# **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.

## **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.

## **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.

## **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.