

Total Financial Impact of Employee Absences in the U.S.



Data Highlights from the Total Financial Impact of Employee Absences Survey

Direct Costs of Paid Time Off as a Percentage of Payroll: The total direct cost of employee paid time off, accounting for wages/salaries, overtime costs and replacement worker costs, was 15.4% as a percentage of payroll. The direct cost of total paid time off offered in 2013 as a percentage of payroll was 8.1%. Overtime costs were 5.7% as a percentage of payroll, whereas the cost of replacement workers, such as temporary employees, was 1.6%.

Indirect Costs of Paid Time Off as a Percentage of Payroll: The indirect cost of total paid time off offered in 2013 was based on three types of productivity loss: productivity loss due to replacement (22.6% to 36.6%, depending on type of absence), co-worker productivity loss (29.5%) and supervisor productivity loss (15.7%). When considering all three types of productivity loss, the average total cost of productivity loss as a percentage of payroll was 6.2%.¹

Total Costs of Paid Time Off as a Percentage of Payroll: When considering both the direct and indirect costs of paid time off, the total cost as a percentage of payroll was between 20.9% and 22.1%. This makes tracking paid time off pertinent in not only ensuring consistent treatment of employees, but also controlling costs associated with paid absences.

DEFINITION

For the purpose of this research, *employee absences* were defined as paid days off offered per full-time employee in 2013, including 1) vacation and personal time off, 2) sick time off, 3) paid time off (PTO), and 4) other paid time off, such as for bereavement, parental and civic needs. Costs associated with unpaid time off, including those associated with the Family and Medical Leave Act (FMLA), are not included in the calculations.

Introduction

The Total Financial Impact of Employee Absences Survey, produced in collaboration with and commissioned by Kronos, Incorporated, was designed to measure both the direct and indirect costs of employee absences, including costs associated with payroll, replacement workers, overtime and productivity loss.

Organizations should consider the direct costs in payroll when calculating the cost of employee absences, as well as the impact of indirect costs, such as those associated with productivity loss. Organizations may not be able to track these costs, or find it very difficult to do so. However, given the impact to the bottom line of the business, it is pertinent that organizations track all costs associated with employee absences. This study identified the various costs associated with employee absences, including direct and indirect costs to organizations for unplanned, planned and extended paid time off. Direct costs, such as wages/salary earned during an employee absence, overtime costs and replacement worker costs, were calculated as a percentage of total payroll. Indirect costs due to lower productivity of

The direct cost of total paid time off offered as a percentage of payroll was **8.1% in 2013.**

replacement workers, and productivity loss of co-workers and supervisors were also measured. Methods organizations use to track employee absences and their accuracy are also discussed. The more accurately employee absences are tracked and managed, the better organizations can monitor, plan and budget for these absences.

1. Cost of Employee Absences

Average Rate of Paid Time Off

To determine the average rate of paid time off among surveyed organizations, the survey assessed the following for one calendar year: the total number of paid days off offered to full-time employees and the total number of workdays.² The average total number of workdays reported by organizations was 289.³ The average rate of paid sick time offered to full-time employees was also calculated to determine the costs associated with paid sick time offered as a percentage of payroll. The average rate of paid time off as a percentage of

total workdays across all of the organizations surveyed was 8.1%,⁴ whereas the average rate of paid sick time off was 3.5%.^{5,6}

Direct Costs of Paid Time Off for Full-Time Employees

The direct costs of paid time off were calculated by summing three costs associated with employee absences as a percentage of payroll:

$$\frac{\text{(Cost of payroll + Cost of overtime + Cost of replacement workers)}}{\text{Total payroll for full-time employees in the organization}}$$

Payroll Costs

The direct cost of total paid time off offered as a percentage of payroll was 8.1% (see Table 1).⁷ The direct cost of total paid sick time as a percentage of payroll was 3.2%; this number is important to many organizations in order to plan for and control the costs associated with paid sick time.

Table 1. Direct Annual Costs of Paid Absences Offered as a Percentage of Payroll

All paid time off (n = 277)*	8.1%
Paid sick time off (n = 171)	3.2%

*All paid time off includes time off days offered to full-time employees in 2013 for 1) vacation and personal time off, 2) sick time off, 3) paid time off (PTO), and 4) other paid time off, such as bereavement, parental and civic time off.

Overtime Costs

When employees are absent, co-workers and supervisors are often required to work overtime to cover for employee absences. According to the Fair Labor Standards Act (FLSA), nonexempt employees are entitled to overtime pay equivalent to time and a half for any hours worked in excess of 40 in a work-week.⁸ Among the responding organizations, overtime was used to cover 47% of employee absences.⁹ Using the total number of absences covered by employees in overtime status, the average overtime pay rate and the total payroll, the

total cost of overtime due to absences as a percentage of payroll was 5.7%.¹⁰

Table 2. Direct Costs of an Absence as a Percentage of Payroll

All paid time off (n = 277)	8.1%
Overtime costs (n = 277)	5.7%
Replacement workers (n = 148)	1.6%
All direct costs	15.4%

Replacement Costs

Replacement costs refer to costs associated with using temporary workers, outside contractors or other additional workers (excluding existing employees) to provide coverage for employee absences. A previous SHRM study on contingent workers was used to determine the ratio of the use of replacement workers based on the type of absent employee.¹¹ This study found that the highest percentage of contract or temporary workers was used to cover absences of nonexempt employees (75%). Given the previous finding of the current study that employee absences were covered by overtime for 47% of absences within the responding organizations and that 70% of the employees in the responding organizations were nonexempt (see Table 3), the assumption was made that approximately 20% of absences were covered by replacement workers in 2013.¹²

Table 3. Percentage of Employees Eligible for Paid Time Off, by Type of Employee*

Employees eligible for overtime pay	70%
Nonmanagement/individual contributor employees**	15%
Management/supervisory employees**	13%
Executive employees**	1%

* Data reported based on respondents/organizations who provided employee counts by type of employee.

** Employees not eligible for overtime.

Note: n = 447. Percentages may not total to 100% due to rounding.

2. Impact of Employee Absences on Productivity

Employee absences are linked to lowered organizational productivity, an indirect

cost that must be accounted for to calculate an accurate total cost of absences. The impact of employee absences on productivity and revenue was measured using several survey items, including an overall question on the impact of absences on organizational productivity and revenue, co-worker and supervisor productivity loss, productivity loss due to replacement by type of absence, and supervisory hours spent dealing with absences. Responding organizations were also asked to identify other effects of unplanned absences on their organization. Three-quarters of respondents (75%) perceived employee absences have a moderate to large impact on productivity and revenue.¹³ In addition, employees with supervisory responsibility spend an average of 4.2 hours per week¹⁴ dealing with absences, including obtaining replacements, adjusting workflow or providing training, which is equivalent to 210 hours, or 5.3 weeks, per year per supervisory employee for organizations that are open 50 weeks per year.

75% of respondents perceived employee absences have a moderate to large impact on productivity and revenue.

Indirect Costs of Employee Absences

Indirect costs of absences are typically attributed to three types of productivity loss: possible lower productivity of a replacement worker (e.g., a temporary worker covering for an absent employee may not be as familiar with technology used and will therefore be less productive), co-worker productivity loss (e.g., a manufacturing employer may experience a domino effect as the entire line is slowed when a co-worker is less productive due to added responsibilities during another employee's absence), and supervisor productivity loss (e.g., supervisors are key to maintaining safety, quality and productivity of their reports; when they are in a back office obtaining replacements or adjusting

The average productivity loss associated with an unplanned absence was the highest (36.6%) and productivity loss related to a planned absence was the lowest (22.6%).

workflow, their overall productivity suffers). Three types of absences were considered to calculate indirect costs due to productivity loss: 1) unplanned incidental absences of up to five business days (sick, bereavement, parental or civic time off), 2) planned absences of up to five business days (vacation or personal time off), and 3) extended absences of more than five business days.

Table 4. Types of Productivity Loss Measured

Productivity loss due to replacement worker	
Unplanned absence (n = 284)	36.6%
Planned absence (n = 284)	22.6%
Extended absence (n = 279)	34.0%
Average productivity loss (n = 277)	18.6%
Co-worker productivity loss (n = 438) 29.5%	
Supervisor productivity loss (n = 420) 15.7%	

Note: Productivity loss due to replacement worker was calculated by type of absence: an unplanned absence, a planned absence or an extended absence.

Productivity loss due to replacement varied by type of employee absence, with the average productivity loss associated with an unplanned absence being the highest (36.6%) and the average productivity loss related to a planned absence being the lowest (22.6%); the productivity loss due to replacement for an extended absence was 34.0% (see Table 4).¹⁵ Given the higher frequency of unplanned absences compared with

On average, co-workers were 29.5% less productive when providing coverage for a “typical absence day;” supervisors were 15.7% less productive.

extended leave and the higher productivity loss associated with unplanned absences, these absences may be the greatest cause for concern in terms of controlling costs. On average, co-workers were 29.5% less productive when providing coverage for a “typical absence day;” supervisors were 15.7% less productive.¹⁶

Table 5. Total Cost of Productivity Loss as a Percentage of Payroll

Unplanned absence	6.7%
Planned absence	5.5%
Extended absence	6.4%
Average	6.2%

Note: n = 277. Indirect costs of absences as a percentage of payroll were calculated using productivity loss due to replacement worker by the type of absence, co-worker productivity loss, and supervisor productivity loss, overall average rate of paid time off, and payroll.

Increase in Absences: Holidays, Weekends and Special Events

When respondents were asked whether they noticed a pattern of higher rates of unplanned absences on Mondays or Fridays, before public holidays, or before sporting or national events, 72% indicated they noticed such a pattern.¹⁷ Given that unplanned absences typically cost organizations more in indirect costs than planned absences do, it is pertinent that organizations accurately track unplanned absences both to monitor costs and to counsel their employees on attendance policies when necessary.

In addition to productivity loss, participants were asked to identify other effects of unplanned absences (see

72% of respondents indicated they noticed a pattern of higher rates of unplanned absences on Mondays or Fridays, before public holidays, or before sporting or national events.

Table 6). More than two-thirds (69%) indicated unplanned absences add to the workload; about three-fifths said these types of absences increase stress (61%) and disrupt the work of others (61%) and almost half (48%) reported unplanned absences hurt morale.

Table 6. Impact of Unplanned Absence

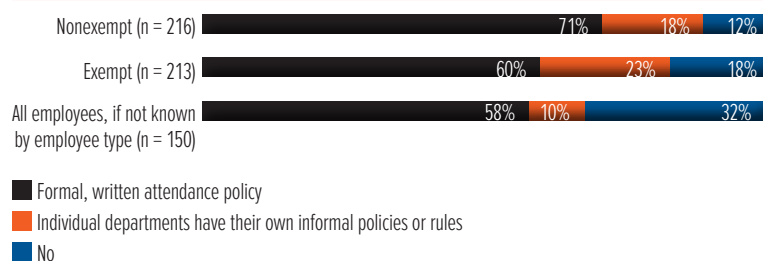
Adds to workload	69%
Increases stress	61%
Disrupts work of others	59%
Hurts morale	48%
Reduces quality of work	40%
Adds mandatory overtime	29%
Requires additional training	20%
Penalizes or reflects badly on group/team	19%

Note: n = 512. Percentages do not total to 100% due to multiple response options.

3. Absence Management Policies and Practices

About two-thirds of organizations reported they have formal, written attendance policies in place (see Figure 1). However, 12% indicated they do not have a formal, written policy for nonexempt employees, and another

Figure 1. Formal, Written Attendance Policies, by Employee Classification



Note: Respondents who indicated “Don’t know” were not included in the analysis. Percentages may not total to 100% due to rounding

18% reported they don't have such a policy for exempt employees; among respondents who were unable to differentiate between nonexempt and exempt employees, 32% reported they do not have a formal, written attendance policy. A formal, written attendance policy both serves as a guideline for supervisors and helps ensure consistent practices across an organization. Participants were asked how their organization currently tracks employee time and attendance. One-third (35%) indicated they use an integrated system as a component or module of an HR information system (HRIS) (see Table 7); this type of system enables time and attendance to be linked with pertinent HR information to track costs associated with absences, such as rate of pay and total payroll. Just over one-quarter (29%) of respondents indicated they use automated third-party software with terminals or web entry, which typically allows an organization to track vacation and other types of absences, but is not integrated to track the dollar cost associated with each absence. Enforcing attendance policies is complex, and the use of an integrated system may make tracking the costs associated with employee absences more seamless.

Table 7. How Employee Time and Attendance Are Tracked

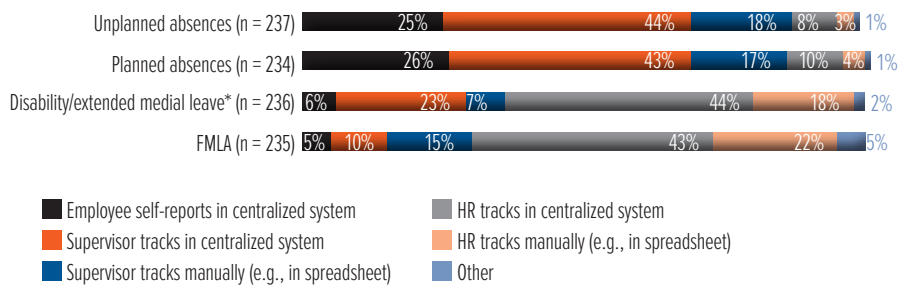
Integrated system as a component or module of an HR information system (HRIS)*	35%
Automated third-party software with terminals or web entry	29%
Home-grown system	20%
Manual spreadsheets	8%
Manual paper timesheets or punch cards	7%

*i.e., a workforce management solution

Note: n = 250. Respondents who indicated "Not applicable, we do not have such a system" or "Other" were not included in the analysis. Percentages may not total to 100% due to rounding.

Respondents who indicated their organization has a formal system for tracking employee absences were asked how they track absences based on absence type. For unplanned and planned absences,

Figure 2. How Absences Are Tracked, by Absence Type



*Excludes workers' compensation

Note: Only respondents whose organizations have a system to track employee time and attendance were asked this question. Percentages may not total to 100% due to rounding.

participants were most likely to report that supervisors track these types of absences in a centralized system (44% and 43%, respectively) (see Figure 2); less than one-quarter (23%) responded that a centralized system is used by supervisors to track disability/extended leave, and one-tenth (10%) indicated the same for FMLA leave. Both disability/extended medical leave and FMLA leave were most commonly tracked by HR in a centralized system (44% and 43%, respectively); however, disability/extended leave and FMLA leave were tracked by HR manually in about one-fifth (18% and 22%, respectively) of organizations.

Disability/extended leave and FMLA leave were tracked by HR manually in about one-fifth of organizations.

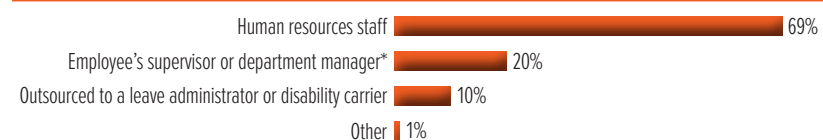
Among responding organizations that reported time and attendance are tracked using a) an integrated system as a component or module of an HRIS or b) an automated third-party software,

approximately 30% indicated they track financial liabilities for paid leave "very accurately." Among those respondents who reported using a) manual spreadsheets or b) manual paper timesheets or punch cards, less than one-fifth indicated their organization tracks these financial liabilities "very accurately" (18% and 19%, respectively); just 9% of those who reported using a home-grown system indicated their organization tracks these financial liabilities "very accurately."

How employees request time off is also important in ensuring that absences are tracked accurately. For example, requesting time off using a paper form or via an e-mail may be more error-prone (e.g., the supervisor forgets to enter the information into an electronic

One-quarter (24%) of respondents think their organization tracks financial liabilities for paid leave "very accurately."

Figure 3. Person/Entity Primarily Responsible for Administering FMLA Leave



*No formal designated administrator.

Note: n = 486. Respondents who indicated "Don't know" or "Not applicable" were not included in the analysis. Percentages may not total to 100% due to rounding.

One-third (34%) of respondents reported they don't know the approximate annual expense of administering FMLA leave; more than one-third (36%) of respondents reported they don't know how much it costs to pay for employee benefits during a typical extended FMLA absence.

system), whereas using a time-keeping system that integrates with a centralized system could lead to better tracking.

Two-thirds (66%) of respondents indicated employees in their organization request time off by using a form or sending an e-mail; one-quarter (24%) submit a request using a time-keeping system, 9% request time off verbally, and 1% request time off some other way.¹⁸ When asked how accurately they think their organization tracks financial liabilities for paid time off, such as vacation or sick day accruals, only one-quarter (24%) of respondents indicated they think their organization does so "very accurately;" more than one-half (56%) indicated they think this is done "reasonably accurately," and 21% responded "not very accurately."¹⁹

4. Family and Medical Leave Act (FMLA)

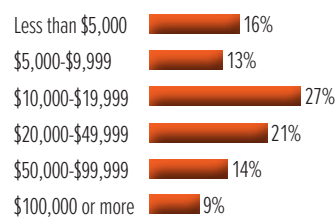
In organizations with 50 or more employees within a 75-mile radius, the FMLA entitles eligible employees of covered employers to take unpaid, job-protected leave for specified family and medical reasons, with continuation of group health insurance coverage under the same terms and conditions as if the employee had not taken leave.²⁰

More than two-thirds (69%) of respondents indicated HR staff administer FMLA leave (see Figure 3); one-fifth (20%) indicated the employee's supervi-

sor or department manager takes on this role. Given the importance, both financially and legally, of accurately tracking FMLA leave, it is pertinent that organizations have someone formally designated to administer FMLA leave. In addition, some employees take FMLA leave on an intermittent basis, adding to the challenge of accurate tracking; approximately 16% of responding organizations indicated half or more of FMLA leave is taken on an intermittent basis.²¹

Data on the overall annual expenses associated with administering FMLA leave for the overall organization (including dedicated staff time, outsourcing expenses, legal support, internal audits, etc.) were also collected (see Figure 4). More than one-quarter (27%) of respondents indicated the annual cost is between \$10,000 and \$19,999. Roughly one-fifth (21%) indicated the annual cost is between \$20,000 and \$49,999; 9% reported the annual cost is \$100,000 or more. One-third (34%) of respondents reported they don't know the approximate annual expense of administering FMLA leave.²² Automation of tracking the costs associated with administering FMLA leave could reduce, and increase awareness of, the costs (e.g., leave administrators may be able to reduce the time they spend on tracking costs, thus creating a cost savings).

Figure 4. Approximate Annual Expense of Administering FMLA Leave*



*Including dedicated staff time, outsourcing expenses, legal support, internal audits, etc.

Note: n = 309. Respondents who indicated their organization is not required to comply with the FMLA were not asked this question.

Percentages may not total to 100% due to rounding. Respondents who indicated "Don't know" were not included in the analysis.

Respondents were asked to provide the approximate per-employee cost of their organization's share of benefits continued during a typical extended FMLA leave. More than one-third (35%) indicated the approximate cost per employee is between \$2,000 and \$4,999; about the same ratio (36%) indicated the approximate cost per employee is between \$500 and \$1,999.²³ More than one-third (36%) of respondents reported they don't know how much it costs to pay for employee benefits during a typical extended FMLA-related absence.²⁴ These findings may be an indication of another opportunity for cost savings that can be achieved by accurately tracking these data.

5. What Do These Findings Mean for Organizations?

Managing the cost of employee absences is the responsibility of business leaders in every region and every industry. Understanding the drivers of absenteeism can also influence strategies for improving productivity. Because the use of contingent/temporary workers is one of the main ways organizations deal with absences, especially for nonexempt positions, a lack of clarity around the costs and drivers of absences may lead to an overreliance on contingent workers. In addition, there are many legal issues related to employee absences, so a clear strategy and policy to address this issue can help protect against liability.

Tracking Absences and Their Impact on Productivity

A business leader's first responsibility in regard to employee absences is to ensure that the organization has practices in place that accurately track and measure the cost of absences. By accurately quantifying the full impact of absenteeism, organizations can better understand the value of solutions that can reduce the costs and lost time from employee absences. Processes that track the cost of absentee-

For many organizations, one of the key costs of employee absences is the use of temporary/replacement workers and overtime in place of employees who are not at work.

ism must include not only the direct costs of absences, such as salaries and replacement worker costs, but also the indirect costs involved, such as reduced employee morale. Indeed, the impact on employee morale is probably one of the most underappreciated costs of employee absences. Absenteeism is clearly a key driver of inadequate staffing and thus may result in rising employee stress levels. Poor management of employee absences can lead to a vicious cycle of rising stress levels that negatively affect employee health and morale and lead to even more days of work missed.

Without accurate tracking of absences and their impact, organizations may not know the real cost associated with their strategies of addressing absenteeism. For many organizations, one of the key costs of employee absences is the use of temporary/replacement workers and overtime in place of employees who are not at work. Addressing the issues that tend to increase the rates of absences rather than relying on temporary help to make up the shortfall can therefore be a real boost to productivity and the bottom line.

Investigating the underlying causes of absences can be complex, and finding solutions can sometimes involve programs and practices that do not appear at first glance to be directly related to the problem. For example, some organizations may be able to reduce absences

by implementing wellness programs that help employees deal with health issues and stress. Recent research from the Organisation for Economic Co-operation and Development (OECD) compiled by *The Economist* finds that longer working hours can actually be detrimental to productivity.²⁵ Many organizations find that more flexible work practices have an important positive impact on reducing absences as well as improving productivity.

Attendance/Absence Policies

This survey found that although the majority of organizations have formal attendance policies in place, some do not. Organizations without a formal attendance policy are generally encouraged by HR and legal experts to develop one—for a number of reasons. First and foremost, having a formal attendance policy in place both serves as a guideline for supervisors and helps ensure consistent practices across an organization. By using a system to track the use of paid time off and accruals, supervisors and HR can track and budget for paid time off more accurately. In addition, without a formal attendance policy in place, there is the potential for legal liability to organizations. The risk is that varying practices among different managers and employees could give rise to perceptions of favoritism that could potentially leave employers vulnerable to costly legal action or damaged employee morale.

The range of laws that relate to employee absences demonstrate just how complex managing this issue can be for organizations and their HR departments, thus making the use of a system to track both paid and unpaid time off beneficial.

Given the total costs associated with employee absences, it is pertinent that organizations are able to accurately track current and future absences, particularly in industries such as health

care, manufacturing and educational services, as well as retail and other service sectors, where the reliance on replacement workers or employee overtime to fill the gaps is common. In addition, monitoring employee absences enables business leaders to account for indirect costs (e.g., productivity loss) and helps organizations detect employees who have excessive unplanned absences so that they can be counseled to ensure they are only taking the paid days off they are entitled to. Tracking employee absences also enables paid accrual days to be accounted for in the overall budget.

In summary, a clearly defined strategy to monitor and manage absence, with proper training and automation, can help control costs associated with absences and improve the bottom line.

6. Respondent Demographics

Table 8. Job Title

Director or assistant/associate director	56%
Vice president, chief of HR or above	22%
Manager or generalist	14%
Administrator or coordinator	2%
Specialist	2%
Supervisor	1%
Analyst	1%
Other	3%

Note: n = 727. Percentages may not total to 100% due to rounding.

Table 9. Primary Work Function

Human resources	63%
Employee benefits	39%
Staffing/employment/recruitment	30%
Executive	28%
Compensation	27%
Finance/accounting/payroll	15%
Operations	14%
Other	9%

Note: n = 733. Percentages do not total to 100% due to multiple response options.

Table 10. Organization Staff Size

1 to 99 employees	11%
100 to 499 employees	24%
500 to 2,499 employees	47%
2,500 to 24,999 employees	16%
25,000 or more employees	1%

Note: n = 495. Percentages may not total to 100% due to rounding.

Table 11. Organization Industry

Health care and social assistance	16%
Agriculture, forestry, fishing and hunting	13%
Manufacturing	12%
Educational services	11%
Government agencies	8%
Professional, scientific and technical services	5%
Finance and Insurance	5%
Retail trade	5%
Accommodation and food services	4%
Transportation and warehousing	2%
Arts, entertainment and recreation	2%
Wholesale trade	2%
Religious, grant-making, civic, professional and similar organizations	1%
Utilities	1%
Construction	1%
Information	1%
Administrative and support and waste management and remediation services	1%
Real estate and rental and leasing	1%
Mining, quarrying, and oil and gas extraction	0%
Repair and maintenance	0%
Personal and laundry services	0%
Other industry	8%

Note: n = 673. Percentages may not total to 100% due to rounding.

7. Methodology

The Total Financial Impact of Employee Absences Survey, conducted by the Society for Human Resource Management (SHRM) in collaboration with and commissioned by Kronos, Incorporated, collected responses from 733 SHRM members, Kronos customers and Kronos prospects with the title of director and above from organizations in the U.S. with 500 or more employees.

The survey was fielded from April 10 through May 30, 2014. An e-mail including a link to the online survey was sent to all sample members. The survey URL was also promoted to Kronos constituents through social media channels. During the data collection period, several e-mails reminders were sent, and a small incentive was offered to increase the response rate.

8. Endnotes

$$^1 \left(\frac{\text{(Sum of three types of productivity loss due to employee absence)} \times \text{(Average rate of paid time off * Total payroll)}}{\text{Total payroll}} \right)$$

²Workdays include the number of days the organization is open for business (e.g., if an organization is open five days per week and is closed on 10 of those days to observe federal holidays, the calculation would be: $(52 * 5) - 10 = 250$.

³n = 504.

⁴n = 411.

⁵n = 250.

⁶Based on the number of paid sick days offered per full-time employee, on average, in 2013. Paid sick days reported as part of paid time off (PTO) days offered are not included in this analysis.

⁷The direct cost of total paid time off as a percentage of payroll was calculated by dividing the organization's total annual direct cost of paid time off offered by the total payroll for full-time employees.

$$\left(\frac{\text{(Average rate of paid time off * Total annual payroll for full-time employees)}}{\text{Total payroll for full-time employees in the organization}} \right)$$

⁸U.S. Department of Labor. (n.d.) Wages: Overtime Pay. Retrieved from <http://www.dol.gov/dol/topic/wages/overtimepay.htm>

⁹The total number of absences covered by overtime was calculated to determine the costs associated with the use of overtime. Based on frequency of use of overtime, the direct costs of overtime were calculated. A numerical value was assigned to each response option

to determine the weighted average of the Likert scale used to measure the frequency of use of overtime (3.12, n = 368), which converts to 47%.

¹⁰Overtime costs were calculated using the total number of absences covered by employees in overtime status, average rate of paid time off, total number of workdays, total number of employees and an average overtime use rate of 47%. The calculation for overtime assumes the overtime employee worked a full extra workday in a co-worker's absence.

$$\left(\frac{\text{(Total number of absences covered by employee in overtime status * Overtime rate)}}{\text{Total payroll}} \right)$$

¹¹Society for Human Resource Management. (2011). *Staff Levels and the Use of Contingent and Part-time Workers SHRM Poll*. Retrieved from <http://www.shrm.org>

¹²Replacement costs were calculated using the total number of absences covered by replacement workers, average rate of paid time off, total number of workdays, total number of employees and an average replacement use rate of 20%. Using the total number of absences covered by replacement workers, the average hourly wage of replacement workers and total payroll, the total cost of replacement workers as a percentage of payroll was 2%.

¹³Respondents who indicated "Don't know" were not included in the analysis.

¹⁴n = 345. Only respondents who indicated employees with supervisory responsibility spend 0 to 10 hours on absence-related tasks were included in the calculation.

¹⁵Question asked in survey: "Typically, when an employee absence is covered by another worker, how productive are they compared to the normal productivity of the employee for whom they are covering?" Only respondents who reported a "large" or "moderate" impact of employee absences on their organizations' productivity and revenue were asked this question. Percentages may not total to 100% due to rounding.

¹⁶Question asked in survey: “On a typical absence day, approximately how much time is used by co-workers and/or supervisors to provide coverage for employee absence?”

¹⁷n = 182.

¹⁸n = 225.

¹⁹n = 225.

²⁰U.S. Department of Labor. (n.d.). Leave Benefits: Family & Medical Leave. Retrieved from <http://www.dol.gov/dol/topic/benefits-leave/fmla.htm>

²¹n = 401.

²²Note that this percentage is based on all respondents; results of the analysis discussed previously on annual expenses

associated with administering FMLA do not include respondents who indicated “Don’t know.”

²³n = 309.

²⁴Note that this percentage is based on all respondents; results of the analysis presented in Figure 4 do not include respondents who indicated “Don’t know.”

²⁵C.W. & A.J.K.D. (September 24, 2013). Get a life. The Economist blog. Retrieved from <http://www.economist.com/blogs/freexchange/2013/09/working-hours>.

About SHRM

Founded in 1948, the Society for Human Resource Management (SHRM) is the world’s largest HR membership organization devoted to human resource management. Representing more than 275,000 members in over 160 countries, the Society is the leading provider of resources to serve the needs of HR professionals and advance the professional practice of human resource management. SHRM has more than 575 affiliated chapters within the United States and subsidiary offices in China, India and United Arab Emirates. Visit us at shrm.org.



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About Kronos

Kronos is the global leader in delivering workforce management solutions in the cloud. Tens of thousands of organizations in more than 100 countries – including more than half of the Fortune 1000® – use Kronos to control labor costs, minimize compliance risk, and improve workforce productivity. Learn more about Kronos industry-specific time and attendance, scheduling, absence management, HR and payroll, hiring, and labor analytics applications at www.kronos.com. Kronos: Workforce Innovation That Works™.



Workforce Innovation That Works™

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