

CAN MANAGING ABSENTEEISM ALLEVIATE THE DEMOGRAPHIC CHALLENGES OF THE WORKFORCE IN THE REGION

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Abstract: *This paper explores the intricate relationship between demographic changes and the phenomenon of absenteeism in the workforce, focusing particularly on Eastern European economies. The initial sections detail the profound demographic shifts, such as aging populations, low birth rates, and high emigration rates, which have significantly influenced labor markets and productivity in countries like Slovenia and Croatia. These changes have exacerbated the challenge of an already existing labor shortage, leading to increased operational costs and reduced competitiveness in laborintensive industries such as trade, tourism, and manufacturing. The central thesis of the document posits that absenteeism largely resulting from inadequate labor force and outdated work models—further compounds these issues. It examines the causes of absenteeism, distinguishing between planned and unplanned absences, and discusses their respective impacts on the productivity and financial overhead of businesses. The study also addresses the broader economic implications of these absences, including indirect costs like decreased client satisfaction and disruptions in business operations.*

In response to these challenges, the paper argues for strategic absenteeism management as a crucial approach for mitigating the adverse effects of demographic changes on the workforce. It suggests implementing comprehensive strategies that include early intervention, flexible work conditions, health support programs, and training for management to effectively handle absences. Such measures aim to retain workers, particularly the aging and more experienced ones, by ensuring they remain healthy, satisfied, and minimally absent from work.

Ultimately, the paper contends that while managing absenteeism can temporarily alleviate some of the pressures caused by demographic

shifts, a longterm solution would require broader economic and social reforms to rejuvenate the workforce and enhance productivity sustainably. This strategic approach to absenteeism management is presented as essential not only for reducing costs but also for fostering a supportive work environment that can adapt to demographic realities and maintain economic vitality in the region.

Key words: *Absenteeism, Demographic changes, Sick leaves, West Balkan Region, Croatia*

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1. INTRODUCTION

With the change in the economic model in Eastern Europe at the beginning of the 1990s, numerous issues related to the (non)competitiveness of economies in the region compared to countries in the near and far environment came to light. The fact is that the war events in the first years of transition, the absence of investments, and very low investments in new technologies and infrastructure renewal resulted in numerous economic problems that are still visible today. Although reduced competitiveness is often the result of several different factors, such as outdated technology or high capital costs (due to business risks), it is primarily associated with insufficient labor productivity. The causes of low labor productivity, which investors and entrepreneurs often criticize in the region's economies, can be attributed to numerous factors, starting from demographic challenges such as a lack of quality workforce (unfavorable age and educational structures), outdated organizational models not adapted to new generations of workers, to the low competencies of the workforce and managerial structures of companies. Demographic changes, visible through aging population trends, low birth

rates, and high rates of emigration of young and educated people, represent the basic challenges of each country in the region. (Jurić & Hadžić, 2021.) These factors not only affect the labor market but also have a broader impact on the economy, affecting consumption, the workforce, and public finances. In the last five years, the problem of labor shortage has been particularly pronounced in Slovenia and Croatia, economically more developed countries in the region, which previously utilized labor from neighboring countries due to similarities in the educational model and the absence of a language barrier. However, given the demographic changes that have affected all countries in the region, employers have turned to importing labor from Asia, which has not proven to be a solution due to the need for longterm integration and adaptation of workers. The aging of the workforce and the reduction in productivity due to frequent absences and slow adoption of new technologies by older workers increase labor costs and put employers at a disadvantage. Therefore, it is a priority for employers to retain existing employees in the work process for as long as possible, with minimal absences, to keep costs acceptable. Retaining existing workers is less demanding and cheaper compared to hiring new ones, which requires additional time and resources for training and integration. Thus, along with existing measures to address the problem of labor shortage, society must also address the existing working population. However, this requires employers, as well as all other participants in the economic processes, to find certain solutions for the negative phenomena that the strategy of retaining workers in the work process brings, regardless of their age and health condition. One such negative phenomenon is the temporary absence of workers from the work process, colloquially called "absenteeism". This phenomenon represents one of the key factors in productivity and generates a large part of the so-called "hidden" labor costs. Many employers are not even aware of how much absenteeism impacts their business.

Therefore, after the initial explanations of the impact of demographic changes on the labor market, the concept and causes of absenteeism will be detailed, while the third part of the paper will deal with its consequences. In the fourth part of the paper, the relationship between demographic changes and absenteeism will be explored, and in the concluding section, an attempt will be made to answer the question of whether managing absenteeism can mitigate the consequences of demographic changes, which also represents the goal of this paper.

2. WHAT IS ABSENTEEISM AND HOW DOES IT OCCUR?

The term "absenteeism" originates from the Latin word "absens" (genitive: *absentis*), meaning absent or not present. According to a widely accepted definition, absenteeism in labor economics refers to an employee's single or multiple instances of absence from work without a justified reason (Croatian Encyclopedia, 2024.). However, as technology advances, allowing more employees to work from various locations, such definitions become outdated, necessitating a redefinition of absenteeism. Today, absenteeism is better defined as the phenomenon of temporary and complete absence of an employee from the work process, found in organized business systems where specific business processes require human labor.

The absence of an employee from the business process can vary in duration and be caused by a range of different internal and external factors. There is a fundamental distinction between two types of absenteeism: planned and unplanned. Paradoxically, there are various forms of worker absences that an employer plans and budgets for in advance. Planned absences include annual leave (individual and collective), employee training sessions, preventive medical checkups, and absences due to planned days off (often in cycles, e.g., for field or shift work). While the causes of planned absences are relatively transparent, and their costs are predictable and limited, they still require management, primarily to avoid overlapping planned and unplanned absences. (Chakraborty & Subramanya, 2013.) On the other hand, unplanned absences present a greater challenge for employers, both in terms of costs and business process organization. An unplanned absence is any absence whose occurrence and duration are unknown, often with no planned replacements or budgeted funds. Besides sick leave, which is the dominant form of unplanned absenteeism, this category also includes absences due to unforeseeable circumstances, in accordance with legal or collective bargaining provisions (e.g., family death, family care, weddings, moving, etc.). Besides these forms, which fall under the category of macroabsenteeism, it is also important to distinguish another group – microabsenteeism. This category includes absences lasting less than one day, such as being late to work, taking frequent breaks (beyond allotted times for smoking or coffee), and leaving the organization for personal reasons.

In addition to the basic distinctions of absenteeism, it is also possible to identify absences that arise due to cultural and behavioral reasons. Among these, "capricious" absences

stand out, which include conflicts with superiors or lack of motivation due to dissatisfaction with salary or career progression. There are also absences due to personal needs or tasks (like attending to personal documentation or agricultural work) and those caused by social issues (such as alcoholism or domestic violence). Capricious absenteeism demands particular attention, especially frequent sick leaves during organizational changes, such as the dissolution of a department. Many employees, feeling insecure, may "escape" into the comfort zone of sick leave. Although not directly covered by the concept of absenteeism, there is another closely related phenomenon called "presenteeism." This refers to situations where an employee is physically at the workplace but does not fully participate in the work process. Reasons can range from the employee being too ill to work effectively, to lack of motivation or inadequate resources and tools to perform their duties. Frequent voluntary absenteeism often precedes permanent departure from the organization, known as employee turnover, which can significantly affect the organization's effectiveness (loss of knowledge and strengthening competition).

Causes of absenteeism across different levels:

1. **Macro Level:** This encompasses factors beyond the control of the participants in absenteeism, such as the state of the healthcare system, socioeconomic conditions, epidemics, and flexibility of labor laws.

2. **Individual Level:** This includes personal characteristics of each worker that can influence the frequency of absenteeism. Factors at this level include age, gender, health status, and family environment. This level also addresses causes stemming from generational differences, as different generations have varied needs, behavior patterns, and motivations for absence (e.g., poor health vs. dissatisfaction with work pace).

3. **Organizational Level:** This involves factors within the organization itself that can more or less influence workers' absenteeism. These include organizational culture, leadership, line management, selection processes, and procedures. It is worth noting the role of lower and middle management's competencies, as their inadequate people management skills often lead to conflicts or overburdening of employees, thereby supporting the occurrence of absenteeism.

Certain causes of absenteeism are linked to complex regulations or often biased or unclear legislation that defines legal relationships between employers and employees. For example, lengthy processes required to grant disability retirement to permanently incapacitated workers can significantly impact absenteeism rates. Furthermore, the acceleration and complication of

business processes, which are sensitive to time and involve numerous steps with complex instructions and commands, as well as the misalignment of processes and new technologies, have a considerable negative impact on the health of the working population. Despite improvements in workplace safety and advances in medicine, the frequency and duration of sick leaves have not decreased but have shifted towards an increase in oncological and psychological diagnoses caused by stress (CIPD, 2023).

While all the aforementioned causes significantly affect absenteeism (and presenteeism), there are additional, very specific factors for sick leave that have been proven to generate the most days and cases of worker absence. Contrary to the common perception that the key driver of sick leave is the abuse of this right by irresponsible workers, the actual most influential factor is the slowness of procedures in the public health system. This situation arises when a general practitioner declares temporary work incapacity based on observations and basic tests, then refers the patient for further treatment, such as a specialist examination and/or specific diagnostic procedures to determine the course of therapy and the length of the sick leave. However, inefficiencies in the healthcare system can prolong this process for several weeks due to waiting lists, the need for the patient to travel to distant locations, or the delivery of results (Coordination of Croatian Family Medicine, 2017). Another significant driver of sick leave is the organizational structure itself, often related to the peak overloading of certain workers due to a suboptimal number of personnel needed to perform the job or frequent redistribution of tasks from absent employees to those present. The largest part of the blame for the escalation of absenteeism generated in this way falls on poorly educated line management who lack the necessary knowledge and skills in human resource management. Finally, the third most significant driver of sick leave is the misuse of sick leave by irresponsible individuals who often use such absences to perform other work to generate additional income, such as side jobs, agricultural work, or other activities. Sometimes, individual workers misuse sick leave to exert additional pressure on the employer and strengthen their position in case of a labor dispute.

3. CONSEQUENCES OF FREQUENT ABSENTEEISM

Regardless of the causes, both absenteeism and similar phenomena result in increased costs that are typically grouped under total labor costs. Historically, absenteeism costs were considered immeasurable and unmanageable, and therefore, often systematically overlooked. However, recent

trends have shifted, and organizations are now actively identifying, differentiating, and attempting to reduce absenteeism costs using advanced tools and methodologies. (Badubi, 2017).

Absenteeism costs can be differentiated into three main categories:

1. Direct Costs: These include all the costs most employers recognize and are associated with the calculation of employee wages, directly linked to the fact that an employee is absent from the work process. This category covers sick pay borne by the employer, paid leave during annual vacations, the cost of overtime that is not caused by an increase in business volume, and other allowances defined by collective agreements or labor regulations related to employee absence. Despite employers' perception that this is the largest item, direct costs only account for about onethird of the total cost of absenteeism.

2. Administrative Costs: These are the costs of additional administrative work required within an organization to record and compensate for each worker's absence. Administrative costs include, for example, the cost of calculating wages for workers absent from the work process, the cost of handling an increased volume of documentation for absent workers, the cost of the selection process for choosing replacement workers, and the administrative costs of employing substitute workers.

3. Indirect Costs: These encompass expenses that many employers do not directly associate with absenteeism but significantly affect the overall business performance. Indirect costs of absenteeism include the cost of training replacement workers, the cost of supervising substitute workers, the cost of delays and/or interruptions in business operations, and the decline in client satisfaction due to inability to deliver or delays in delivery. When discussing indirect costs, it is essential to consider the drop in productivity in the case of increased absences. For example, when one worker is absent, the employer temporarily redistributes the work among the remaining workers. If such redistribution happens very frequently or lasts too long, there is a productivity drop because workers are operating beyond their capacity.

While each of these costs presents a challenge for employers and is subject to proper monitoring and efforts aimed at reduction, most employers have yet to face the fact that absenteeism has an exceptionally large impact on work productivity. According to research, the total costs of absences expressed as a percentage of total wages paid in 2013 ranged from 6.3% in China to 12.3% in Europe. The average productivity loss in organizations when employing substitute workers

was between 19.9% in Australia and 31.1% in the USA. According to this source, employee absenteeism inevitably leads to productivity loss, whether due to substitute workers who are unfamiliar with the roles they perform, colleagues who are less productive in their "regular" work because they are replacing an absent worker, or additional engagement of managers who must spend time addressing employee absences (e.g., adjusting processes, seeking replacements, etc.). The indirect costs resulting from productivity loss are often more difficult to calculate due to the subjective nature involved in assessing employee productivity. The report highlights a particularly striking fact that the share of total absenteeism costs (direct and indirect) in the gross wages paid in 2013 amounted to 20.9% in the USA and up to 38.3% in Europe. (SHRM, 2013) According to this study, the average employer in Europe pays almost 40% of wages for work that is never performed.

4. CONNECTIONS BETWEEN DEMOGRAPHIC CHANGES AND ABSENTEEISM

From the data provided, it is evident that the consequences of absenteeism have a considerable impact on the economy, particularly in Europe. The situation is even more unfavorable in Eastern European countries, where laborintensive industries (trade, tourism, manufacturing) predominate and where labor costs are a significant component of economic competitiveness. Moreover, countries in Eastern Europe, especially those closer to the region, are particularly affected by demographic changes such as population aging, emigration of the youth, and negative natural growth, raising the question: Is there a link between demographic changes and the escalation of absenteeism in their economies? Observing certain statistical data, it is possible to find connections between these two phenomena, especially by tracking the indicators of sick leave as the dominant form of unplanned absenteeism. This is primarily because data on sick leaves are most commonly subject to statistical tracking. Although these phenomena have been recorded across the region, for the purposes of this text, data on demographic trends and sick leaves are presented only for the Republic of Croatia, where there is a certain consistency in monitoring these data. According to public sources, the issue of sick leaves in other regions is very similar to that in Croatia, but the data are quite insufficient. For example, in Serbia, official data that are available generally cover only those sick leaves that are charged to the Health Insurance Fund (sick leaves longer than 30 days), while data on sick leaves that burden employers are mostly unavailable or

at least confusing. The same can be said for other countries in the region (partially tracked or not published at all), which actually gives a rather "optimistic" picture, although the actual state of worker absenteeism is far from satisfactory. Given that Croatia has been part of Eurostat's data recording system since 2013, and since the paradigm of demographic changes and the issue of sick leaves is almost identical to other countries in the region, it can be said that Croatia represents an ideal choice for observing the connections between these phenomena.

Since joining the EU in 2013, Croatia has faced significant demographic challenges. From that year onwards, the number of emigrations has increased enormously. This is partly due to the economic crisis of 2008, from which Croatia only recovered in 2015, combined with the elimination of administrative barriers for emigration to wealthier Western European countries, leading to the country losing nearly 350,000 residents who moved abroad (Croatian bureau of statistics, 2023). Alongside the wave of emigration of mainly working-age population, Croatia has been recording a negative natural increase rate for years, and the reduction in population numbers more or less corresponds with the economic transition and the war events at the end of the last century. Indeed, the country lost more than 913,000 residents or 19% of the total population between 1991 and 2021, nearly half of that number (413,056 residents) lost in the period 2011 – 2021 (Croatian bureau of statistics, 2021). Such depopulation, especially the migration wave, could not be compensated by immigration until a significant increase in the import of labor from the region and especially from Eastern Asia, recorded during 2022 and 2023. According to the Ministry of the Interior, the number of issued work permits in 2023 has grown by an incredible 427% in just five years, from 32,734 in 2018 to 172,499 in 2023. The growth trend in the number of work permits is particularly noticeable in the period between 2021 and 2023 when the number of permits more than doubled in just two years (110%). These demographic trends have also had a certain impact on the age structure of the workforce. In the period from 2018 to 2021, the number of employed persons aged up to 24 years fell by more than 5% while the number of employed persons older than 50 years grew by 6.8%. During the same period, the proportion of those older than 55 years increased by 13.2%. The situation regarding the younger worker population significantly changed in 2022 when the number of employed under 24 years old grew by 9.9% compared to 2021, but the number of older workers did not decrease, continuing to grow, so that in 2022 there were almost 17% more workers

older than 55 years compared to 2018 (Croatian bureau of statistics, 2024). This change in trend among younger workers is explained primarily by the increase in the import of workers from abroad (the number of work permits in 2022 was 51% higher than in 2021), while the continued trend of growth among older workers arises as a result of the intensive aging of the domestic working population.

The described demographic trends have almost certainly influenced the indicators of sick leave in Croatia. According to annual reports from the Croatian Health Insurance Fund, in 2022 Croatia recorded more than 20 million sick leave days for the first time, reaching nearly 21.7 million days, or 13.4 sick leave days per employed worker. However, the overall trend of increasing sick leave indicators has been visible since 2014, when the number of sick leave days grew from approximately 12.5 million in 2014 to an increase of 73% by 2022. During the same period, the number of workers only grew by 18.6%. In this context, the period between 2014 and 2015 is particularly interesting, marking the beginning of economic activity growth (exit from recession) where the number of workers nearly stagnated (a decrease of 0.9%) while the number of sick leave days increased by 11% (almost 1.4 million more days). In the following years (2016 – 2022), the economy grew at an average rate of about 3.4% per year, indicating a significant intensification of economic activities (Croatian National Bank, 2024). Such economic growth during the same period is accompanied by an average annual increase in the number of employed of about 3.3% each year; however, the discrepancy between the rate of increase in the number of workers and the rate of growth in the number of sick leave days becomes increasingly evident, as the number of sick leave days grows at almost double the average rate of 6.61%. This disproportion is even greater when looking at the number of cases in the mentioned period, which grows at an average annual rate of 10.35%, almost three times greater compared to the growth of the economy and the number of employed. Analyzing the period from 2018 – 2022, the connection between demographic trends and sick leave indicators becomes even more apparent. It should be noted that this is a period in which the lack of workers particularly came to the forefront. In the mentioned period, the average annual growth rate of the economy is 3.6%, the average annual growth rate of the number of workers is 1.7%, while the average annual growth rate of the number of sick leave days is approximately 6.9%, and the number of sick leave cases even 10.9%. During the same period, there was an increase in the number of workers older than 50 years by

8.9% and those older than 55 years by as much as 16.7%, while the number of workers aged 25 – 49 years almost stagnated (0.6%). Thus, the general trend in the described period is that the rate of increase in the number of workers does not keep up with the increase in economic activities, which may indicate that much of the work is performed in conditions of a reduced number of workers (the largest growth is in tourism and trade, which are laborintensive activities) while on the other hand, this overload is indicated by the much higher rate of increase in sick leave indicators. It is important to note that the impact of the Covid19 pandemic is excluded from these figures, as it is not the subject of this analysis (Stojić, 2022). A change in the trend of sick leave indicators occurred only in 2023, where, compared to 2022, the number of sick leave days decreased by 8.5% and the number of cases by 10.5%. Despite media reports suggesting that this decline was exclusively the result of intensive controls on the misuse of sick leave by workers, this trend should certainly be viewed in the light of the fact that in 2023, nearly 40% more work permits for foreigners were issued compared to the previous year, which undoubtedly resulted in a significant increase in the number of younger workers. Indeed, the control of sick leave misuse encompassed a negligible number of cases (1.89% of the total number of sick leave cases) and overall, sanctions were imposed in only 0.12% of cases, with the note that not all sanctions related to irregularities concerning sick leaves (Croatian Health Insurance Fund, 2024.). Therefore, it is more realistic to attribute the decline in sick leave indicators to the fact that, among other things, a larger number of younger workers entered the labor market.

Thus, there is a solid causal link between demographic challenges and absenteeism. It has already been mentioned that one of the key drivers of the escalation of sick leaves is working under conditions with a suboptimal number of workers. Croatia has been facing a pronounced shortage of labor for a long time, especially in the last five years, meaning that employers, in conditions of economic activity growth, have distributed work among fewer workers than necessary (+3.6% economic growth vs. +1.7% growth in the number of workers). Such an unequal distribution of work primarily occurred because employers needed much more time to find and onboard workers into the business process, so replacements did not arrive in time to share the burden. The increase in the number of older workers (+9% workers older than 50 years) further negatively impacted the already high workload, as older workers are more prone to frequent absences due to objectively poorer health conditions. Due to more frequent and longer absences of workers, employers were

forced to distribute their work among the remaining workers because replacements could not be found in the labor market. As a result, the remaining workers became overburdened and frustrated, and they themselves began to take more sick leaves, creating a kind of "spiral" of rising sick leave indicators and consequent decline in work productivity. The trend only changed when the liberalization of labor import took effect with a cumulative impact during 2023. The delayed effect is likely because the import of foreign workers in the previous two years did not significantly increase productivity due to poor integration of foreign workers and lack of knowledge in managing them (Butković, Samardžija, Rukavina 2022). Highlighting the data on sick leave indicators that burden the employer's account (sick leaves up to 42 days), the culmination of worker overload is visible in the period 2021 – 2022 when the number of sick leave days charged to the employer increased by 18.4%, or, in one year, this indicator almost doubled compared to the previous four years (+36.2% in the period 2018-22.). Thus, when the impact of the Covid19 pandemic is excluded (which caused a slight increase in sick leaves charged to the fund by 2.5% in 2020 and 4.5% in 2021), the main trend in the increase of sick leave indicators can be linked to demographic changes such as the aging of the working population and the overburdening of workers due to the redistribution of work due to the frequent absence of other workers (<https://hzzo.hr/>).

5. CAN MANAGING ABSENTEEISM MITIGATE THE CONSEQUENCES OF DEMOGRAPHIC CHANGES?

Although demographic changes affecting the region are deep and far-reaching, managing absenteeism can serve as a temporary lever to cushion the decline in productivity in the countries of the region. The longterm solution likely lies in other strategies such as demographic renewal, importing and integrating workers from demographically richer countries, or substituting human labor with certain technological solutions. However, each of these strategies implies a longer timeframe for action and/or fundamental social or economic reforms. The question arises: what to do in the meantime to keep labor productivity at a satisfactory level for attracting new investments and further economic growth? Here, potentially managing absenteeism as a standard business process among employers with certain interventions in the legislative framework and public health system could ensure a sufficient level of competitiveness until longterm strategies show results.

According to the author, strategies for managing absenteeism should encompass the following aspects:

- Early recognition and intervention: Introducing systems for early identification of workers who show signs of frequent absenteeism can help in timely addressing potential health or social issues.
- Flexible working conditions: Implementing flexible working hours, the possibility of working from home, and other forms of remote work can help workers better align their professional and private obligations, reducing the need for absences.
- Supporting workers' health: Introducing corporate health programs that include regular health checks, sports activities, and mental health programs can enhance the overall health status of workers and decrease the necessity for absences.
- Education and training for management: Providing training for managers on the importance and techniques of effective absenteeism management, as well as on maintaining motivation and engagement among workers.
- Integration and adaptation in importing labor: In the context of labor importation, it is necessary to ensure faster and more efficient integration of foreign workers through language courses, cultural adaptation, and mentorship programs that can shorten the time required for their full productivity.
- Improvement of legislative framework: Also, enhancing the legislative framework to enable faster and more efficient handling of absenteeism, as well as improving the public health system to shorten wait times and enable quicker return of workers to work.

Despite the fact that absenteeism management methodologies are relatively new in the field of human resources management and are considered one of the more complex areas, employers are increasingly turning to them as one of the key tools in ensuring appropriate levels of work productivity. However, absenteeism management has not yet established itself as an important skill in the countries of the region. There are several reasons for this: from low awareness that absenteeism can be managed, through poor information exchange within the organization (absence data are dispersed among lowerlevel managers and hardly reach the managers who need to make decisions), to the general stance of most companies' management on taking responsibility for solving the problem of unplanned absences. It has been noted several times in the public domain that employer representatives believe that the problem of absenteeism, especially sick leaves, should be solved by "someone else," in this case, the state. Accordingly, they address the problem to the

health or socialpension system without having taken any measures themselves to prevent or reduce such occurrences. This employer stance is contrary to an environment that implies at least three participants in the absenteeism management process: employers, workers, and the state (health and social systems). All three participants strongly influence the occurrence of absenteeism, but only employers can achieve something in a relatively short period by introducing models of sick leave management. Therefore, the introduction of any method of managing sick leaves at employers can be considered the only successful way that can bring quick results with minimal investment. Concurrently, work should be done to improve the legislative framework that will better define the rights and obligations of workers who justifiably are absent from the work process and improve procedures in the public health system to avoid waiting for services that unnecessarily prolong sick leaves. However, one of the bigger challenges in introducing the process of managing absenteeism is the deeply ingrained attitude of management that the key cause of this phenomenon is the targeted and voluntary misuse of workers' rights to absence, especially when it comes to sick leaves. When an employer is faced with frequent and prolonged absences of workers from the work process, there is a natural inclination to introduce measures that include some form of repression. The management of the organization, most often intuitively and based on experience with a small number of exposed cases of absenteeism, draws potentially incorrect conclusions about possible patterns or the scale of the absenteeism problem in the organization. In most cases, this means adopting the attitude that there is "a lot" of misuse of sick leaves in the organization, even though there may only be a few unproven cases that were highly exposed (supported by the attitude of lowerlevel managers). This leads to the perception that the main motive for workers' absence is related to their voluntary decision (instead of objective health problems caused by overburden and increasing age of the working population), and attempts are made to solve the problem in such a manner. The described generalization inevitably leads to a situation where, for instance, all sick leaves are declared an undesirable phenomenon that must be "dealt with" urgently. Typically, this is followed by the introduction of "logical" measures such as financial disincentives for absences or the degradation of workers who take leave, regardless of the actual reasons for their absences. An atmosphere of fear is created within the organization, where workers believe that they will be sanctioned in some way if they are absent or that they will not be able to prove the objective

reasons for their absence. In such a model, the employer usually introduces some kind of "attendance-based bonus" (for example: a worker must not be absent more than 1 day per month) which is only paid to employees who meet the set criteria. Some employers even go a step further and, as a method of managing absenteeism, hire private investigators (or send other workers to those who are on sick leave) to either through surveillance and secret photography or through a form of courteous visit, "prove" that the worker has somehow abused their sick leave. However, such an approach can only bring additional problems to the employer. Besides generating high costs, these activities are also quite ineffective (as they do not address the real cause of the problem but rather what management mistakenly considers the real cause), and have unforeseeable consequences for the organization. If we consider this behavior of employers in the context of a lack of workers and the notorious overburdening of those who have remained in the business process, it becomes clear that repression will cause the complete opposite effect. Namely, any model of managing absenteeism that is repressive in nature generally has a very negative impact on organizational culture and the reputation of the employer in the context of socially responsible business practices. This means that in conditions of a labor shortage, an employer who enforces repression against workers on sick leave will surely not be successful in attracting new workers, especially younger ones for whom social responsibility is one of the key desirable characteristics of a future employer. To mitigate the negative effects of demographic changes through the process of managing absenteeism, employers need to shift their mindset from mass repression to a model that helps workers return to the work process healthy and satisfied as quickly as possible. In conditions of a shortage of new workers, employers must rely on those available in the labor market, who are typically older on average and likely in somewhat poorer health. These workers do not lack motivation for work, and they are generally not dissatisfied with the compensations and benefits they receive from their employer; rather, they are simply lower in performance and thus overburdened, which gives them objective reasons for absence. Therefore, it would be rational to assume that certain measures and methods could be used to improve their performance by helping them to quickly return to the work process in case of "dropouts," or to prevent their overburdening through certain improvements in the organization itself. Under these assumptions, the methodology for managing absenteeism would encompass a

range of measures, and some of them could include:

Accelerating the determination of workers' actual health status

To make sick leaves as short as possible, employers could significantly reduce the duration of sick leaves by introducing a model of advanced healthcare. Instead of waiting for examinations or tests in the public health system, it would be necessary to redirect them to a much faster and more efficient private health system, with the employer bearing the costs of these procedures. Based on the findings from such an intervention, a general practitioner could decide to end the work incapacity (if there is no basis for continuing the sick leave) or immediately start treatment, which will cumulatively reduce the number of days on sick leave. For employers, this would be quite cost-effective because, by looking at the average waiting lists for certain frequent medical procedures, it is clear that a large number of workdays and the consequent direct and indirect costs can be saved.

Education of line management

Direct managers, due to their lack of knowledge or low competencies in managing people, often trigger an escalation of absenteeism themselves. In a typical business organization, good individual contributors are appointed as managers to reward them for their past contributions to the organization without determining whether these individuals have the key competencies, knowledge, and skills for managing people. As they often lack these, the appointed managers are not capable of properly managing the human resources under their charge, whether it involves managing conflicts or time, or applying transparent and objective criteria for redistributing work tasks or assigning annual leave or days off to workers. Such unskilled management leads to a situation where certain workers always work more than others, causing them to have certain health issues and consequently take sick leave. The business process then relies on the remaining workers who also become burdened and "drop out" of the process, until there is a significant drop in work productivity or it becomes impossible to carry out the business process to completion.

Reducing stress levels in the organization

Workplace stress is becoming one of the leading causes of work incapacity (CIPD, 2023), so the employer should introduce certain measures to reduce its level within the organization. For instance, the stress experienced by workers when returning to the workplace after a prolonged absence can cause recurrences in taking sick leave. Due to the pace of changes in the

organization, for a worker who has been absent for a long time, returning to the workplace means relearning and adapting to new settings while being expected to immediately take over all their responsibilities and achieve full productivity. The inability to meet these expectations creates a large amount of stress and causes objective or subjective ailments that lead to temporary work incapacity. Examples of this phenomenon are often recorded among workers who have returned to the work process after maternity leave, and the employer has not provided a period of adjustment, causing them to frequently take sick leave, justifying it with health conditions or child care needs. Measures that the employer can take in such cases include a gradual return to the work process with a specific plan and a predefined procedure.

Enabling a balance between business obligations and personal life

Working in conditions of labor shortage and "peak" loads during certain periods or parts of the business process significantly affects workers and their health. To meet goals and expectations, secure a livelihood, or gain opportunities for promotion or rewards, workers may overly focus on work, neglecting all other aspects of life. While this brings shortterm benefits to the employer in the form of high productivity, such a worker is likely to become prone to absenteeism and even permanently leaving the organization. Therefore, it is advisable for employers to introduce certain models to prevent imbalances in workers. These models include introducing benefits such as working from home, engaging in sports activities, the ability to take days off without prior notice, and organizing social gatherings for workers along with their families, etc.

In addition to these measures and tools, there are a whole range of methods for managing absenteeism that largely aim at preventing the causes of absences or providing support to workers who are absent so that they can return to the work process as soon as possible. It is also essential not to overlook the response in cases of genuinely identified abuse of absence rights because, although they are few and do not have a significant impact on increasing absenteeism indicators, they have a very negative effect on organizational culture and increase the potential for absenteeism. These comprehensive approaches help not only in managing the immediate issues related to absenteeism but also in building a supportive and resilient organizational culture that can adapt to the challenges posed by demographic changes and labor market dynamics.

CONCLUSION

Given the demographic trends and challenges facing the working population in the region, particularly in the context of increasing absenteeism, it is clear that managing this issue requires a strategic approach. Demographic changes, including the aging population, emigration of young and educated individuals, and negative natural increase, have a profound impact on the labor market and workforce productivity. These demographic challenges directly contribute to the escalation of absenteeism, especially in laborintensive sectors such as trade, tourism, and manufacturing, where labor costs are a significant factor in competitiveness. Moreover, the fact that economic activities are growing faster than the number of available workers further complicates the situation, creating an overload on existing workers, which leads to an increase in absenteeism, especially unplanned. In countries like Croatia, Serbia, and other countries in the region that are undergoing economic transition, it is evident that negative demographic changes exacerbate the already existing problem of labor shortage. In such conditions, unplanned absenteeism becomes more pronounced, directly affecting the increase in labor costs and reduction in productivity. Understanding the link between demographic changes and absenteeism is crucial for developing effective management strategies that can mitigate these negative consequences.

Employers face the challenge of mitigating the negative effects of demographic changes until longerterm strategies such as demographic renewal or integration of workers from countries with surplus labor are established. In this context, managing absenteeism can serve as a key tool for maintaining productivity and competitiveness. Increasingly in practice, it is shown that employers who effectively manage absenteeism can significantly reduce both direct and indirect costs associated with worker absences. Managing absenteeism, if conducted strategically and systematically, can greatly alleviate these challenges. The primary goal is to reduce unplanned absenteeism through a series of proactive measures that include better management of health at work, flexibility in work arrangements, and improving the work culture through open communication and support for workers. It is also important to educate managers and leaders about the importance of managing absenteeism and the methods that enable it. From this, it follows that employers should implement proactive measures for managing absenteeism, which includes better management of the health and fitness of workers. Managing absenteeism

should not be stigmatized or based on repression, but rather on understanding the causes and prevention. A strategy that enables workers to be healthy and satisfied in their work environment, and provides them with the necessary support, will ensure better overall efficiency and productivity, thus improving the economic outlook for the region. By implementing these strategies, employers can not only reduce costs associated with absenteeism but also create a work environment that is adapted to demographic changes and challenges of the modern workforce. This is crucial for maintaining a high level of productivity and competitiveness in the market, which is vital for the economic growth and development of the region.

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