

Workaholics are costing you money.

8 reasons to encourage employee vacations.



If you've been handing out an unspoken pat on the back to employees that work more than 40 hours each week and rarely take vacation, you're likely not alone. According to the American Workplace Insights survey conducted by Harris Interactive® on behalf of Ajilon Finance Solutions:

- 57% of employees do not expect their employer to encourage vacation use.
- 58% believe their employers likely won't offer flexible work hours this year.

It's time to rethink your strategy. All work and no play may or may not lead to dull employees, but it will directly and negatively impact your bottom line. The following are a list of eight reasons to encourage your employees' regular use of paid vacation.

1. Put a cap on accrued vacation payables.

When an employee's unused vacation time is allowed to accrue for an extended period of time, employers are left holding the bag if that employee leaves the company or suddenly decides to take many weeks at one time. A "use-it-or-lose-it" policy encourages employees to use their earned vacation time within the calendar year, and protects your balance sheet from an unlimited or unexpected payout.

2. Rested workers result in reduced premiums.

The hallmarks of workaholism include fatigue, poor health, and stress, all of which lead to an increase in worker's compensation and health insurance costs. Keep your employees healthier and safer while minimizing the premiums you pay, by enforcing necessary breaks in engagement and regular time off.

3. Increase output with higher productivity and accuracy levels.

Studies have shown that productive, successful employees are those who take vacation and occasional time off to relax, rejuvenate and refresh. Upon return from vacation, their renewed sense of drive and determination can provide both short-term and long-term boosts in productivity. Additionally, the necessary rest and replenishment will help them avoid costly mistakes, which overworked employees are more apt to make.

4. Employees that get away are more likely to stick around.

When you consider the total cost of recruiting, hiring and training new employees, turnover expenses can be devastating. Help improve employee morale when you facilitate, and even encourage, employee retention through the use of vacation time and an environment that supports employee-centered work hours.

5. A change of scenery promotes ingenuity.

Hum-drum routine rarely leads to inspired thinking. When on vacation, we often find ourselves in a new environment, and going through different routines. By being forced to behave and think differently for a period of time, we gain fresh perspective, creative inspiration, and new ideas. It is impossible to put a dollar value on the innovation and ingenuity that will result for your company when you encourage your employees to take vacation as a sabbatical.

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6. Happy employees minimize risk and adversity.

The ever-elusive office culture – you tout it to recruits, but do you really understand its value? Overworked employees are cranky employees, and are often the cause of infighting as well as office politics. They are more likely to berate their boss, resent coworkers that don't work as hard as they do, and even resent the job itself. Your entire office, and its work product, suffers the effects of an overworked employee. You can prevent unnecessary crankiness on your team by simply making it clear that working long hours and foregoing vacation are not the way to get ahead.

7. Reduce unplanned outages.

Overworked employees may take fewer vacation days off, but the tradeoff is that they likely will require more sick days. Additionally, if your employees are nervous about how you will react to their vacation request, they will be more likely to procrastinate – leaving little time for a back-up plan – or even play hooky. Conversely, employees who feel open to use their vacation time at their discretion will more proactively plan for their outages and have fewer sick days. Foster an environment that supports your employees' efforts to balance work and their personal lives through paid time off, and the result will be loyal employees that won't leave you hanging.

8. Detect and deter fraud by interrupting individual controls.

According to the Association of Certified Fraud Examiners' (ACFE) 2010 Report to the Nations, a typical organization will lose 5% of its annual revenue to occupational fraud and abuse. Fraudulent behavior often requires complete control over an activity by one or more persons to cover up the paper trail, and is difficult to maintain while out of the office for a week or more. In fact, refusal to take vacation was one of the key red flag behaviors identified by the ACFE in their study. While the reality of these statistics is unpleasant, companies must acknowledge the need for a required vacation policy to help detect, and ideally deter, any existing or potential fraudulent behavior.

For more information about how Ajilon Finance Solutions can help you develop hiring and engagement strategies that will benefit your bottom line, contact our offices today at 866.GO AJILON.