

Effect of Absenteeism on the Economic Performance of Small and Medium-sized Enterprises-SMEs

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Abstract:

Absenteeism has a significant impact on a company's economic performance. When employees are absent, this can lead to increased costs related to personnel management, particularly in terms of the time and money needed to find temporary replacements. In addition, absenteeism can cause a drop in productivity and quality, as well as an increase in delivery delays or production costs. The main objective of this study is to understand the consequences of absenteeism on Small and Medium Enterprises-SMEs. The study was conducted in several SMEs in Mali sharing the same challenges in terms of efficient personnel management in the face of the problem of absenteeism and with a diverse sample of professionals concerned. Through this study, we wanted to spread the effects and propose solutions for adjusting absenteeism and the weight it weighs, which preponderates on the economy of a company.

Keywords: Absenteeism-Economy-SMEs-Consequences.

1. Introduction

The concept of absenteeism refers to the habitual or systematic absence of a duty or obligation without a valid reason. Absenteeism can be unplanned or deliberate and have various causes and consequences. Absenteeism can affect individual performance, organizational productivity, social well-being and personal well-being.

The history and evolution of the concept of absenteeism dates back to the late 19th and early 20th centuries, when children were moved from industrial and agricultural settings to formal school settings due to labor rights movements, new employment laws, and the need for an educated workforce and greater social order. Absenteeism was then perceived as a legal and societal problem, often linked to illegal truancy and delinquency. In the mid-20th century, psychological approaches focused on other possible causes of absenteeism, such as fear, anxiety, separation issues, family dysfunction, and peer influence. ²³ Since then, various disciplinary and interdisciplinary perspectives have emerged to study absenteeism in different contexts and populations, such as education, work, health care, and justice. Absenteeism has also been influenced by demographic, climatic, social justice/equity, and technological/globalization forces that have changed the conditions and expectations for attendance and participation in various domains.

Absenteeism is a scourge for any organization, regardless of its size or industry. Unexcused or repeated absences can harm productivity, employee morale, and, most importantly, the economic performance of the company. In this work, we will examine and announce the harmful effects of absenteeism on the economic performance of a company and the strategies to be put in place to remedy it. We will see how absenteeism can affect operational costs, production deadlines, quality of work, as well as the brand image of the company with customers and suppliers. We will also discuss the benefits of an effective absenteeism prevention plan, which can help improve the health and well-being of employees, increase job satisfaction, and at the same time, strengthen the economic performance of the company.

Absenteeism is a huge problem for companies and unjustified or repeated absences can harm the productivity and economic performance of a company. Therefore, companies must remedy this scourge as best as possible for the proper functioning of the company. The problem extends to many levels, namely: the

decline in productivity of the company, the demotivation of staff, Employees need recognition for their work, autonomy in their task, challenges to feel stimulated, prospects for development in their career and a balance between professional and personal life. If these needs are not met, they risk losing their motivation.

The main question we ask ourselves is: What are the harmful effects of absenteeism on the economic performance of an SME?

From this main question we have highlighted two questions which are:

- ✚ How can absenteeism be a brake on the economic development of a company?
- ✚ What strategy is necessary to mitigate the consequences and solutions from HR Managers of SMEs?

The objective is to determine the impact of absenteeism on the economic performance of the company and to identify the causes of absenteeism and to propose solutions to reduce it. Absenteeism can negatively impact the economic performance of the company in several ways. It can lead to loss of productivity, lower quality of work, increased stress and turnover.

Our hypotheses are formulated as follows:

- ✚ Absenteeism would have consequences in achieving the economic efficiency of SMEs;
- ✚ A strategy would be adopted by HR managers to address the effects of absenteeism in SMEs

In terms of practical implications, this study can help companies identify the causes of absenteeism and propose solutions to reduce it. This allows companies to improve their economic performance and create a better working environment for their employees.

2. Literature review and development of hypotheses

According to the National Agency for the Improvement of Working Conditions (ANACT):

"Absenteeism characterizes any absence that could have been avoided by sufficiently early prevention of factors that degrade working conditions, understood in the broad sense: physical environments but also the organization of work, the quality of the employment relationship, the reconciliation of professional and private time, etc."

It can be defined as "repeated and regular absences from school or work". It differs from absence by its unforeseen nature and its repetition over a given period of time. This is why one is considered absent when one is not present at an event that one should be at without a prior excuse, while one becomes an absentee when this behavior is repeated unexpectedly over a reference period.

2.1. Types of absenteeism

There are various ways to classify absences: according to duration, cause, predictability, cost, method of compensation, etc. And consequently, five main types of absenteeism can be distinguished:

"Normal" absenteeism

Although absenteeism is a pejorative term, it is paradoxical to suggest that it can, in certain cases, be normal, and this, for several reasons. First of all, there is an incompressible part of absenteeism, linked to legal provisions: compensatory rest, leave for the exercise of mandates (staff representatives, union representatives, elected members of the works council, etc.). There is also a part of absenteeism that is almost incompressible depending on the working conditions offered by the sectors of activity. Therefore, we can qualify as "normal absenteeism", absenteeism whose rate is bearable, that is to say, within the acceptable average for the company.

Authorized absenteeism

In each company, absenteeism is linked to the contractual provisions in force. Any company is free to grant additional "authorized leave", such as days to parents of sick children. Furthermore, the decision is often decentralized to a department that benefits from certain specific uses, or even to the hierarchical superior. Noting that if a manager grants the right to an employee to go to a medical appointment during working hours, therefore he authorizes him to be absent but it will not be recorded as absenteeism: it will not be counted in the social report, this absence will be invisible.

But otherwise, if the worker does not have permission to go to his appointment, he risks going on sick leave that day. Absence management is therefore an integral part of management, and this, by finding an arrangement that demonstrates a form of recognition.

Useful absenteeism

Taking a training course can be considered as an absence from your workstation, but many university studies demonstrate the benefits of rest days. They allow you to recover, both mentally and physically, to be more creative and, as a result, to feel happier at work. After one to two weeks of vacation, productivity can increase by up to 60%. And the same is true for break times, where various studies show that reducing rest times is detrimental not only to productivity, but also to the quality of service. Indeed, these are moments of conviviality between colleagues, moments to breathe, to unwind, to detach yourself from certain difficult events encountered in the context of your work.

Wanting to tackle the slightest absence from one's workstation under the pretext of productivity therefore risks being counterproductive, especially since breaks can be times for informal communication, for exchanging information between two departments.

“Moral” absenteeism

Moral absenteeism is similar to passive presenteeism, also called contemplative presenteeism or internal absenteeism, and it involves employees who are physically present at their workstation but mentally absent because they are inactive or perform tasks for their own personal benefit. This type of absenteeism refers to disengagement. When we talk about absenteeism, we generally only talk about physical absence from work, although it is developing in parallel with other less visible forms of job adaptation that are probably underestimated. “Suffered” absenteeism

This form of absenteeism consists of the absence of an employee against their will or for reasons external to the company and for which the reasons can be multiple: maternity leave, a work accident, a transport strike, etc. In other words, the employee's pathological condition or inability to be present is not open to dispute. This does not mean, however, that a company has no control over it.

“Chosen” absenteeism

This involves deliberate absences on the part of employees, or for reasons based on bad faith. This is typically the case of an employee who asks their doctor to obligingly provide them with a sick leave, in order to finish building their house for example.

Beyond its obvious abuses, the company is not, here again, totally powerless in the face of this type of absence. The latter are often linked to a feeling of injustice, of a lack of recognition.

“Forced” absenteeism

It consists of avoidable absences, chosen under duress by an employee, therefore more or less reluctantly, as in the case of a parent who does not come to work to take care of their sick child. This form of absenteeism is situated between forced absenteeism and chosen absenteeism, insofar as the constraints that weigh on the choice of whether or not to go to work are more or less strong. The employee's constraints are not necessarily only personal. This arbitration can also be based on constraints linked to the company: poor working conditions, too high a pace. Book on the phenomenon of absenteeism

2.2. Absenteeism Factors and Working Conditions

- Individual Factors

Absenteeism can be influenced by different individual factors:

Health issues: Personal health issues such as illness, psychological disorders or injuries can lead to increased absenteeism.

Motivation: An employee's level of motivation can influence their commitment to their job and therefore their propensity to be absent. A lack of motivation can contribute to a higher absenteeism rate.

Job satisfaction: Employees who are dissatisfied with their job are more likely to be absent frequently. Factors such as compensation, promotion opportunities, recognition or job stress can play a role in overall job satisfaction.

Personal conflicts: Personal issues such as family difficulties, financial problems or interpersonal conflicts can increase the chances of unplanned absences.

Behavioural predispositions: Some people may have a natural propensity for absenteeism due to personality characteristics such as laziness, lack of discipline or lack of responsibility.

Lifestyle and work-life balance: An unbalanced lifestyle or difficulty reconciling work and personal life

can also contribute to a higher rate of absenteeism.

It is important to understand that individual factors of absenteeism can vary from person to person, as each individual has their own circumstances and influencing factors. There can also be complex interactions between individual factors and organisational or external factors.

- Organizational factors

The unsuitability of the workstation: an uncomfortable work environment, poorly adapted to the needs or characteristics of employees, which can lead to fatigue, stress or musculoskeletal disorders.

The organization of work: monotonous, repetitive, unrewarding tasks, vague instructions, unrealistic objectives, restrictive schedules, insufficient staff, which can generate weariness, frustration, disengagement or conflict.

The social climate: a tense, conflictual, degraded work atmosphere, a lack of recognition, support, communication, participation, cooperation, which can cause demotivation, isolation, mistrust or violence.

Human resources management: a policy of remuneration, training, promotion, mobility, prevention, sanction, which can be perceived as unfair, inequitable, inefficient, arbitrary, which can lead to dissatisfaction, devaluation, resistance or protest.

These organizational factors are not exhaustive or independent of each other. They can interact with other personal, family, social, economic factors, which can also influence absenteeism at work. It is therefore important to take into account the overall and individual situation of each employee, and to put in place appropriate actions to prevent, reduce or manage absenteeism at work.

- Perceived organizational support: this is the degree to which employees feel valued, recognized and supported by their organization. Low organizational support can lead to lower engagement, satisfaction and motivation at work, and increase the risk of absenteeism 1.

- Working conditions: These include the physical, psychological and social aspects of work, such as workload, autonomy, task variety, responsibility, social climate, etc. Unfavorable working conditions can affect employees' health and well-being, and encourage them to take time off to avoid stress, boredom or conflict.

Job characteristics: These concern the type, level and status of employment, as well as compensation, benefits and career prospects. Unattractive job characteristics can reduce employee engagement and loyalty, and cause employees to seek other opportunities or disengage from their work

- Working conditions

Work is a place where employees spend a large part of their time. In order for them to be able to work in good conditions, it is important to take into account their health and well-being. The health of the employee is a key factor in guaranteeing quality work. Employers have an obligation to ensure the health of their employees and prevent occupational risks. This involves, in particular, implementing prevention, information and training measures, as well as monitoring the health of employees. Working conditions must be adapted to the needs and abilities of each employee, in order to limit the risks of occupational diseases, accidents at work or musculoskeletal disorders. The social climate is also an important factor for the well-being of employees. It refers to all the relationships between employees and the company, as well as working conditions and future prospects. A healthy and positive social climate promotes employee motivation, involvement and satisfaction, while a degraded social climate can lead to stress, demotivation, absenteeism or conflict. Employers therefore have every interest in fostering a favourable social climate, by encouraging communication, participation, recognition and cooperation between employees, as well as taking into account their needs and expectations.

3. Research methodology

This study was conducted in several Small and Medium Enterprises (SMEs) in all relevant sectors operating in Bamako. We wanted to reach out to the stakeholders, most of whom were company executives and other HR professionals who were representative and concerned by the problem of absenteeism. We used, on the one hand, an interview guide and other collection techniques such as: observation and documentary research. The data collected allowed us to make a summary of the responses analyzed according to the content, which

summary relates the consequences of absenteeism on SMEs and the knowledge of the costs to be borne economically by the company. And in the discussion, we tried to provide necessary recommendations for good management of absenteeism in SMEs.

4. Results and discussions

4.1. Presentation of the results

To better understand the problem of absenteeism, we first wanted to give an overview of the procedure for granting leave (considered legal and/or conventional) in Mali.

a. Leave management:

The following leaves and exceptional permissions may be granted to staff

- Annual leave;
- Sick leave;
- Maternity leave;
- Widowhood and pilgrimage leave;
- Training leave;
- Leave for family events.

Annual leave

The worker acquires the right to leave after a period of twelve months of effective service, the assessment of leave rights is made over a reference period that extends from the date of his hiring or his return from the previous leave to the last day preceding that of his departure for the new leave.

In other words, any employee under a local contract is entitled to 2.5 days of paid leave per month worked. Four weeks or 24 actual days are considered to be a month worked (Article L.148).

The duration of the leave is determined at the rate of two and a half days per month of work completed during the reference period, thirty days/year, including non-working days.

The 30 days of paid leave may be continuous or discontinuous with a minimum of 15 continuous days. The start date for annual leave may be brought forward or delayed according to the needs of the company by 3 months upstream or downstream as the case may be.

Sick leave

Absences due to illness, like maternity leave, result in the suspension of the employment contract without payment of salary (Article L34). There are occupational illnesses and accidents; non-occupational illnesses and accidents.

For cases of occupational illness or accidents, full coverage is provided by the INPS (National Institute of Social Security) during the entire suspension period under the conditions set out in the Social Security Code.

Maternity leave

Any pregnant woman whose condition has been medically certified is entitled to 14 weeks of maternity leave, including 6 weeks before the expected date of delivery and 8 weeks after.

A pregnant woman may terminate her employment contract after informing the employer without being bound by any notice period. This condition is valid during the infant's breastfeeding period (15 months). When the delivery occurs before the expected date, the rest period is extended until the expiration of the 14 weeks of leave. During the suspension of her contract, the employed mother will receive from the INPS the equivalent of her last salary received from the employer under the conditions set out in the Social Security Code.

In the event of illness certified by a medical certificate and resulting from pregnancy or childbirth, the woman may claim a 3-week extension of leave. During the entire suspension period, the employer cannot terminate the employment contract.

Before placing the pregnant woman on maternity leave, the HR department is required to provide a certain number of documents to the INPS:

- The employment certificate: indicates the job held by the woman and her hiring date,
- The certificate of cessation of work: informs the INPS of the suspension of the contract. It must indicate the professional category and the duration of the suspension.
- The salary certificate: details the remuneration received by the woman on the day of the suspension of the

contract.

NB: During the fifteen months following childbirth, the employed mother is entitled to one hour of non-deductible rest for breastfeeding the child at the workplace (L.184).

✚ **Widowhood and pilgrimage leave**

Widowhood leave is granted to a female employee whose husband has just died for a maximum period of 4 months and 10 days. It results in the suspension of the employment contract without any obligation for the employer to pay compensation.

Pilgrimage leave is given under the same conditions as widowhood leave.

✚ **Training leave**

Training leave is granted to workers designated to follow training or advanced training courses included in the training plan of the company in which they work. The duration of this leave cannot be deducted from the duration of annual leave and is considered as a period of work for the purpose of determining the rights of the persons concerned in terms of annual leave.

✚ **Leave for family events**

Exceptional leave of absence which, up to a limit of fifteen (15) days per year, Article 67 – CCM-IMG (according to the sector agreement), are not deductible from statutory leave and do not result in any salary deduction, are granted to workers for the following family events:

Table 1: family leave

- Marriage of the worker	3 working days,
- Marriage of a child of the worker	1 working day,
- Birth of a child of the worker	3 working days,
- Marriage of a brother or sister of the worker	1 working day,
- Death of a spouse	3 working days,
- Death of a descendant in a direct line	3 working days,
- Death of an ascendant in a direct line, (brother, sister, etc.)	2 working days

Source: author

Any permission of this nature must be subject to prior written authorization from the employer, except in cases of force majeure. In this latter eventuality, the worker must notify his employer as soon as he returns to work. The document certifying the event must be given to the employer as soon as possible and no later than three (3) days after the event. If the event occurred outside the workplace and requires the worker to travel, the above period may be extended by agreement of the parties; this extension will not be paid.

b. Absenteeism Rate and Costs

The absenteeism rate is a key indicator of organizational health and employee well-being in a company. An employee's productivity is measured by his ability to be present, both physically and mentally. In the specific case of an SME, it is crucial to evaluate this rate in order to understand the underlying reasons that could affect the overall performance of the company.

To calculate the absenteeism rate, let's assume that a company with an average monthly workforce of 147 employees recorded 30 hours of absence during the month of March for all socio-professional categories combined. Let's consider that an employee works 173.33 hours per month. 147 employees then work 25,479.51 hours. We multiply the number of employees by the number of hours worked by all employees

To obtain the absenteeism rate, we take: $30/25,479.51 \times 100 = 0.11\%$

30 corresponds to the number of hours of absence

25,479.51 to the number of hours worked by all employees

We note that this absenteeism rate can have a negative impact on the company's economic performance. It may be the cause of the failure to achieve the company's objectives

It should be noted that in Mali, in general, the absenteeism rate is higher among women than among men.

Various reasons can explain this: baptisms, weddings, children's illnesses, maternity leave, etc.

Absenteeism is a scourge that undermines companies and weighs heavily on their economic performance. In the case of SMEs, it is essential to assess the real cost of absenteeism in order to take adequate measures to remedy it.

First of all, it is important to consider the direct costs related to employee absence. This includes not only the loss of productivity during their absence, but also the additional costs incurred to find temporary replacements or outsource certain tasks. In addition, if these absences are frequent and prolonged, this can lead to an increase in the use of overtime or subcontracting.

Absenteeism also has an indirect impact on the company as a whole. Indeed, when some employees are not present at work regularly, it creates an increased burden on their remaining colleagues who must assume more responsibilities. This situation can generate stress and a drop in morale within the team.

Furthermore, it should be noted that each day of absence also represents a financial loss in terms of social benefits (such as paid leave) granted to absent employees.

The cost of absenteeism in SMEs is therefore multiple: direct losses in terms of productivity and additional costs, impact on the working conditions of present employees, expenses related to unused social benefits and risk to customer satisfaction. It is essential that the company implements measures to reduce this phenomenon in order to improve its overall performance.

4.2. Discussion

Absenteeism is a common problem in companies and can harm their productivity. It is therefore important to put in place preventive measures to minimize its impact on the daily functioning of the company. Several approaches can be considered:

Establish an open dialogue with employees in order to understand the underlying reasons for their frequent absences. This communication will also allow the employees concerned to feel listened to and supported in their personal difficulties.

The SME could consider setting up a global program focused on employee well-being. Initiatives such as individual meetings to take into account employee concerns can help reduce stress and promote better mental health among employees.

Investing in ongoing employee training can also be beneficial in reducing absenteeism linked to a lack of skills or professional disillusionment. By offering more professional opportunities to employees, you stimulate their intrinsic motivation while strengthening their sense of belonging to the company. It may be wise to set up a recognition and reward system to value employees who demonstrate regular presence and exemplary commitment.

Improving working conditions is essential for the well-being and productivity of a company's employees. A healthy work environment promotes employee satisfaction, commitment and motivation to achieve set goals. Thus, Concept Plus SARL must adopt a proactive approach to improve the working conditions of its employees

Improving employee motivation in a company is a crucial issue to promote their commitment, productivity and well-being. In the case of Concept Plus SARL, there are several effective strategies to stimulate this motivation and create an environment conducive to professional development.

Encourage active employee participation by offering them career development opportunities or by setting up stimulating collaborative projects. By cultivating a strong team spirit and a culture of excellence, this can encourage employees to feel valued in their work, thus reducing the risk of absenteeism."

5. Conclusion

In conclusion, absenteeism has a significant impact on the economic performance of a company. When employees are absent on a recurring or prolonged basis, this leads to a decrease in productivity and an increase in costs for the company.

Indeed, when employees are absent from work, it creates an imbalance in the daily functioning of the company. Other staff members must take on their additional responsibilities, which can lead to an overload of work and therefore a general decrease in the quality of the service or product provided.

In addition, the frequent absence of employees can also negatively affect the morale and motivation of the remaining teams. This can create an unfavorable climate within the company and lead to an overall decrease in job satisfaction.

On a financial level, the costs associated with absenteeism can be considerable for the SME. In addition to the salary paid to absent employees during their absence (in the event of a collective agreement), additional costs incurred in finding temporary replacements or outsourcing certain tasks must be taken into account in order to avoid any major disruption in daily operations. To minimize this negative impact on its economic performance, it is essential that the company implements various preventive measures such as regular monitoring of absenteeism rates by department/sector as well as a comprehensive program to promote the health and well-being of employees. Adopt the necessary measures to reduce this phenomenon, in order to maintain high productivity and a healthy and motivating work environment.

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