program affected employee productivity?
11. How has the Federal Medical Leave Act affected efforts to mitigate the adverse effects of absenteeism on corporate profitability?
12. What role do managers play in the effectiveness of the solutions implemented to mitigate the adverse effects of employee absenteeism on corporate profitability?
13. How do managers measure employee stakeholder satisfaction with the employee well-being program to ensure the program is effectively fulfilling the needs of both the company and employee stakeholders?

14. What are the programs, exclusive of the employee well-being program, that human resource business leaders use to mitigate employee absenteeism?
15. What other information, not asked, do you wish to share on this topic?

## Appendix C: Interview Protocol

- A. The interview session will commence with salutations, introducing myself to the research participants, after which I will introduce the research topic.
- B. I will thank the participant for taking the time to respond to the invitation to participate.
- C. The participant will be given a copy of the consent form for their records.
- D. I will turn on the audio recorder, note the date, time, and location.
- E. The coded sequential interpretation of the participant's name e.g., respondent will be indicated on the audio recorder, documented on my copy of the consent form and the interview will begin.
- F. The interview will span approximately 60 minutes for responses to the 15 interview questions, including any additional follow-up questions.
- G. I will remind the participant of the purpose of the study before asking questions. The purpose of the case study is to explore the strategies used by human resource leaders to mitigate the adverse effects of employee absenteeism on corporate profitability.
- H. I will inform the participant regarding the review of the interview reports that I will make available after my transcription
- I. At the end of the interview, I will thank the research participant for taking the time to participate in the study.

## Appendix D: Literature Review Source Content

Table D1

*Literature Review Source Content*

Reference type	Total	<5 years	>5 years	% Total <5 years old
Peer-reviewed journals	209	181	28	87%
Dissertations	0	0	0	0%
Books	7	3	1	43%
Non-peer-reviewed journals	10	9	0	90%
Total	226	193	29	97%