

Employee Absenteeism & Health Incentive Analysis

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1. Executive Summary

Employee absenteeism poses both a productivity risk and a financial cost for HR. This analysis explores absence patterns across 740 employees and evaluates incentive strategies to reduce absenteeism while promoting healthier behaviors.

Key outcomes include:

- **Healthy Bonus Program:** \$10,000 allocated across 111 eligible employees.
- **Non-Smoker Wage Adjustment:** \$0.68/hour increase calculated from a \$983,221 HR budget.
- **Absenteeism Dashboard:** Power BI solution built for HR to track absence trends, high-risk periods, and workforce demographics.

Major insights:

- Healthy behaviors (non-drinking, non-smoking, healthy BMI) strongly align with reduced absenteeism.
- Absenteeism spikes seasonally (spring/summer) and early in the work week, creating scheduling and coverage risks.
- Targeted incentive and policy refinements could reduce lost productivity and improve employee engagement.

2. Business Problem & Objectives

HR leadership is balancing three priorities:

1. **Reduce absenteeism** to protect productivity.
2. **Promote healthier behaviors** through targeted incentives.
3. **Optimize budget allocation** for bonuses and wage adjustments.

To address these challenges, this project delivers:

- A data-driven eligibility model for health incentives.
 - Compensation adjustments aligned with employee health factors.
 - A Power BI dashboard to continuously monitor absenteeism and evaluate HR policy effectiveness.
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3. Analytical Approach

- **Data Integration:** Combined Employee, Compensation, and Absence Reason datasets (740 employees).
- **Feature Creation:** BMI categories, absenteeism thresholds, eligibility filters.
- **Tools Used:**
 - SQL for data extraction and preparation.
 - Power BI for interactive visualization.
 - Excel for budget allocation calculations.

Limitations: Absenteeism causes are self-reported, which may introduce reporting bias.

4. Key Findings

Incentive Eligibility

- 111 employees qualified for the **Healthy Bonus Program** based on:
 - Non-smoking & non-drinking status.
 - Healthy BMI (<25).
 - Below-average absenteeism.

Absenteeism Trends

- **Time-based:**
 - Highest absenteeism in spring/summer months.
 - Early-week absences (Mondays/Tuesdays) are disproportionately high.
- **Behavior-based:**
 - Non-smokers and employees with healthy BMI show fewer absence hours.
- **Reason-based:**
 - Illness, transport issues, and personal leave drive the bulk of lost hours.

Workforce Insights

- Education level, lifestyle habits, and compensation patterns correlate with absentee behavior, highlighting opportunities for tailored HR interventions.
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5. Recommendations & Business Impact

Optimize Incentives

- Expand bonus eligibility to include gradual improvements (e.g., reduced absenteeism year-over-year).
- Monitor ROI of non-smoker wage increase on retention and absenteeism.

Reduce Absenteeism

- Introduce **flexible scheduling or remote options** during peak absence periods.
- Address common absence drivers (e.g., transport issues) through targeted programs.
- Deploy seasonal wellness initiatives aligned with high-risk months.

Leverage Analytics for Policy Decisions

- Use the Power BI dashboard to track absenteeism in real time by demographic, reason, and time period.
 - Build HR scorecards to connect absenteeism reduction with financial savings and productivity improvements.
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6. Conclusion & Next Steps

This analysis equips HR with the tools to:

- Allocate incentive budgets strategically.
- Identify high-risk absence patterns.
- Monitor program effectiveness through interactive reporting.

Next Steps:

1. Track absenteeism post-policy implementation to measure incentive impact.
2. Gather employee feedback to refine bonus criteria and ensure fairness.
3. Expand dashboard capabilities to link absenteeism with productivity and cost metrics.