

Impact of Employee Absenteeism on Employee Performance in The Retail Sector: An Empirical Study

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Abstract

Absenteeism can be more than just lost working days – it can be a hidden cost of time, productivity and morale in an organization. This study aims at understanding the effect of employee's absenteeism on the performance and efficiency of employees in the retail industry of consumer electronics and home appliances. It underscores the impact of frequent absences on the business, such as lost productivity, higher expenses, diminished team collaboration, and reduced customer satisfaction. The research explores various types of absenteeism, planned, unplanned, approved, and unapproved, revealing impacts on employers and employees and on consumers and the broader economy. The results highlight the importance of absenteeism as a symptom of company culture, employee engagement and support mechanisms. Solving it means more than enforcing policies; it means creating a positive relationship, treating everyone fairly and using supportive practices to keep employees committed and present. In summary, the need to reduce absenteeism is vital to maintaining growth, maintaining the organization's reputation, and maintaining organizational competitiveness.

Keywords: Absenteeism, Employee Performance, Consumer Electronics, Human Resource Management, Organisational Efficiency Productivity, Retail Industry, Workplace Morale.

Introduction

The strength of people is the key to every organization's success. While machines, infrastructure, and technology can enable the results, it is the ongoing support and dedication of staff that can make the difference. When employees are away, either due to planned absences or illness, the work flow slows down, deadlines are missed and the work burden is shifted to the remaining employees. So absenteeism isn't only about empty chairs, it's about missed opportunities, worsening relationships and increasing costs throughout the organization. In sectors such as electronics and home appliances retail, where customer confidence and speed of service are paramount, low attendance rates can rapidly impact productivity

and brand reputation. One no-show could cause a delay in deliveries, impact customer satisfaction, or result in having to hire temporary workers and work overtime, which drives up costs. Repeated absences create a hidden problem that can erode employee spirit, diminish efficiency and ultimately compromise the organization's competitiveness. This study aims to find out how absenteeism works beyond the statistics and beyond the human sides of things – it is a human reality as influenced by workplace culture, relationship and employee well being. This study examines the causes, types, and effects of absenteeism, and will shed light on the implications of absenteeism on performance and the need to take pro-active measures to overcome absenteeism. The bottom line of the absenteeism challenge is to establish an environment in which people feel a sense of value, support, and motivation to be regular contributors.

Literature Review

This topic has been studied by scholars from a variety of disciplines and from around the world, and has generated a wealth of understanding about the causes, effects, and solutions to this problem. Their work highlights absenteeism as a multi-faceted issue that is a function of health, socio-economic factors, workplace culture, and employee engagement. This is a study, conducted by Prasad & Mallidi (2025) which quantifies Absenteeism's impact on Profits of Manufacturing Organizations in Andhra Pradesh, which indicates that absenteeism has a negative impact of 2.31 percentage of profit per day. It highlights health issues, socio economic problems and dissatisfaction in the workplace as key drivers. The authors suggest attendance policies, wellness initiatives, flexible work arrangements and predictive analytics to help reduce losses. Traore (2024) – Absenteeism and the Economic Performance of SMEs: The case of Mali's SMEs, this paper classifies absenteeism into types (authorized, moral, suffered, chosen, forced) and associates absenteeism with lower productivity, higher costs and poor morale. It identifies direct costs (temporary replacements, overtime) and indirect costs (stress on staff, decreased customer satisfaction) through interviews and observation. Bhimanatham & Iyer (2024) – The negative impact of absenteeism and attendance measures on morale and efficiency highlights the need to improve staff morale and performance, while highlighting the role that absenteeism plays in disrupting workflows and adding stress to current employees. Attendance data can help to pinpoint trends, but tight management of attendance can have a negative effect on motivation. The authors advocate for the need to balance tracking with other supportive strategies like flexible schedules, wellness programs, and communication. Maulina, Prahawan & Mumtazah (2024) – Absenteeism and Turnover and their Impact on Innovation and Organization Performance: Literature Review reveal that absenteeism and turnover are two factors that negatively affect innovation and organizational performance. Turnover leads to loss of skills, continuity and less collaboration and engagement due to high absenteeism. They find that absenteeism and turnover have a strong negative effect, and suggest HR policies, competitive remuneration and employee development as steps to maintain innovation. Ngwenya & Utete (2023) – The link between poor work-life balance and the increase in absenteeism in South Africa has been an empirical study that has revealed that the cost of absenteeism to organisations is billions of dollars each year. The survey results of the employees in the call centre showed a high level of correlation, accounting for more than 11 percentage of the variance of absenteeism. Innovative approaches to work-life balance – such as flexible work schedules, wellness programs, and effective leave management – are key to minimizing absenteeism and maximizing efficiency, the authors emphasize.

Research Gap

A significant research gap is the lack of a study that is multi-sector, comprehensive and empirically validated that investigates the effect of absenteeism on the organization in different settings, taking into account contemporary HR practices and innovations in the workplace. Filling this void will offer a wider perspective on the impact of absenteeism on organizational effectiveness, and point to combined solutions for sustainable workforce management strategies.

Objectives of the Study

1. To gain an understanding of the absenteeism rate and see what trends this rate exhibits over time among employees.
2. To assess effects of absenteeism on employee performance.

Research Methodology

It provides a short-cut approach to understanding absenteeism and its consequences for worker productivity. It is descriptive in nature and quantitative (primary data from questionnaire, attendance record and secondary data from report and literature). A census approach is used to ensure full workforce coverage and statistical tools – regression, trend analysis, correlation and Chi square tests – are used to examine the effect of various factors on absenteeism, how it changes over time and how it relates to productivity. Although constrained by the limits of time and accuracy of the records, it has proved to be rigorous and transparent and, as such, forms a sound foundation for publication and the lessons to be learned from the performance of the organization.

Observing absenteeism patterns over time

Null Hypothesis (H₀): There is no significant variation in employee absenteeism over time.

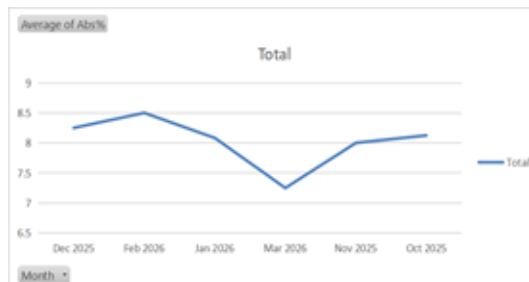


Figure 1 Variation in Attendance Patterns

Source: Primary Data

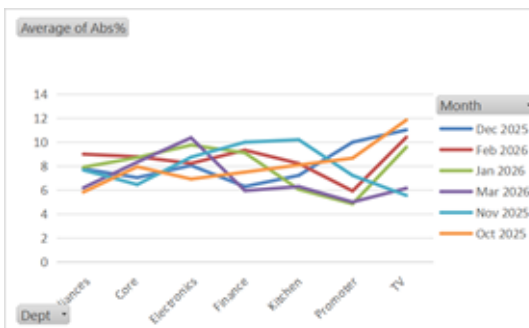


Figure 2 Dept wise Attendance Variation

Source: Primary Data

Absenteeism within months is explored to look for monthly trends. February recorded the highest absenteeism (8.5%) while March recorded the lowest absenteeism (7.25%). Although the fluctuations existed, the overall pattern remained fairly consistent and there was no statistically significant difference over time. This consistency implies the absenteeism is not seasonal, but rather based on consistent conditions at work and not on short-term shifts

Evaluate Absenteeism and Productivity

Null Hypothesis (H₀): Employee absenteeism does not have a significant effect on employee performance.

Table 1 Correlation Matrix of Absenteeism Impact

Factors	Team Performance	Daily Work Target
Team Performance	1.000	-0.221*
Daily Work Target	1.000	

Note: Correlation is significant at the 0.05 level (2-tailed)

Source: Primary Data

This relationship between absenteeism and performance was explored in this analysis. The findings showed that there was a significant negative correlation ($p < 0.05$) between absenteeism and employee performance, indicating that the relationship between the two are negative. Academically, absenteeism is a performance inhibitor, impacting productivity, team dynamics and the ability to meet daily targets. This discovery can help validate the practical worry that not only is absence a figure, but that it is a real obstacle to organizational effectiveness.

Results of the Study

Absenteeism rates were generally consistent over time, showing slight variations. There was no statistically significant difference in the rate measure between the different months with the highest observed in February (8.5%) and the lowest in March (7.25%). This means that it is not a seasonal lack, but a permanent one, and therefore must be monitored continuously.

There was a significant negative correlation between absenteeism and performance. It was found that there was consistent impact on efficiency, teamwork and meeting the day to day targets as a result of higher absenteeism, thus proving its direct impact on the organizational effectiveness.

Possible hints or suggestions from the Study

The duration and constancy of absenteeism changes across months suggests that efforts to reduce absenteeism should focus on long-term changes in organizational practices instead of seasonal changes.

Considering the impact of the work environment, the importance of managing the work area, providing facilities, and making the workplace healthier is recognized as one of the key strategies in the fight against absenteeism.

The study concludes that absenteeism is a systemic problem, is more related to the organizational environment than to individual characteristics, and that integrated strategies should be implemented to reduce absenteeism, which integrate the improvement of the work situation, the management of employee performance and regular monitoring.

Conclusion

This study has shown that absenteeism is not an isolated or seasonal event, but an ongoing problem in an organization. The evidence indicates that the work environment is a key determinant of attendance, rather than other factors like health, motivation and transportation. The consistency

of absenteeism patterns in each month further supports the concept that absence is part of the structural fabric, and not a random occurrence. The strong negative relationship between absenteeism and performance reinforces the direct relationship between the two, as absenteeism has a direct effect on efficiency, teamwork and on meeting the targets set for the day. The indirect effects of absenteeism on reduced productivity are indisputable although there is not a strong statistical correlation. This difference underscores the significant differences in the impact of absenteeism on organizational results.

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